Registered with charitable rules under the
Co-operative and Community Benefit Societies Act 2014
Registration number RS08970Z
Registered by the Regulator of Social Housing No. L4372

FUTURES HOMESCAPE LIMITED

Annual Report and Financial Statements

Year ended 31 March 2023

Futures Homescape Limited
Year ended 31 March 2023

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Futures Homescape Limited
Year ended 31 March 2023

Board Members Advisors and Bankers

Board		**Appointed**	**Resigned**
Chair	Mike Stevenson	26 January 2016	
Appointed as chair 21 May 2019			
Vice Chair	Sheila Hyde	21 March 2017	31 March 2023
	Mary Daunt	1 April 2023	
Other Members	Lindsey Williams	15 July 2015	
	Stephen Hale	14 July 2015	27 July 2022
	Ray Harding	26 January 2016	
	Timothy Slater	19 July 2017	
	David Brooks	19 July 2017	
	Mary Daunt	22 May 2018	
	Ciara McMillan	6 November 2018	
	Peter Burke	10 August 2020	
	Sheila Hyde	15 May 2014	31 March 2023
	Samantha Veal	8 December 2021	
	Laurice Ponting	1 March 2023	

Company Secretary Ian Skipp

Registered Office
Futures House
Building 435, Argosy Road
Castle Donington
Derby
DE74 2SA

Registered Number
Registered under the Co-operative and Community Benefit Society Act 2014, No: 8970,
Regulator of Social Housing: No: L4372 and with the

External Auditor
BDO LLP
Two Snowhill
Birmingham
B4 6GA

Solicitors
Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Bankers
Natwest Bank
1 Chesterfield Road
Alfreton
Derbyshire
DE55 7ZR

STRATEGIC REPORT

The Board of Futures Homescape Limited ("the Association" or "FHL") presents its report together with the audited financial statements for the year ended 31 March 2023.

Legal Status

FHL is a not for profit organisation. It was formed in 2002, as a company limited by guarantee and converted to a Community Benefit Society under the *Co-operative and Community Benefit Societies Act 2014* on 8 November 2022, it is also registered with the Regulator of Social Housing ("RSH") as a housing provider. The Company was formed to take the transfer of 5,631 properties in February 2003 from Amber Valley Borough Council. It is a wholly owned subsidiary of Futures Housing Group ('the Group' or 'FHG').

During the year FHL's principal activities were the management and development of social housing.

At 31 March 2023, FHL owned 6,813 housing properties (2022: 6,703) for social/affordable rent, shared ownership, rent to buy and market rent. 2,229 (2022: 2,229) of these homes are supported housing which include a visiting and lifeline service. The Association also manages 83 properties on behalf of others (2022: 87).

FHL operates primarily within the Borough of Amber Valley (Derbyshire) and also has properties in other areas such as Erewash, Ashfield, Chesterfield and Bolsover. FHL provides a range of neighbourhood and specialist services to customers including a repairs service, community lifeline and community support, housing and homeless agency and disabled adaptations.

Working in partnership allows the Group to provide the benefits and economies of scale and capacity that a large organisation brings, whilst allowing each company to retain a strong focus on local delivery.

Back office services are provided by FHG; these include finance, human resources, information technology and procurement. It also provides services in respect of strategic asset management and development.

Subsidiaries

Five Doorways Homes Limited ("5D") formed in 2004. Not a registered provider. At 31 March 2023 5D owned 85 housing properties (2022: 97). The properties were carried in the Statement of Financial Position at cost (after depreciation) of £4.4m (2022: £5.9m).

Futures Living Limited formed 9 May 2015 which acts as a development vehicle for properties for outright sale. FLL is a subsidiary of 5D.

FHL's vision and purpose is in line with that of the Group which is explained in the following sections, along with an overview of the Group's corporate plan objectives.

STRATEGIC REPORT (CONTINUED)

Vision

The Group is currently operating within its 2020-23 Corporate Plan, which has been extended for 2023-24 and has the vision:

- Great places
- Great services
- Great tomorrows

Our plan has four corporate objectives:

Customer-centric

- Ensure the safety of our customers and the homes we provide for them.
- Use technology and data to improve our services.
- Involve and engage customers more in what we do.
- Improve customer satisfaction in clearly measurable ways.
- Make it effortless for customers to deal with us - such as through offering better digital systems.
- Help customers who are struggling to stay in their homes by offering more support with work, financial and health problems.

Growth and development

- Create partnerships and relationships to sustain and grow development activity and services across the region.
- Start construction on 1,200 new homes across the East Midlands, aiming to complete 300 a year.
- Offer lots of choices to our customers, including shared ownership, market rent and sale but with a big emphasis on affordable homes such as social rent, affordable rent, shared ownership, rent-to-buy.
- Increase the number of land-led and package-deal property development schemes.
- Take on larger, mixed tenure development schemes than we have before through joint ventures and partnerships.
- Test new methods of construction with a view to improving efficiency, costs, and environmental performance.

Sustainability

- Explore ways to make our homes more affordable for our customers.
- Improve public areas that we are responsible for.
- Improve the energy performance of our customers' homes and our organisation as a whole.
- Supporting the local economy.

Culture

- Continue to modernise and transform how we work through digital technologies and continuous improvement.
- Increase automation of services and processes so our teams can focus on looking after our customers.
- Have great systems and good data about our customers to help us be more efficient and get things right first time.
- Look after our workforce, develop talent and ensure our teams feel truly involved in our work.

STRATEGIC REPORT (CONTINUED)

Purpose

The Group's purpose is to create great places, provide quality services with great people and inspire better futures for customers and team members. Building on a proud history as a quality housing provider, the Group is on an exciting journey to revolutionise what it does and how it does it. It continues to be a key partner in the markets it serves. The most important part of that journey is putting customers at the heart of everything it does and by giving them effortless experiences delivered by agile and innovative team members who embrace change and new technology.

The Group uses smarter customer insight to constantly improve what it does, while seeking ways of being more efficient so better value for money can be delivered. At the same time as revamping services, teams are building on their strengths and expertise by ensuring the Group's culture and values are lived and breathed by every team member.

The Group has a corporate plan to develop new homes, ensuring existing homes are safe and secure for customers, supporting customers to maintain their tenancies and investing in sustainability measures.

Providing homes for people will always be the core purpose, but in addition, the Group will provide more to customers through giving them the chance to learn new skills and get new jobs through in house training and apprenticeship opportunities. FHG has strong financial foundations, talented and innovative teams, a clear plan for growth and a desire to go from being good to great.

Employees

The strength of the Group lies in the quality and commitment of its employees. In particular its ability to meet objectives and commitments to customers in an efficient and effective manner depends on their contribution. The Group provides information on its objectives, progress and activities through regular briefings and team meetings. The Group is committed to equal opportunities for all its employees.

Customer Involvement

The Group actively encourages customer involvement in decision-making by promoting more formal engagement mechanisms. The Boards of the principal operating companies within Futures Housing Group have established effective reporting arrangements between customers' representative bodies and the Boards including insight committees.

Delivery of the objectives is underpinned by a number of strategies and actions, which are detailed in the Value for Money ('VFM') report in the Futures Housing Group financial statements.

STRATEGIC REPORT (CONTINUED)

Financial performance

The table below summarises the financial performance over the past five years.

	31-Mar 2023 (£'000)	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)	31-Mar 2020 (£'000)	31-Mar 2019 (£'000)
Statement of Comprehensive Income					
Total turnover	38,262	36,130	38,341	37,190	32,735
Operating expenditure	(28,352)	(25,347)	(26,477)	(26,524)	(22,020)
Revaluation gain	831	2,073	1,038	698	1,214
Surplus on sale of tangible assets	1,056	1,097	667	2,183	715
Operating surplus (inc revaluation gain)	**11,797**	**13,953**	**13,569**	**13,547**	**12,644**
Operating profit %	31%	39%	35%	36%	39%
Surplus for the year transferred to reserves	**11,901**	**14,247**	**1,838**	**14,630**	**3,291**

	31-Mar 2023 (£'000)	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)	31-Mar 2020 (£'000)	31-Mar 2019 (£'000)
Statement of Financial Position					
Fixed assets	266,334	239,612	217,536	203,134	185,227
Net current assets	46,595	83,361	43,438	30,804	12,120
Total net assets	312,929	322,973	260,974	233,938	197,347
Creditors (due over one year)	(250,295)	(265,583)	(212,202)	(192,690)	(164,743)
Pension liability	-	(6,657)	(12,511)	(6,416)	(12,402)
Cumulative reserve adjustment	-	-	-	(409)	-
Revenue reserve	62,634	50,733	36,261	34,423	20,202

Further information on Group-wide financial performance, along with non-financial key performance indicators, can be found in the Group financial statements.

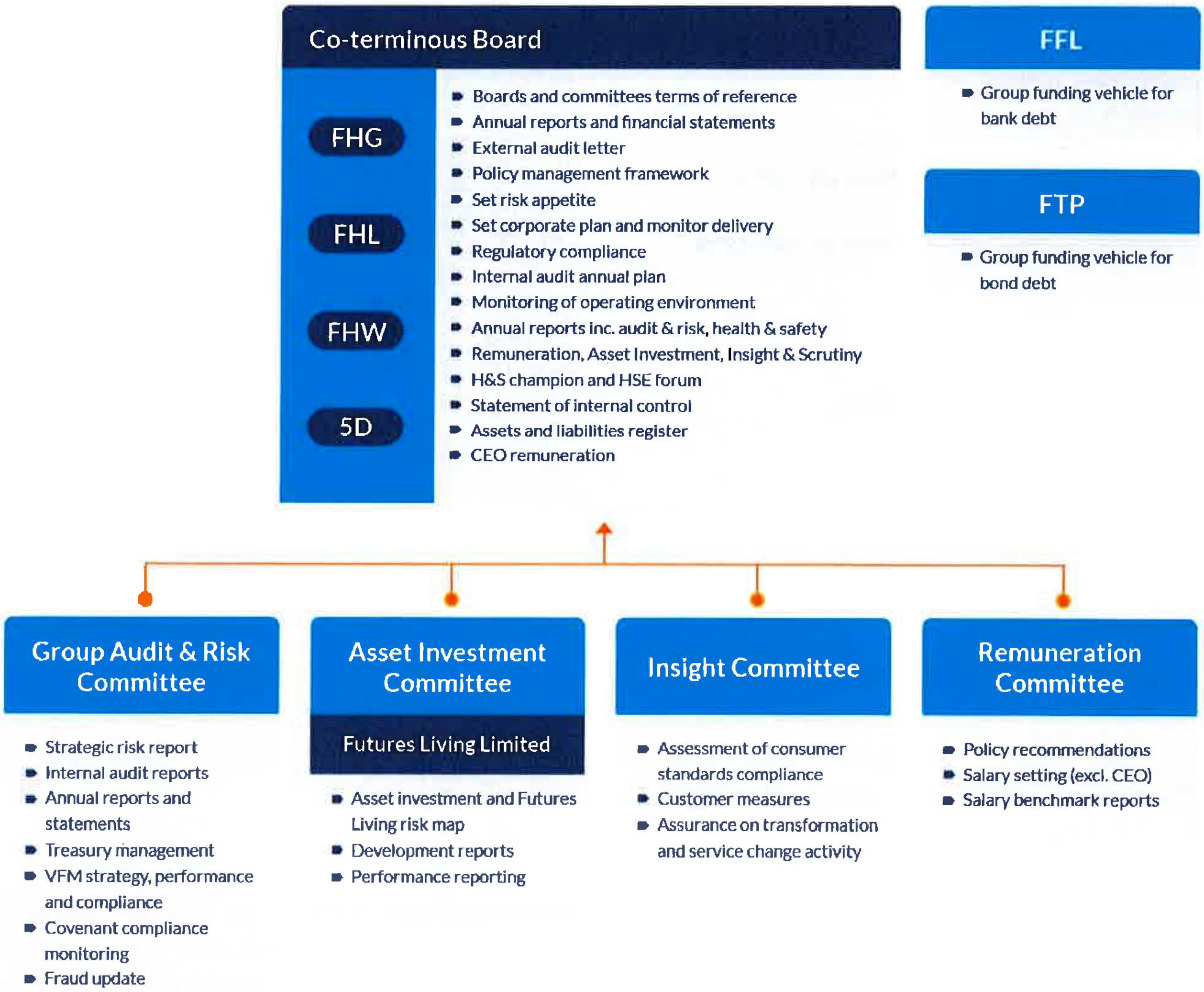
Value for Money

The purpose of this statement is to evidence how the board continues to embed the Regulator of Social Housing's VFM standard (*Value for Money Standard - April 2018* and *Value for Money Code of Practice - April 2018*) within FHG. Please refer to the Group's financial statements for the full VFM statement that reports on historical performance against targets and forward-looking targets and activities.

STRATEGIC REPORT (CONTINUED)

Governance

The Group has a Co-terminous Board, consisting of the boards of FHL, FHW, FHG and 5D. The diagram below shows the governance structure and assurance map.



To support the Executive Team and Boards, a Co-Executive Team exists comprising of the Executive Team and other Directors and senior managers across the business. This team meets regularly to drive and scrutinise performance. Strategy Steering Groups are also in place to drive through strategy implementation.

STRATEGIC REPORT (CONTINUED)

External Environment

Regulator of Social Housing

The Regulator of Social Housing ('RSH') is the housing regulatory arm of the government. Its role is to regulate registered providers of social housing to promote a viable, efficient, and well governed social housing sector able to deliver homes that meet a range of needs.

Regulatory Framework

The regulatory framework for social housing is made up regulatory standards that are classified as either economic or consumer. In addition there is a code of practice that registered providers need to comply with that supports the economic standards.

The Group continues to operate to the highest standards and its Boards are able to demonstrate that they manage the Group under the principles of co-regulation underpinned by a robust governance framework. Following an in-depth assessment in 2021 the Group has continued to maintain the highest G1/V1 regulatory rating, with the next assessment taking place in 2023-24.

Government legislation

The Board has fully engaged with the themes in the *Social Housing (Regulation) Bill* which introduced a new charter of what social housing residents should expect from their landlord and has expectations that their voices are listened to. The Group is compliant with all of its requirements and has started to report on tenant satisfaction measures as well as increasing the complaints team to allow FHG to learn from increased customer complaints as a result of the new consumer regulation regime.

The Group is also compliant with the *Building Safety Act* which introduces a new regulatory regime, overseen by the Health and Safety Executive, to enhance the fire and structural safety of new and existing residential buildings. FHG does not have any high-risk buildings taller than 18m or seven storeys, but has prioritised other fire safety measures such as accelerating works to improve fire compartmentation for adjoining homes and installing new fire doors. All new developments are compliant with the new requirements with a three phase 'gateway' approach to ensure that at the end of each key development stage (planning, construction and handover), all building safety aims are achieved before starting the next stage.

Other Health and Safety

The Group has a comprehensive framework to ensure compliance with statutory responsibilities for fire safety, gas safety, lift safety, legionella, asbestos and electrical safety, whether stock is owned, managed or leased. The Asset Investment Committee overseas the health and safety compliance, as well as there being a health and safety forum and a Repairs and Assets Group. Information is also reported to the Group Board.

In response to *Awaab's Law*, which is going through consultation, FHG have increased resources for the frontline and Assets team to ensure any health & safety issues are prioritised. Any Damp, Mould & Condensation complaints are investigated quickly and if any high category issues are identified, tenants are offered the option to be rehoused until the issue is repaired.

STRATEGIC REPORT (CONTINUED)

Future Homes Standard

This new legislation will be introduced by 2025 and we expect that there will be a requirement that all new build homes should be future proofed with low carbon heating and leading levels of energy efficiency. Building regulations will be changed to ensure that this can be enforced. The Group has sufficient capacity in its business plans to ensure that all of the new build programme complies with the new regulations and all new properties are built to at least Energy Performance Certificate ('EPC') B standard.

Affordable Homes programme

£171m of grant was awarded to the strategic partnership between Futures Housing Group, Midland Heart and East Midlands Housing, under the new Affordable Homes Programme. This provided the Group with an additional £21.8m in funding that is being used towards delivering 500 new homes to local and surrounding areas.

Half of the programme will be for affordable home ownership and a new model has been introduced that allows customers to purchase a minimum of 10% equity in their home as compared to 25% under the previous regulation. In addition it will allow owners to purchase further shares in smaller instalments of 1%. A new allowance for responsive repairs is also provided in the new model so that new owners will qualify for a ten-year repair free period during which the Group will cover the cost up to £500 a year. The Group has modelled the financial implications of this new model on its business plans and ensured there is sufficient capacity within the plans to fund the requirements of the new model.

Right to shared ownership

For homes built under the new Affordable Homes Programme, people living in rental accommodation will have a right to shared ownership so they may choose to buy a percentage tranche of their home, starting from a minimum of 10%.

ESG (Environmental, Social, Governance)

The Group complied with the Streamlined Energy and Carbon Reporting (SECR) regulations, which is reported in the Group accounts. As well as complying with the SECR regulations, the Group has adopted the Sustainability Reporting Standard for Social Housing and produced its first report during the year. Sustainability reporting is relevant to the Group's investors and is a key tool to demonstrate the Group's delivery on the Social Housing (Regulation) Bill expectations, Future Homes Standard and Energy White Paper. More on this topic is included in the Group financial statements.

Rent policy

Due to the high inflation rates the Government has capped the permitted rent increase formula to 7% for 2023-24 (previously it was CPI plus 1%). FHG applies the permitted rent tolerances to the calculation of social rents, being 5% for social rents and 10% for supported housing. For those customers not already at full target rent plus tolerance, their rents were increased in line with the rent cap however a review of affordability to our customers is undertaken each year before any rent increases are proposed to Board.

STRATEGIC REPORT (CONTINUED)

Rent policy (continued)

As part of the tenant consultation, the rationale for using rent flexibilities has been assessed and approved by the Group's Customer Insight Committee. The flexibility supports numerous services and activity lines delivered by the Group that require investment to be made and have direct benefit to customers. These initiatives include money advice, employment and training, digital services, lifelines, tenancy sustainment support services and increased housebuilding. Capacity is also created to help fund future environmental and sustainability investments in existing homes.

The Group continues to help customers with a focus on debt prevention and has delivered exceptional rental arrears performance by working closely with affected customers and implementing a new system to highlight customers who may be at risk earlier on.

Risk and Uncertainties

The main risks that may prevent the Group achieving its objectives are considered and reviewed annually by the Board as part of the corporate planning process. They are also monitored during the year by the Audit & Risk Committee. The risks are assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are included in a corporate risk map, while other risks are included in operational based risk maps. The Group's approach to risk is not intended to eliminate risk but to identify, prioritise and manage key risks to support corporate objectives.

STRATEGIC REPORT (CONTINUED)

Corporate risks

The key corporate risks are outlined in the following table.

Risk	Current controls and sources of assurance
Increasing arrears or reducing cash receipts Risk of loss of cash through non-payment of rent that may affect the Group's ability to deliver its strategic objectives detailed in the new Corporate Plan.	▪ ***The Board monitors arrears performance quarterly***. Tactical oversight is through the Co-Executive with reporting to Group Directors. ▪ ***The Co-Executive monitor developments in the Government's Welfare Reform agenda*** and report key issues to the Board and Group Directors. ▪ The Group's **Money Advice Model** focuses on financial inclusion and capability. Digital self-serve and a direct phoneline through to Money Coaches offers instant solutions, whilst an intensive support element is available for customers identified as needing longer term assistance. Proactive contact for all customers making a Universal Credit claim supports a preventative approach to changes in customers circumstances that are a key driver for rent arrears. ▪ All customers have been risk assessed (H/M/L) for rent arrears. These risk assessments have been used to forecast UC arrears. ▪ Strong networking and partnership relationships exist across the Group where UC is live with the DWP and Job Centre. The Income Team liaises with DWP and utilises the DWP's 'landlord portal' to maintain visibility around UC payments. ▪ The internal audit programme includes assurance reviews of rent arrears management / Welfare Reform. ***'Significant' assurance 2018/19.*** **Rent Arrears and Income Internal Audit completed in 2021 – *'significant assurance with minor improvements'.*** ▪ The Finance Team undertake ***daily cash flow monitoring*** with ***quarterly review by the Board / Group Audit and Risk Committee.*** ▪ **Business Plans** are updated to reflect Government policy with ongoing **stress testing** for further reductions. ▪ Bad debt provision is reviewed through the annual budget setting process and reflected in the **Business Plan**. ▪ Customers who are able to seek employment are referred to the ***Employability Officer***. ▪ The housing management system (Orchard) includes capacity to: ▪ ***record UC related information and transactions;*** ▪ ***record UC direct payments (applicable from 8 weeks arrears); and*** ▪ ***utilise balance trends enabling the Group to profile its income collection.*** ▪ The **Income App** ***enables real time data capture*** in the field. This reduces preparation time and increases engagement time with customers. ▪ **Rent Arrears** report was ***considered by Board in November 2020*** – key risks included a rise in bad debt and rent arrears and a rise in unemployment in the event of the furlough scheme ending. ▪ Rent increases have been managed ***by lifting the charges directly in Orchard therefore reducing the risk of error***. Due to a more concise process the risk of new tenancies, voids and terminations being missed is also reduced.

STRATEGIC REPORT (CONTINUED)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Supply chains, materials and resource uncertainties arising from political uncertainty Uncertainties include: ▪ Currency fluctuations impact adversely on the supply chain with increases in the cost of goods and services and difficulties in obtaining products. ▪ A UK skills shortage in construction and social care / support could increase development and maintenance costs. ▪ Materials and labour shortages could delay repairs and increase rent loss on void repairs. ▪ Reduced credit rating / access to affordable debt. ▪ Lack of consumer confidence resulting in a slowing housing market, revisions to housing policy and reduced access to external funding and ineffective delivery of the Development programme. ▪ Corporate Plan and Business Plan ineffective delivery and subsequent exposure to regulator. ▪ A recession could increase the demand for social housing, including homelessness. ▪ Adverse economic conditions could reduce tenants' ability to pay their rent and/or maintain SO mortgage payments.	▪ The Group Directors and co-executive team monitor ***supply chain exposure***. Key developments are also reported to the Board and Group Audit and Risk Committee for review. ▪ **A supply chain assessment is being undertaken** to establish exchange rate movement exposure. The Group operates a *supply chain framework* for materials with annual price increases linked to CPI. Other supplier price increases can be mitigated using other framework contractors. Risks regarding Development supply Chains have been highlighted to the Asset Investment Group. ▪ Materials used in elemental works planned maintenance are provided by the Group through its **materials supply chain**. Travis Perkins (TP) equates to >90% of materials provision and their decision to stockpile will be based on their own commercial needs and the wider impact of Brexit on the UK economy. The Group has started liaising with Regional Directors to understand the policy and potential extent. TP imports c. 20% of its materials / supplies from the EU. The Group does not currently operate an official materials store. ▪ In the event of shortages ***FHG would reduce services to maintain statutory and regulatory compliance and use available properties to house customers safely.*** ▪ Build costs / outright sales prices: The Board has approved ***financial parameters*** which are monitored. The Group will not usually undertake schemes which breach parameters. Where costs rise / sales prices fall, and where the parameters will not be met, **Group Directors and the Asset Investment Committee** will be monitor these schemes. If required, the Board will also review the **Development strategy**. Existing Development controls include reporting of ***performance measures*** to AIC and ***financials*** to Board. ▪ The Group ***continues to monitor social housing demand.*** ▪ Stress testing of **Business Plans** has included modelling the impact of adverse Brexit conditions. ▪ ***Stress Testing workshop*** undertaken by Board in November 2021 ***with external support*** – **summary report received by Board** in January 2022. ▪ ***Development scheme risk assessments in place that include ongoing credit reference check for contractors.*** ▪ As a result of the conflict in Ukraine, the following areas have been reviewed to understand their impact on the Group. This has included reviewing: ▪ ***Whether the Group has any contracts with suppliers sourcing goods/services from Russia.*** ▪ ***Whether any of the Group's investors are Russian.*** ▪ ***If the Group has any data held in or processed through Russia.*** ▪ ***Whether there is a risk to any materials or supplies that come through Ukraine.*** ▪ ***Considering whether any staff affected such as those that have family in affected areas.***

STRATEGIC REPORT (CONTINUED)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Information governance Failure to have in place robust information governance arrangements. Leading to the inability to efficiently access/use data and information, compromises of information, non-compliance with our legal and regulatory obligations. These include: GDPR and Data Protection Act 2018, PCI DSS CCTV Code of Practice 2020 Cyber Essentials+ Resulting in regulatory interest inefficient processes, data quality issues and working arrangements, financial penalty, reputational damage and business interruption.	▪ The Group has in place a ***Lead Data Protection Officer*** to ensure the continued compliance of GDPR across the Group and an ***Information Governance Coordinator*** and an ***Information and Security Manger*** to lead in the development appropriate information and security data management. ▪ All staff receive mandatory ***GDPR awareness training*** as part of their induction and every 2 years during their employment. ▪ ***Data quality training*** in place for team members who have a high degree of exposure to personal and sensitive data and information. ▪ ***Data Protection Impact Assessments (DPIA)*** are carried out for all new/amended systems or processes with high privacy risks. ▪ The Group works with external solicitors and advisors who provide ***legal advice*** and support. ▪ ***GDPR risk and progress updates*** are reported quarterly to Co-Executive, and 6-monthly to Group Audit and Risk Committee and the Board. ▪ The Group's Information Governance Forum meet regularly to discuss relevant risks and controls around information and data. ▪ **Project Halo** – aimed at improving the confidence in both the quality of the Group's data and how it is governed and secured. ***Halo update to Audit and Risk Committee in November 2022 and Board March 2023.*** ▪ **Data Protection internal audit completed in October 2022 – *'significant assurance with minor improvements'.*** ▪ Work is underway to develop **'FLEGAL plus'** (including issues of damp, mould and condensation) and more ***detailed reporting on fire risk assessments*** as a result increasing focus on consumer regulation and focus from the Housing Ombudsman.
Economic climate The macro and micro economic climate may increase pressure on the Group's existing services. This could result in an increase in businesses being unable to cope with further lockdowns and restrictions leading to supply chain issues. Inability to deliver the Group's strategic objectives detailed in the new Corporate Plan. Increases in homelessness resulting in increased reliance on services.	▪ The Board and Group Audit and Risk Committee monitor a range of key ***economic metrics*** quarterly (see Risk Update). ▪ ***Business plans*** are prepared using 'key rules for effective financial management', as detailed in the ***budget report*** approved by the Board. These include having spare facility headroom to cope with potential adverse economic conditions with no dependency on sales income to meet loan covenants and business plan assumptions. ▪ ***Quarterly stress testing of Business Plans*** assess the impact of adverse economic conditions on loan covenants / ongoing viability. ▪ **Contractor financial resilience is assessed for all new suppliers**. ▪ Drawn down agreed loan facilities to maximise our liquidity. Board approved bringing forward issue of £50m retained Bond. ▪ **Budget and Business Plan** including a stress testing resilience plan was approved by Board 29/03/2023. ▪ Procurement have been working with lead officers to **identify critical contractors and fall back plans have been developed** to ensure the Group's supply chain is resilient. ▪ ***Stress Testing workshop*** undertaken by Board in November 2021 ***with external support*** – **summary report received by Board** in January 2022. ▪ ***Stress Testing Resilience Plan*** – report to Board in May 2023.

STRATEGIC REPORT (CONTINUED)

Risk	Current controls and sources of assurance
Government policy Government policy has an adverse impact on the companies' operations and / or finances. This includes an inability to access future government funding. Resulting in the inability to deliver the Group's strategic objectives detailed in the new Corporate Plan.	▪ The Co-executive monitor developments in Government policy, including bidding rounds and Chancellor Statements and report key developments / actions to the Board and Group Directors for example VRtB. ▪ Known and anticipated changes to Government policy are incorporated into budgets and business plans which are stress tested and then reviewed and approved by the Board, with decisions recorded in minutes. ▪ Regular reporting to the Board / Group Audit and Risk Committee on actual and expected policy changes including mitigating actions. ▪ Internal audit of budget setting and approval processes – General Ledger and Budgetary Control internal audit 2021/22– 'substantial' assurance'. ▪ The Group has historically been successful in Homes England grant funding bids and future funding is sought through continuous market engagement. Grant levels are currently increasing supporting scheme viability and/or options for tenure mix. ▪ Work on tenure diversification continues to progress. This incorporates the Government's expectation of utilising the asset base of the Group to deliver more social housing. ▪ The Board sets the Group's strategic direction to incorporate the ability to be a partner of choice with Homes England. ▪ The Group has responded to the Building a Safer Future: Proposals for Reform of the Building Safety Regulatory System consultation via the NHF. Board, Exec and Co-exec paper (January 2021) – detailing the Group's readiness. This was followed by a specific session with Insight Committee (April 2021) to give assurance that FHG met the principals set out. Co-Exec facilitated session (May 2021) outlining key consideration for areas in the Group and actions required. Four further sessions with Insight Committee (May – August 2021) to formulate a customer led Action Plan to meet the elements set out in the paper. Joint Board and Insight Committee away day (October 2021) that led to further recommendations and the Asset Investment Committee noted the Group's response to the Planning for the Future White Paper at their meeting (October 2022), prior to submission. An Action Plan was then proposed to Insight Committee (January 2022) and work is now taking place against the plan. ▪ Futures responded to the consultation of the Tenant Satisfaction Measures following internal consultation with customers (My Voice), co-executive and our customer survey provider IFF. Futures already reports on the vast majority of measures proposed and adjustments were made to enable reporting to commence from 01/04/2023.

STRATEGIC REPORT (CONTINUED)

Risk	Current controls and sources of assurance
Resource planning Inappropriate planning of staff resources required to meet the strategic direction of the Group, along with not identifying the resources and skills needed to run departments and projects. Leading to service failure / complaints / and the failure to deliver strategic aims. Resulting in regulatory issues (this extends to Group growth or contraction plans and the associated need to restructure).	▪ Resource planning is owned by the co-executive team and reviewed and discussed quarterly with the Group Directors. Approval for additional resource is sought via a business case to the Group Directors in line with the Financial Regulations. ▪ The Group operates a resource planning approach which focusses on planning for specific key business scenarios such as business growth, impact from the external environment and other internal reviews to deliver the corporate objectives (e.g. transformation output). ▪ The annual budget setting process is informed by the resource plan which assesses current and future resource requirements necessary to deliver services / projects and strategies. As workstreams are progressed, implications for staff resource levels are monitored. ▪ Internal audit reviews comment on resourcing and succession planning matters, where appropriate. ▪ Reward and recognition is reviewed as part of a triennial benchmarking review. This review helps to ensure that the employee reward remains competitive and key partners are retained. The Group Directors consider report outcomes at meetings before making decisions. ▪ The development of a high-level skills matrix sets out the core skills and capabilities for each role and underpins future resource planning. This also ensures that team members have the right skills and that suitable training and development arrangements are in place. The People Services Transformation project and ongoing resource planning work will further develop this. ▪ The Group's Resource Plan has been reviewed by the Co-Executive and Group Directors (alongside budgets) to address any additional skills or headcount requirements to subsequently inform the annual budget setting exercise on forecasted resources. Board approved the 2023/24 budget at their meeting on 29/03/2023. ▪ The Group were awarded IiP platinum in June 2021. ▪ Internal audit of HR and Recruitment – 'significant assurance with minor improvements'.

STRATEGIC REPORT (CONTINUED)

Risk	Current controls and sources of assurance
Failure to achieve environmental and sustainability targets and aspirations through the alignment of Development, Asset Management and Asset Maximisation activities and resources Leading to: ▪ Non-compliance with regulatory targets ▪ The inability to maximise funding opportunities through ESG reporting. ▪ The inability to maximise grant funding due to resource and inaccurate asset data. ▪ Tensions between appetite to develop over maximising assets. ▪ Inaccurate short and long term financial forecasting and business plan stress testing. Resulting in: ▪ Regulatory oversight and censure. ▪ Increased borrowing costs and the inability to secure future, additional borrowing and resourcing C. ▪ Capacity issues within the business creating increased risk of Corporate Plan failure. ▪ Negative impact on other business activities.	**Development** 3-tiered approach ▪ Land only – we can build to new 2025 building regs. ▪ Package deals – we can influence developers. ▪ S106 (50% of our new houses) – we accept what we are given. **Assets** ▪ Targeting EPC 'c' 2030: Savills undertaking review of FHG asset data and will set out options for the Group to be able to achieve EPC 'c' by 2030, and new zero carbon by 2050. ▪ Development of disposal programme for poor performing properties and consideration of alternative tenancies such as shared ownership to assist in raising capital. **Asset Maximisation** ▪ Review of Asset Maximisation resources and capacity within the Group underway. ▪ ***Internal audit of Asset Maximisation 'advisory' report considered by the Audit and Risk Committee in April 2023.*** **Customers and Culture** ▪ Money Advice Service. ▪ Employability Service. ▪ Tenancy Sustainability – merged with Income Services. ▪ The Group's ***Sustainability Strategy*** was approved by the Board on 02/04/2022. The delivery of this strategy is overseen by the **Sustainability Strategy Steering Group.** ▪ The Group's first ***environment, social and governance (ESG) report*** formed part of the Group's **Annual Report for 2021/22. The development of next report for 2022/23 is underway.** ▪ On 31/10/2022 the Group became an adopter of the ***Sustainability Reporting Standard*** for Social Housing.

STRATEGIC REPORT (CONTINUED)

Risk	Current controls and sources of assurance
Development Failure to ensure developments are scrutinised before, during and after approval to ensure the robust management of development deliverables. Leading to poor development scheme project management, increased costs, increased programme timescales and reduced quality. Resulting in poor customer satisfaction, reputational damage, lack of value for money, strategic budgetary issues and regulatory interest.	• Asset Investment Committee (AIC) responsible for assisting the Board in fulfilling its development responsibilities and shall monitor the performance of such activities across the Group, including approving investment and divestment opportunities, considering and approving Development Scheme proposals, development programme monitoring and risk management and asset management. • Development controls in place including scheme of delegation, scheme risk assessments and development scheme reporting to AIC. • 3-tiered approach Land only – we can build to new 2025 building regs. Package deals – we can influence developers. S106 (50% of our new houses) – we accept what we are given. • Development Team in place ***with appropriate skills and experience*** with **Development Procedure manual** in place. • Development Managers Team Meeting in place which provides a ***forum for scheme issues to be raised and discussed.*** • Development Improvement Group is in operation, supported by the Transformation Team to manage legacy issues.

STRATEGIC REPORT (CONTINUED)

Capital structure and treasury policy

FHL is funded by inter-company loans from Futures Finance Limited and Futures Treasury Plc. FHL's long term funding requirements are forecast via a Group wide business plan. The business model assumes that debt will increase in the early years to fund the purchase and development of stock and the improvement programme, after which it will gradually be repaid.

FHL's debt outstanding as at 31 March 2023 is £214m (2022: £236m). This is offset by cash and investments held of £55m (2022: £84m). £25m (2022: £25m) of the facility at year end was undrawn.

The total available liquidity of FHL as at 31 March 2023 is £80m (2022: £109m). The Group's Treasury Management Policy states that the Group should manage its liquidity risk, (the risk of the Group becoming unable to meet its financial obligations when they fall due), through ensuring that sufficient sources of funding are available. The Group should hold liquid funds, short term funds and medium-term funds for rolling periods of 3 months, 12 months and 18 months respectively that can be accessed within appropriate timescales.

Liquidity risk is effectively managed as the Group's cash and cash investments can be accessed within seven days and all committed debt facilities can be accessed within two days. The policy also states that the Group should ensure it will not require additional financing to meet its contractually committed obligations within a period of less than 24 months. FHL complies with this requirement in its annual budget business plans and monthly outturn plans.

FHL believes that the current debt position provides a good balance between protection against interest rate increases, and flexibility. All of FHL's debt is maintained within the treasury policy limits stating that a minimum of 70% of debt should be fixed at any time.

Accounting Policies

FHL's principal accounting policies are set out in the notes to the financial statements. There were no significant changes to accounting policies in the current year.

Key estimates and judgements

The significant judgements and estimates made by the Group in the preparation of the financial statements are set out in the notes to the financial statements. There were no significant changes to key estimates and judgements in the current year.

Events after the end of the reporting period

We consider that there are no events since the financial year-end that have a significant effect on the financial position of FHL.

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

STRATEGIC REPORT (CONTINUED)

Health & safety and environmental policy

The Board is aware of its responsibilities on all matters relating to health and safety. Taking into account the needs of its customers and society at large, FHL will aim to eliminate or reduce to a level as low as reasonably practicable, the health, safety and environmental impacts of its activities; protect the environment and prevent pollution by utilising a structured risk management approach and the implementation of sustainable procurement practices, targeted carbon emission reduction and a reduction of waste to landfill.

Complaints

All companies within the Group have a clear and simple complaints policy. The Group has robust procedures to ensure that unresolved complaints are actively monitored and appropriate action taken to address the relevant issues.

Statement of Compliance

In preparing this Strategic Report, the Board has followed the principles set out in the Housing SORP 2018 (Statement of Recommended Practice for Social Housing Providers).

FHL is required to comply with the Regulatory Standards included in the Regulatory Framework and to certify compliance annually with the Governance and Financial Viability Standard.

During the year the Board has overseen an assessment of compliance with each of the Regulatory Standards. The outcome of the annual assessment was reported through an Annual Statement of Internal Control which was approved by the Board. As a consequence, the Board can certify that the Group was in full compliance with the Governance and Financial Viability Standard for 2022-23.

In approving the Strategic Report of the Board is also approving the Strategic Report in its capacity as the Board of the association.

The Strategic Report was approved by the Board on 24 July 2023 and signed on its behalf by:

Mike Stevenson

Chair of the Board

REPORT OF THE BOARD

Board Members and Executive Directors

The present Board Directors are set out on page 1, together with those who served during the year. The Directors are drawn from a wide range of backgrounds, bringing together professional, commercial, and local experience. The Executive Directors are employed by Futures Housing Group. Details of Board Members and the Group's Executive Directors' emoluments are included in the financial statements of that company. The Association has insurance policies that indemnify its Board of Directors against liability when acting for the Association.

Donations

FHL made no charitable or political donations in the year (2022: nil).

Going concern

FHL's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report of the Board. FHL has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with FHL's day to day operations. FHL also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The Board is satisfied that the stress testing, which includes single variant stress testing, multi-variant stress testing and determination of tolerance levels alongside mitigating actions, demonstrates sufficient financial strength to conclude that FHL is a going concern. In reaching this decision, the Board has noted that the new business plans meet the key rules for effective financial management, are not reliant on sales income to meet loan covenants and can tolerate sufficient cost pressures/income without creating a covenant breach or needing to secure extra funding over the period under review, ending March 2025. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FHL whilst minimising any adverse impact for customers.

The stress testing resilience plan has also been considered by the Board in reaching its going concern conclusions. The plan sets out the point at which the Board would intervene to instigate corrective action that would steer FHL towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.

On this basis, the Board has a reasonable expectation that FHL has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

REPORT OF THE BOARD (CONTINUED)

Legal compliance

The Board recognises FHL's responsibility to ensure ongoing legal compliance as a result of the law constantly being updated. It also recognises the RSH's Governance and Financial Viability Standard and the importance of effective governance arrangements to ensure that all of the Group's registered providers of social housing adhere to all relevant law.

To ensure compliance, the Group works with Anthony Collins Solicitors LLP, to assist in assessing the extent to which it complies with relevant English law. This process involves the use of a legal compliance checklist, designed to highlight any potential legal non-compliance in relation to the Group's core business. This review is overseen by the Group and Risk Committee and reported to the Board. The review concluded that no significant issues had been identified requiring immediate or significant action to ensure legal compliance.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group. For more information on controls assurance, refer to Futures Housing Group's financial statements.

NHF Code of Governance

The Group has adopted and complies with the NHF Code 2020 as the code of governance for the Group's registered providers in compliance with the requirements of the regulatory Governance and Financial Viability Standard.

Statement of the responsibilities of the Board

The Board is responsible for preparing the Strategic Report, the Report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable laws) including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice ('SORP'): Accounting by Registered Social Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the association will continue in business.

REPORT OF THE BOARD (CONTINUED)

Statement of the responsibilities of the Board (continued)

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position and enable them to ensure that the financial statements comply with the *Co-operative and Community Benefit Society Act 2014*, the Housing Regeneration Act 2008 and the Accounting Direction for Private Registered Providers and Social Housing (April 2019). They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board confirm that:

- so far as each of the Board members are aware there is no relevant audit information of which the Association's auditor is unaware; and
- the Board has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information set out in the Strategic Report

In accordance with S414C (11) of the Companies Act, the Association has chosen to include information in respect of its financial risk management objectives and policies, exposure to risk and likely future developments in the business of the Association in the Strategic Report. This information would otherwise be required by Schedule 7 of the 'Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the Report of the Board.

External Auditor

BDO were re-appointed as auditor at the Board meeting on 15 September 2022.

The report of the Board was approved by the Board on 24 July 2023 and signed on its behalf by:

Mike Stevenson
Chair of the Board

Independent auditor's report to the members of Futures Homescape Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Futures Homescape Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of Futures Homescape Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Board report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the association; or
- a satisfactory system of control has not been maintained over transactions; or
- the association's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of the responsibilities of the Board, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Futures Homescape Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
We made enquiries of management and the Audit and Assurance Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association. These include, but are not limited to, compliance with Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

Audit response to risks identified

- We made enquiries of the Audit and Assurance Committee, management and internal audit;
- We reviewed the Fraud log submitted to the Audit and Assurance Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance; and
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias, considered completeness of related party transactions, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Futures Homescape Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Kyla Bellingall
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Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
02 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover: continuing activities:	4a	38,262	36,130
Operating Costs	4a	(28,352)	(25,347)
Revaluation of investment properties	4a	831	2,073
Surplus on sale of housing properties	6	1,037	1,053
Surplus on sale of other fixed assets	4a	19	44
Operating Surplus	5	**11,797**	**13,953**
Interest receivable and other income	8	888	47
Interest payable and similar charges	9	(7,917)	(6,585)
Other finance costs	10	(183)	(253)
Gift aid income		235	270
Surplus before taxation		**4,820**	**7,432**
Taxation	12	-	352
Surplus for the year		**4,820**	**7,784**
Actuarial gain relating to the pension scheme	10	7,081	6,463
Total comprehensive income for the year		**11,901**	**14,247**

The notes on pages 29 - 57 form part of these financial statements.

These financial statements were approved by the Board on 24 July 2023 and signed on its behalf by:

Michael Stevenson (Chair)

Raymond Harding (Board Member)

Ian Skipp (Company Secretary)

Statement of Changes in Reserves for the year ended 31 March 2023

	2023 £'000	2022 £'000
Balance as at 1 April	50,733	36,261
Comprehensive income for the year	11,901	14,247
Transfer from Futures Greenscape Ltd	-	225
Balance as at 31 March	**62,634**	**50,733**

The notes on pages 29 - 57 form part of these financial statements.

Statement of Financial Position as at 31 March 2023

	Note	2023 £'000	2022 £'000
Tangible fixed assets			
Housing properties	13	220,432	194,824
Investment Properties	15	39,841	38,535
Other tangible fixed assets	14	6,062	6,253
		266,335	239,612
Current assets			
Stock	16	217	193
Properties held for sale	17	6,115	3,976
Debtors	18	9,167	4,601
Short Term Investment		9,000	4,500
Cash at cash equivalents		45,547	79,728
		70,046	92,998
Creditors: Amounts falling due within one year	19	(23,452)	(9,637)
Net current assets		46,594	83,361
Total assets less current liabilities		312,929	322,973
Creditors: Amounts falling due after more than one year	20	(250,295)	(265,583)
Net pension liability	10	-	(6,657)
Total net assets		**62,634**	**50,733**
Reserves			
Revenue reserve		62,634	50,733
Total reserves		**62,634**	**50,733**

The notes on pages 29 - 57 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on the 24 July 2023 and signed on its behalf by:

Michael Stevenson (Chair)

Raymond Harding (Board Member)

Ian Skipp (Company Secretary)
Company Number: RS08970Z

Notes to the Financial Statements

1. Legal status

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered housing provider. Its private registered office is Futures House, Building 435 Argosy Road, Castle Donington, Derby, DE74 2SA.

2. Accounting policies

Basis of accounting

The financial statements of the Association are prepared in accordance with *UK Generally Accepted Accounting Practice (UK GAAP)*, including *Financial Reporting Standard 102* (FRS 102) and the *Statement of Recommended Practice: Accounting for Registered Social Housing Providers 2018*, and comply with the *Accounting Direction for Private Registered Providers of Social Housing 2019.*

Public Benefit Entity

FHL is a public benefit entity in accordance with FRS102. The financial statements are presented in sterling (£).

The Association has adopted the following disclosure exemptions available under FRS102:

- the requirement to present a statement of cashflows and related notes; and
- financial instrument disclosures, including:
  - categories of financial instruments;
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks.

The Association is itself a subsidiary company and is exempt from the requirement to prepare Group accounts. These financial statements present information about the individual company. Results are consolidated into the accounts of Futures Housing Group Limited.

Going concern

The financial statements have been prepared on a going concern basis.

The Board has reviewed a number of key areas to determine that the Group is a going concern, as set out below:

- Two year financial forecasts have been prepared, capturing all operating and capital cashflows and associated funding cashflows. These cashflows eliminate the 'high risk' cashflows such as grant income and sales income and each of these demonstrate to the Board that cash remains positive over forthcoming period up to March 2025, without the need to secure any further funding than what is already in place and secured.

- Stress testing has been carried out and reviewed by the Board on the approved business plans.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Going concern (continued)

- The Board is satisfied that the stress testing, which includes single variant stress testing, multi-variant stress testing and determination of tolerance levels alongside mitigating actions, demonstrates sufficient financial strength to conclude that FHL is a going concern. In reaching this decision, the Board has noted that the new business plans meet the key rules for effective financial management, are not reliant on sales income to meet loan covenants and can tolerate sufficient cost pressures/income without creating a covenant breach or needing to secure extra funding over the period under review, ending March 2025. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FHL whilst minimising any adverse impact for customers.

- The stress testing resilience plan has also been considered by the Board in reaching its going concern conclusions. The plan sets out the point at which the Board would intervene to instigate corrective action that would steer FHL towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.

- The forecast cash and covenant positions have been considered by the Board in forming its going concern conclusions. The cash positions are considered to be both the forecast cash at bank positions plus the unutilised secured and in place loan facilities.

- The covenant positions have been considered and there is no covenant non-compliance forecast in the business plans over the period up to March 2025 and beyond. In addition, cash break-even point assessments have been reviewed by the Board, at subsidiary level, to obtain comfort that the cash positive cashflows have sufficient robustness within them. This review has highlighted that each subsidiary has a highly robust cash break even position that allows all operating costs to increase by significant amounts before cash turns negative.

- For the reasons mentioned above, the Board considers that FHL is a going concern. While risks exist, these do not cast doubt on FHL's ability to continue as a going concern for the foreseeable future, being a period of at least 12 months from the date of signing these accounts and audit report.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Turnover and revenue recognition

Turnover comprises:

- rental income receivable;
- service charges receivable;
- income from shared ownership first tranche sales;
- sales of properties built for sale;
- other services; and
- revenue grants receivable.

Rental income is recognised from the point properties become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Income from first tranche sales and sales of properties built for sale are recognised at the point of legal completion of the sale. All other income is included at the invoiced value (excluding VAT) of goods and services supplied in the year.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Taxation

The charge for taxation is based on the surpluses arising on certain activities which are liable to tax.

Value Added Tax

The Association charged Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income in the year. No interest payable is capitalised.

Interest receivable

Interest receivable is charged to the Statement of Comprehensive Income in the year.

2. Accounting policies (continued)

Pensions

The Association participates in the Derbyshire County Council Pension Fund, a defined benefit pension scheme managed by Derbyshire County Council and a defined contribution scheme provided by Scottish Widows.

In relation to the defined benefit scheme, the current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the Statement of Comprehensive Income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit, adjusted for deferred tax, is presented separately from other assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Association.

In relation to the defined contribution scheme, the charges for the year represent the employer contributions payable to the scheme for the accounting period.

Housing managed on behalf of other landlords

The treatment of income and expenditure in respect of housing projects managed on behalf of other agencies depends on whether the Association carries the financial risk.

Where the Association carries the financial risk, all the project's income and expenditure is included in the Association's Statement of Comprehensive Income.

Where the other landlord carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Association.

Housing properties

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are properties available for rent and properties subject to shared ownership leases.

Properties are stated at cost less depreciation. Cost includes the cost of acquiring land & buildings, development costs and expenditure incurred in respect of improvements.

Component replacement works to existing properties have been treated separately for depreciation purposes. Works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the amount relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Depreciation of housing properties

Freehold land is not depreciated. The Association separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over the following number of years:

	Life in years
Structure	100
Roof	50
Fascia	30
Soffit	30
Windows	30
Kitchen	20
Bathroom	30
Doors	30
Bio Mass System	20
Heating Distribution System	25
Boiler	12
Damp Proofing	25
Electrical Rewires	30
External Wall Insulation	30
Fire Safety Measures	50

Internal wall insulation is depreciated over the remaining life of the structure.

Government grants

Government grants include grants receivable from the RSH, local authorities, and other government organisations. Government grants received for housing properties are initially credited to the deferred grant account within long term creditors on the Statement of Financial Position. They are then amortised over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Government grants (continued)

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the RSH. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in Statement of Comprehensive Income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Upon disposal of the associated property, the Association is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Impairment

Housing properties are assessed annually for impairment triggers. Where triggers are identified an assessment for impairment is undertaken comparing the cash generating unit's (CGU) carrying amount to its recoverable amount. Where the carrying amount of an CGU is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. CGUs is normally a group of properties at a scheme level. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Assets are held at historic cost less accumulated depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal estimated useful economic lives used for other assets are:

	Life in years
Computers and office equipment	3
Tools and equipment	3
Motor vehicles	3
Furniture, fixtures and fittings	5
Lifeline equipment	5
Depot	50
Office Buildings	100

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Leased assets
Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Investment properties
Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Properties for sale
Shared ownership sales and property under construction are valued at the lower of cost and net realisable value. Cost comprises of materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Financial instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Management has reviewed the Association's loan agreements and has deemed them to be basic financial instruments.

Investment in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at amortised cost.

Bad debt provision on rental income is calculated according to the following policy:

Customer balance (current arrears)	Provision policy
Below £250	0%
£251 to £500	10%
£501 to £1,000	25%
£1,001 to £1,500	50%
Over £1,500	75%
Customer balance (former arrears) All balances	100%

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Liquid Resources: Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Short Term Investments
Short term Investments comprise of cash held in deposit accounts with notice periods ranging in excess of three months.

3 Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Significant management judgements
The following are the significant management judgements made in applying the accounting policies of the Association that have the most significant effect on the financial statements:

1) Impairment

As part of the association's continuous review of the performance of its assets, management identify any homes or schemes that have significantly declining market values or market conditions, increasing void losses, are affected by policy or environmental changes, where the carrying value of the asset is more than it's estimated fair value or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down and any impairment losses are charged to operating surpluses. The estimated depreciated replacement cost ('DRC'), calculated using appropriate construction costs and land prices is compared to the carry value of the asset and where the DRC is lower than the carrying cost an impairment charge is made against the social housing properties.

A review has been carried out for the value held on the Statement of Financial Position of unsold homes and works in progress. As at 31 March 2023, there was a total of 8 unsold homes. No property exceeded 6 months old the year end and 5 were sold subject to contract. In addition, there is a sufficient margin between the historic build cost recorded in properties held for sale and the final sales value to provide certainty over their historic costs valuation as a minimum and therefore we consider no impairment is required.

2) Capitalisation of property development costs
Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Notes to the Financial Statements (continued)

3 Significant Judgements and Estimates (continued)

3) Cost Apportionment of Development Schemes
Management's estimate of the apportioned cost of individual properties for all tenures is done on a square metre basis.

4) Recoverable amounts on property held for sale
The forecast sale percentage is considered for the stock held for sale and the cost allocated accordingly. A review of the expected sales price, taking into account costs to completion in respect of assets under construction, is also performed and impairment considered. A number of properties held at the year-end have since been sold at expected selling prices which further supports the view that there is no indication of impairment.

5) Staff seconded to FHG
Management believe that a constructive obligation exists in FHG for pension costs for staff seconded from FHL, who are in the Local Government Pension Scheme. As such the cost of pension contributions relating to those staff in year are borne by FHG. As FHL remains responsible for their pension obligations the related schemes assets and liabilities are included in FHL's Statement of Financial Position and the details disclosed in the notes to the accounts.

6) Recognition of defined benefit net surplus

Management's estimate of the DBO is determined using actuarial valuations using a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. A review has been undertaken of the of the valuation report for 31 March 2023 which calculated a net surplus for the defined benefit scheme that the association participates in. Management has concluded that, based on our interpretation of the pension scheme rules the Association does not have an unconditional right to recover the asset either in the form of reduced contributions or a refund, so in line with FRS102 and the accounting policy the net pension surplus should be capped at nil.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

1) Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. This has resulted in additional items being capitalised namely damp proofing, electrical rewires and internal & external wall insulation with the lives of these additional assets are disclosed in the accounting policies. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

3 Significant Judgements and Estimates (continued)

Estimation uncertainty (continued)

2) Defined Benefit Obligation (DBO)

Management's estimate of the DBO is determined using actuarial valuations using a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty and variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 10).

3) Investment property valuation

Management's estimate of the valuation of the investment property is based on an independent valuation by Rupert David & Co Chartered Surveyors.

Notes to the Financial Statements (continued)

4a. Particulars of turnover, cost of sales, operating costs and operating surplus

For the year ended 31 March 2023	Turnover 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Operating surplus 2023 £'000
Social housing lettings (see note 4b)	33,450	-	(24,665)	8,785
Other social housing activities				
Management and agency services	10	-	(1)	9
First tranche shared ownership sales	2,784	(1,734)	(711)	339
Other	39	-	(62)	(23)
	2,833	(1,734)	(774)	325
Non-social housing activities				
Charges for support services	414	-	(406)	8
Other	97	-	(28)	69
Market Rents	1,468	-	(745)	723
	1,979	-	(1,179)	800
Total Social Housing	38,262	(1,734)	(26,618)	9,910
Revaluation of investment properties				831
Surplus on sale of housing properties				1,037
Surplus on sale of other fixed assets				19
				11,797

For the year ended 31 March 2022	Turnover 2022 £'000	Cost of sales 2022 £'000	Operating costs 2022 £'000	Operating surplus 2022 £'000
Social housing lettings (see note 4b)	31,805	-	(21,502)	10,303
Other social housing activities				
Management and agency services	22	-	(78)	(56)
First tranche shared ownership sales	2,341	(1,484)	(552)	305
Other	56	-	(81)	(25)
	2,419	(1,484)	(711)	224
Non-social housing activities				
Charges for support services	332	-	(529)	(197)
Other	96	-	(47)	49
Market rents	1,478	-	(1,074)	404
	1,906	-	(1,650)	256
Total Social Housing	36,130	(1,484)	(23,863)	10,783
Revaluation of investment properties				2,073
Surplus on sale of housing properties				1,053
Surplus on sale of other fixed assets				44
				13,953

Notes to the Financial Statements (continued)

4b. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

For the year ended 31 March 2023	General housing 2023 £'000	Sheltered housing 2023 £'000	Shared ownership 2023 £'000	Total 2023 £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	19,966	10,932	785	31,683
Service income	828	453	-	1,281
Amortisation of government grants	486	-	-	486
Turnover from Social housing lettings	**21,280**	**11,385**	**785**	**33,450**
Expenditure on social housing lettings				
Management	(6,080)	(3,330)	(437)	(9,847)
Services	(597)	(1,164)	-	(1,761)
Routine maintenance	(2,376)	(1,301)	-	(3,677)
Planned maintenance	(1,202)	(658)	-	(1,860)
Major repairs expenditure	(1,265)	(693)	-	(1,958)
Bad debts	(89)	(49)	-	(138)
Depreciation of housing properties	(2,531)	(1,384)	(145)	(4,060)
Depreciation of other fixed assets	(463)	(254)	-	(717)
Accelerated Depreciation	(174)	(95)	-	(269)
Other	(244)	(134)	-	(378)
Total expenditure on social housing lettings	**(15,021)**	**(9,062)**	**(582)**	**(24,665)**
Operating surplus on social housing lettings	**6,259**	**2,323**	**203**	**8,785**
Void losses	**(218)**	**(120)**	**-**	**(338)**

Notes to the Financial Statements (continued)

4b. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

	General housing 2022 £'000	Sheltered housing 2022 £'000	Shared ownership 2022 £'000	Total 2022 £'000
For the year ended 31 March 2022				
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	18,704	10,459	707	29,870
Service income	790	441	-	1,231
Amortisation of government grants	704	-	-	704
Turnover from Social housing lettings	**20,198**	**10,900**	**707**	**31,805**
Expenditure on social housing lettings				
Management	(5,267)	(2,946)	(364)	(8,577)
Services	(652)	(976)	-	(1,628)
Routine maintenance	(2,009)	(1,123)	-	(3,132)
Planned maintenance	(1,775)	(992)	-	(2,767)
Major repairs expenditure	(342)	(192)	-	(534)
Bad debts	19	10	-	29
Depreciation of housing properties	(2,254)	(1,260)	(133)	(3,647)
Depreciation of other fixed assets	(379)	(212)	-	(591)
Accelerated Depreciation	(179)	(100)	-	(279)
Other	(241)	(135)	-	(376)
Total expenditure on social housing lettings	**(13,079)**	**(7,926)**	**(497)**	**(21,502)**
Operating surplus on social housing lettings	**7,119**	**2,974**	**210**	**10,303**
Void losses	**(185)**	**(104)**	**-**	**(289)**

Notes to the Financial Statements (continued)

5. Operating Surplus

	2023 £'000	2022 £'000
This is arrived at after charging:		
Depreciation of housing properties	4,329	3,926
Depreciation of other tangible fixed assets	717	591

Auditor's remuneration is borne by the Company's parent undertaking Futures Housing Group Limited, no audit fees are expensed by the entity.

6. Surplus on sale of fixed assets - housing properties

	2023 £'000	2022 £'000
Disposal proceeds	1,600	1,586
Carrying value of fixed assets	(563)	(533)
	1,037	1,053

Notes to the Financial Statements (continued)

7. Accommodation in management and development

At the end of the year the accommodation in management for each class of accommodation was as follows:

For the year ended 31 March 2023

	Social Units	Affordable Units	Shared ownership Units	Supported Sheltered Units	Market rent Units	Rent to buy Units	**Total owned and managed by FHG** Units
Opening stock	3,384	547	263	2,229	225	55	**6,703**
Additions	11	68	20	-	-	-	**9**
Properties transferred from other group companies	28	-	-	-	-	-	**28**
Reclassification	-	-	-	-	1	(1)	-
Disposals	(21)	-	(2)	-	-	-	**(23)**
Closing stock	**3,402**	**615**	**281**	**2,229**	**226**	**54**	**6,807**

	Owned - managed by others Units	Managed not owned Units	**Total owned and managed** Units
Opening stock	5	82	**6,790**
Additions	-	1	**100**
Properties transferred from other group companies	-	-	**28**
Reclassification	-	-	-
Disposals	-	-	(23)
Closing stock	**5**	**83**	**6,895**

Notes to the Financial Statements (continued)

8. Interest receivable and other income

	31 March 2023 £'000	31 March 2022 £'000
Interest receivable	888	41
Interest receivable from Group undertakings	-	6
	888	47

9. Interest and financing costs

	31 March 2023 £'000	31 March 2022 £'000
Interest payable to group undertakings	7,917	6,585
	7,917	6,585

10. Employees

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 37 hrs):

	Company 2023 No.	Company 2022 No.
FTEs		
Housing, support and care	113	108

Employee costs:

	31 March 2023 £'000	31 March 2022 £'000
Wages and salaries	3,976	3,562
Social security costs	376	310
Pension costs	717	805
	5,069	4,677

Current service costs for employees seconded to Future Housing Groups costs are recharged in the year.

Notes to the Financial Statements (continued)

10. Employees (continued)

Derbyshire County Council Pension Fund

The DCCPF is a multi-employer defined benefit scheme, which is administered by Derbyshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2022. The market value of Futures Homescape's share of scheme assets at that date was £45.6 million and the level of funding was 87%. The main actuarial assumptions used in the valuation were:

	%p.a.
Investment Return	2.3%
Salary Increases	3.7%
Benefit Increases/ CARE revaluation	2.7%

Contributions

The Company paid contributions at the rate of 33.4% during the year. The cost to the company, of contributions to the scheme in the period, amounted to £1,075,000 (2022: £1,029,000). Members' contributions vary between 5.5% and 11.4% of pensionable pay until 31st March 2023, depending on the circumstances of the employee. Employers' contributions to the DCCPF during the accounting period commencing 1 April 2023 are at a rate of 33.4% and are estimated to be £1,139,500.

Major categories of plan assets as a total of plan assets

	2023	2022
	%	%
Equities	66	66
Bonds	22	21
Property	8	8
Cash	4	5

Assumptions

The main financial assumptions used by the actuary were as follows:

	2023	2022
	%	%
Rate of increase in salaries	3.95	3.90
Rate of increase in pensions	2.95	3.20
Discounted rate	4.75	2.70

10. Employees (continued)

Mortality assumptions

The post retirement mortality assumptions were based on the Fund's VitaCurves with improvements inline with the CMI 2020 model and these are used to value the benefit obligation at 31 March as determined by the actuary, for non-pensioners and pensioners.

	2023 No of Years.	2022 No of Years.
Current pensioners:		
Males	21.0	21.1
Females	24.0	23.8
Future pensioners:		
Males	21.8	22.2
Females	25.5	25.6

Amounts recognised in the statement of financial position:	**2023 £'000**	**2022 £'000**
Present value of funded obligations	(35,658)	(51,951)
Fair value of plan assets	44,702	45,294
Surplus restriction	(9,044)	-
	-	(6,657)
Present value of unfunded obligations	-	-
Net liability	-	(6,657)

Amounts recognised in other comprehensive income

	2023 £'000	2022 £'000
Actuarial gain in other comprehensive income	7,081	6,463

Analysis of the amount charged to operating surplus

	2023 £'000	2022 £'000
Current service cost	1,259	1,385
Past service losses	58	-
Total operating charge	1,317	1,385

Notes to the Financial Statements (continued)

10. Employees (continued)

Amounts recognised in the statement of financial position:

	2023 £'000	2022 £'000
Expected return on pension scheme assets	1,230	841
Interest on pension scheme liabilities	(1,413)	(1,094)
Net interest charge	(183)	(253)

Movement in deficit during the year	2023 £'000	2022 £'000
Company share of net liabilities at start of year	(6,657)	(12,511)
Movement in year:		
Current service cost	(1,259)	(1,385)
Past service cost	(58)	-
Employer contributions	1,076	1,029
Other finance costs	(183)	(253)
Actuarial gain	7,081	6,463
Company share of net scheme liabilities at end of year	-	(6,657)

Changes in present value of define benefit obligation:	2023 £'000	2022 £'000
Opening defined benefit obligation (including unfunded obligations)	(51,951)	(54,349)
Current service cost	(1,259)	(1,385)
Past service cost	(58)	-
Interest cost	(1,413)	(1,094)
Contributions by members	(207)	(203)
Actuarial gain	18,520	4,317
Past service gain	-	-
Benefits paid	710	763
Closing defined benefit obligation (including unfunded obligations)	(35,658)	(51,951)

Changes in fair value of plan assets	2023 £'000	2022 £'000
Opening fair value of plan assets	45,294	41,838
Expected return on assets	1,230	841
Contributions by members	207	203
Contributions by employer	1,076	1,028
Actuarial (loss)/gain	(2,395)	2,146
Benefits paid	(710)	(762)
Fair value of assets at end of year	44,702	45,294

Notes to the Financial Statements (continued)

11. Board Members and executive directors

All costs associated with the Board Members and Group executive directors are borne by FHG. Details of their emoluments are disclosed in the financial statements of that company.

Costs associated with Board Members expenses paid during the year to Board members were also borne by FHG. Details of these are disclosed in FHG's accounts.

One staff member received emoluments in the banding £60,000 - £70,000.

12. Tax on surplus on ordinary activities

The Company was granted Charitable Status on the 6 September 2004 and as such is not liable for Corporation Tax on its charitable activities after that date.

The credit in the prior year is as a result of provision being made in previous years for a potential tax liability which is no longer required and has, therefore been released.

	2023 £'000	2022 £'000
Current Tax		
UK corporation tax on surplus for the year	-	-
Adjustments in respect of prior period	-	(352)
Current tax	-	(352)
Total tax credit	-	(352)

Tax reconciliation

	2023 £'000	2022 £'000
Surplus on ordinary activities before tax	4,820	7,432
Surplus subject to Corporation tax	4,820	7,432
Theoretical tax at UK corporation tax rate 19%	916	1,412
Income not taxable for tax purposes	(916)	(1,412)
Adjustment to tax credit in respect of previous periods	-	(352)
Total tax credit	-	(352)

Notes to the Financial Statements (continued)

13. Tangible fixed assets - properties

	Completed housing properties shared ownership £'000	Shared ownership properties under construction £'000	Social housing properties held for letting £'000	Social housing properties under construction £'000	Total £'000
Cost					
At 1 April 2022	18,480	3,387	200,361	13,097	235,325
Properties transferred from other group companies	-	-	3,096	-	3,096
Transfer to Investment Properties	-	-	(76)	-	(76)
Additions	41	3,685	204	15,448	19,378
Capitalised improvements	-	-	8,099	-	8,099
Schemes Completed	1,645	(1,645)	11,027	(11,027)	
Disposals	(135)	-	(1,977)	(349)	(2,461)
At 31 March 2023	**20,031**	**5,427**	**220,734**	**17,169**	**263,361**
Depreciation and impairment					
At 1 April 2022	812	-	39,475	214	40,501
Transfer to Investment Properties	-	-	(4)	-	(4)
Charged in year	145	-	4,184	-	4,329
Released on disposal	(3)	-	(1,679)	(214)	(1,896)
At 31 March 2023	**954**	**-**	**41,976**	**-**	**42,930**
Net Book Value					
At 31 March 2023	**19,077**	**5,427**	**178,758**	**17,169**	**220,431**
At 1 April 2022	17,668	3,387	160,886	12,883	194,824

Notes to the Financial Statements (continued)

13. Tangible fixed assets - properties (continued)
Expenditure on works to existing properties

	2023 £'000	2022 £'000
Components capitalised	8,099	5,273
Amounts charged to statement of comprehensive income	1,958	534
	10,057	5,807

Costs include £172.1k Fire compartmentation works and £2,517k EPC C works.

Social housing assistance

	2023 £'000	2022 £'000
Total accumulated grant	42,830	35,286
Recognised in comprehensive income	5,736	5,338
Held as deferred capital grant	37,094	29,948
	42,830	35,286

Housing properties book value, net of depreciation and depot net book value (notes 13 & 14) comprises:

	2023 £'000	2022 £'000
Freehold land and buildings	220,658	195,059

Notes to the Financial Statements (continued)

14. Tangible fixed assets - other

	Free-hold depot	Tools & equip-ment	Furniture, fixtures & fittings	Lifeline equip-ment	IT & Office equip-ment	Other land and buildings	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2022	379	581	895	843	979	4,781	2,116	10,574
Additions	-	85	18	20	21	7	374	525
Disposals	-	(291)	-	-	8	-	(136)	(419)
At 31 March 2023	379	375	913	863	1,008	4,788	2,354	10,680
Depreciation								
At 1 April 2022	144	512	313	738	967	59	1,587	4,320
Charged in year	8	68	156	38	18	40	389	717
Released on disposal	-	(290)	-	-	8	(1)	(136)	(419)
At 31 March 2023	152	290	469	776	993	98	1,840	4,618
Net Book Value								
At 31 March 2023	227	85	444	87	15	4,690	514	6,062
At 31 March 2022	235	69	582	105	12	4,722	529	6,254

15. Investment Properties non social housing properties held for letting

	Completed investment properties £'000	Investment properties under construction £'000	Total £'000
Cost			
At 1 April 2022	27,501	5,620	33,121
Additions	6	393	399
Transfer from Housing Properties	76	-	76
Cost at 31 March 2023	27,583	6,013	33,596
Revaluation			
At 1 April 2022	5,414	-	5,414
In year revaluation	831	-	831
Cost at 31 March 2023	6,245	-	6,245
Carrying value			
At 31 March 2023	33,828	6,013	39,841
At 31 March 2022	32,915	5,620	38,535

Investment properties were valued as at 31 March 2023 at their open market value based on an independent valuation by Rupert David & Co Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation - Global Standards 2017 and the UK National Supplement (The Red Book). No allowance has been made for the liability of taxation that may arise on disposal and no alteration has been made to reflect the costs of selling. All valuation figures are exclusive of VAT.

If investment properties had been accounted for under historical cost accounting rules, the property would have been measured as follows:

	2023 £'000	2022 £'000
Historic Cost	26,371	26,453
Accumulated depreciation and impairment	(2,223)	(1,934)
	24,148	24,519

Notes to the Financial Statements (continued)

16. Stock

	31 March 2023 £'000	31 March 2022 £'000
Raw materials and consumables	217	193

17. Properties held for sale

	31 March 2023 £'000	31 March 2023 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2022 £'000	31 March 2022 £'000
	Completed Properties	Land and properties under constr'n	Total	Completed Properties	Land and properties under constr'n	Total
Shared Ownership properties	688	5,427	6,115	588	3,388	3,976
Total properties held for sale	688	5,427	**6,115**	588	3,388	**3,976**

18. Debtors

	31 March 2023 £'000	31 March 2022 Restated £'000
Due within one year		
Rent and service charges receivable	725	694
Less: provision for bad and doubtful debts - rents	(200)	(187)
	525	**507**
Other debtors	84	537
Grant Prepayments	6,472	0
Prepayments and accrued income	259	497
Amounts due from group undertakings intercompany loans	-	50
Amounts due from group undertakings intercompany trading	1,827	3,010
	9,167	**4,601**

The prior year has been restated as a provision for bad debts relating to 'other debtors' (£328k) was included in the provision for bad and doubtful debts rents line.

Notes to the Financial Statements (continued)

19. Creditors: amounts falling due within one year

	31 March 2023 £'000	31 March 2022 £'000
Trade creditors	301	519
Rent and service charges received in advance	1,953	1,986
Other taxation and social security	83	135
Other creditors	752	757
Accruals and deferred income	3,540	3,207
Amounts owed to group undertakings	16,060	2,087
Deferred capital grant	549	742
Right to buy receipts due to Amber Valley Borough Council	213	204
	23,451	**9,637**

20. Creditors: amounts falling due after one year

	31 March 2023 £'000	31 March 2022 £'000
Inter company loan	213,750	236,291
Deferred capital grant (note 21)	36,545	29,292
	250,295	**265,583**

21. Deferred capital grant

	31 March 2023 £'000	31 March 2022 £'000
At 1 April	30,034	29,277
Grant transferred from other group companies	729	-
Grant received in the year	6,762	1,444
Released to income in the year	(486)	(704)
Grant deferred from property disposals	55	17
	37,094	**30,034**
Social Housing Grant to be released within one year	(549)	(742)
Social Housing Grant to be released in more than one year	(36,479)	(29,208)
Other Capital Grant to be released in more than one year	(66)	(84)
	(37,094)	**(30,034)**

21a. Recycled capital grant fund

	31 March 2023 £'000	31 March 2022 £'000
At 1 April	97	24
Inputs to RCGF:		
Grant recycled from property disposals	55	73
Balance at 31 March	152	97

22. Debt Analysis

	2023 £'000	2022 £'000
Due within one year		
Bank loans - Futures Finance Limited	15,876	1,875

	2023 £'000	2022 £'000
Due after more than one year		
Bank loans - Futures Finance Limited	16,949	38,826
Bond debt - Futures Treasury PLC	196,801	197,465
	213,750	236,291

Based on the lenders' earliest repayment date, borrowings are repayable as follows:

	2023 £'000	2022 £'000
Between one and two years - Futures Finance Limited	9,000	3,000
Between two and five years - Futures Finance Limited	-	27,876
After five years - Futures Finance Limited	7,949	7,950
After five years - Futures Treasury PLC	196,801	197,465
	213,750	236,291

The gross amount of debt is £213.8m (2022: £236.3 million).

Funding is provided through two Treasury companies, Futures Treasury PLC - capital bond finance and Futures Finance Limited - bank debt.

Futures Homescape Limited has entered into an intra-group loan agreement which sets out the basis of the loan charges and any conditions attached to them. A cross guarantee structure has been put in place and loans are secured on properties held by Futures Homescape Limited and are charged to a security trustee. The WACC is 3.64%.

23. Financial Commitments

	Approved and contracted for		Approved and not contracted	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Expenditure on the acquisition/construction of housing	79,402	32,593	-	8,920
Repairs partnering contracts	-	-	7,878	7,676
Acquisition of other fixed assets	-	-	1,614	1,442
Total	**79,402**	**32,593**	**9,492**	**18,038**
Financed by:				
Borrowings	79,402	32,593	-	8,920
Operating surpluses	-	-	9,492	9,118
	79,402	**32,593**	**9,492**	**18,038**

24. Contingent liabilities

There are no contingent liabilities to disclose at 31 March 2023 (2022: nil).

25. Operating Leases

The payments which the Company is committed to make in future years under operating leases are as follows:

	2023 £'000	2022 £'000
Land & Buildings		
Due to expire - within one year	-	-
Due to expire - one to five years	-	-

Notes to the Financial Statements (continued)

26. Related parties

The Company has taken advantage of the exception available under FRS102 from disclosing transactions with other wholly owned members of the group headed by Futures Housing Group Limited.

At the 1 April 2021 Futures Homescape Limited had a loan in place to Futures Living Limited of £770k to fund the development of homes for outright sale and has received £6k in interest payments. The loan was repaid in full during the 2021-22.

The Group Executive Directors are considered to be the key management personnel of the Company, who are remunerated by Futures Housing Group Limited.

27. Interest in Subsidiary

The Company has a wholly owned charitable subsidiary, Five Doorways Homes Limited, a company incorporated in England under the Co-operative and Community Benefit Societies Act. Futures Homescape Limited has the right to appoint members to the Board of the subsidiary and thereby exercises control over it. Five Doorways Homes Limited's primary activity is the development and letting of social housing properties. Five Doorways has a wholly owned subsidiary Futures Living Limited (formerly Limehouse Developments Limited) whose primary activity is developing properties for outright sale.

28. Ultimate parent company

The Company's immediate and ultimate parent company and controlling party is Futures Housing Group Limited. The consolidated financial statements can be obtained from the Group's registered office:

Futures House
Building 435, Argosy Road
Castle Donington
Derby
DE74 2SA

29. Post statement of financial position events

The Group's view is that there are no post balance sheet events that require the amounts in the accounts to be adjusted.