Registered with charitable rules under the
Co-operative and Community Benefit Societies Act 2014
Registration number RS008973
Registered by the Regulator of Social Housing Ltd L4498

Futures Homeway Limited

Annual report and financial statements

Year ended 31 March 2024

Contents

Board members, advisors and bankers

Board		**Appointed**	**Resigned**
Chair	Michael Stevenson	21 May 2019	
Vice Chair	Mary Daunt	1 April 2023	31 March 2024
	Pauline Davis	1 April 2024	
Other Members	Lindsey Williams	16 December 2015	
	Ray Harding	26 January 2016	
	Michael Stevenson	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	
	Samantha Veal	8 December 2021	
	Laurice Ponting	1 March 2023	
	Pauline Davis	19 June 2023	
	Jackie Perry	19 June 2023	

Company Secretary Ian Skipp

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

Registration numbers
Registered under the Co-operative and Community Benefit Society Act 2014; No: 8973
Regulator of Social Housing number: L4498

External auditor
BDO LLP
Two Snowhill
Birmingham
B4 6GA

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

Strategic report

The Board of Futures Homeway Limited ('the Association' or 'FHW') presents its report together with the audited financial statements for the year ended 31 March 2024.

Legal status

FHW is a not for profit organisation. It was incorporated 10 April 2006 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 association was formed to take the transfer of 3,101 properties in November 2007 from Daventry District Council. It is a wholly owned subsidiary of Futures Housing Group Limited ('the Group' or FHG).

During the year, FHW's principal activities were the management and development of social housing. At 31 March 2024, FHW owned 3,456 housing properties (2023: 3,440) for social or affordable rent and shared ownership. 886 of these homes are supported housing, which include a visiting and lifeline service. It also manages 83 properties on behalf of others (2023: 82).

FHW operates primarily within the Daventry area and 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, while 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.

Our vision

FHW'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 and a value for money self-assessment.

Strategic report (continued)

This Annual Report and Financial Statements presents the outturn of the final year of the Group's corporate plan which ended as at 31 March 2024, the details of which are detailed below. The Group's new corporate plan which operates from April 2024 can be found on the website www.futureshg.co.uk.

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 the Group will also provide more to customers by 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 our ability to meet objectives and commitments to customers efficiently and effectively 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 Limited have established effective reporting arrangements between customers' representative bodies and the Boards including the Insight Committee.

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 Limited financial statements.

Futures Homeway Limited
Year ended 31 March 2024

Strategic report (continued)

Financial performance

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

	31-Mar 2024 (£'000)	31-Mar 2023 (£'000)	31-Mar 2022 (£'000)	31-Mar 2021 (£'000)	31-Mar 2020 (£'000)
Statement of comprehensive income					
Total turnover	20,391	20,600	20,638	18,603	18,100
Operating expenditure	(14,717)	(15,755)	(14,976)	(12,925)	(12,062)
Revaluation (loss)/gain	(510)	(147)	295	(3)	(36)
Surplus on sale of housing properties	201	605	401	192	732
Operating surplus	**5,365**	**5,303**	**6,358**	**5,867**	**6,734**
Operating profit percentage	26%	26%	31%	32%	37%
Surplus for the year transferred to reserves	2,978	3,415	4,165	1,243	5,484
	31-Mar 2024 (£'000)	**31-Mar 2023 (£'000)**	**31-Mar 2022 (£'000)**	**31-Mar 2021 (£'000)**	**31-Mar 2020 (£'000)**
Statement of financial position					
Fixed assets	109,718	100,441	95,902	89,649	82,286
Net current assets	29,712	36,033	48,259	24,945	19,417
Total assets less current liabilities	139,430	136,474	144,161	114,594	101,703
Creditors (due over one year)	(121,760)	(121,782)	(131,199)	(104,239)	(93,956)
Pension liability	-	-	(1,685)	(3,243)	(2,006)
Cumulative reserve adjustment	-	-	-	-	129
Revenue reserve	17,670	14,692	11,277	7,112	5,870

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 (VFM)

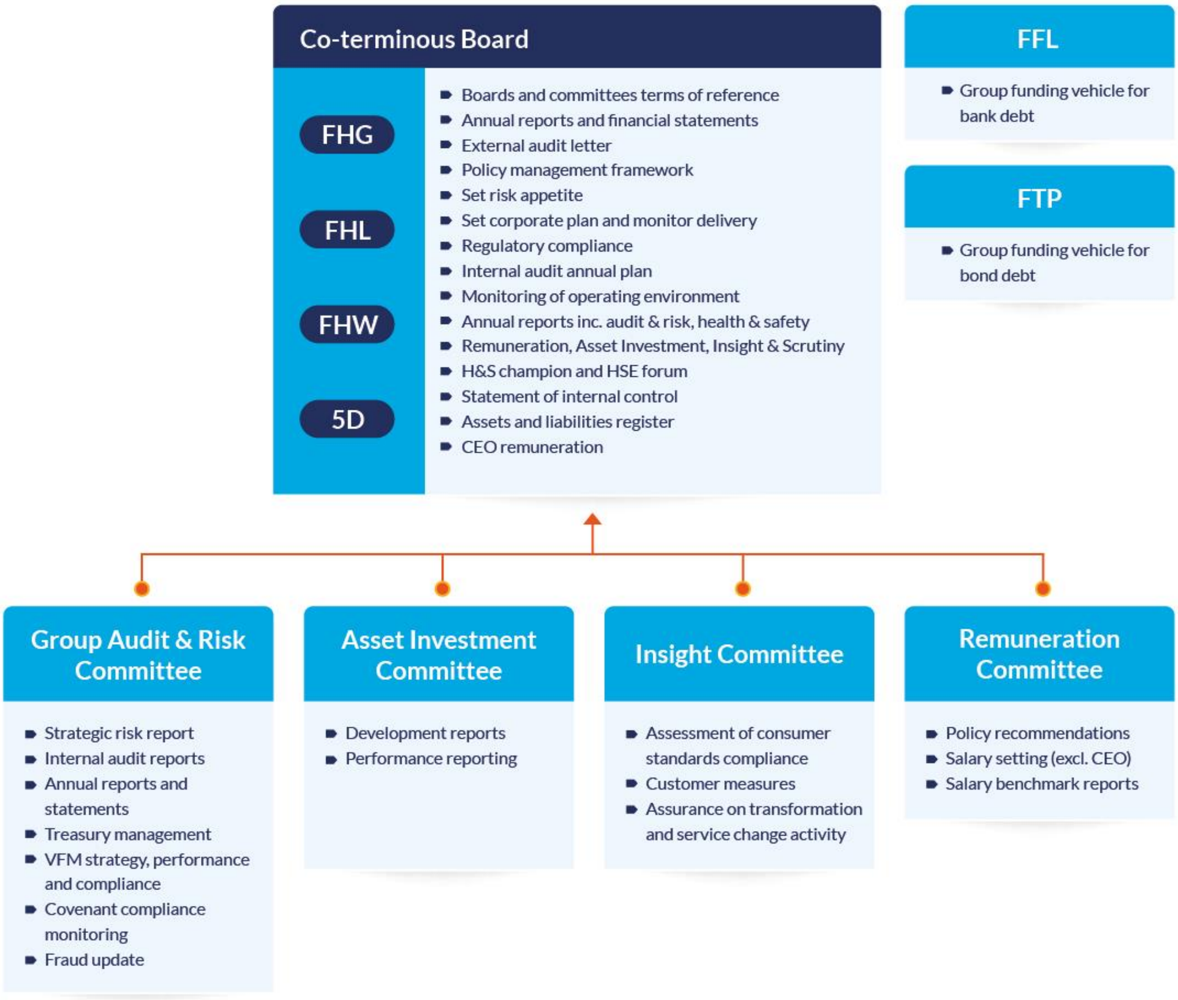
The purpose of this statement is to evidence how the board continues to embed the Regulator of Social Housing's VFM standard (*Value for Money Standard - April 2018* and *Value for Money Code of Practice - April 2018*) within FHG. Please refer to the Group's financial statements for the full VFM statement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

Futures Homeway Limited
Year ended 31 March 2024

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, there is a Co-Executive Team comprising of the Executive Team and other directors and senior managers across the business. This team meets monthly to drive and scrutinise performance. Strategy steering groups also drive strategy implementation.

External environment

Regulator of Social Housing

The RSH is a Government body whose role it 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.

The new consumer regulations came into force in April 2024 and FHG has been preparing for this increased focus on evidencing how FHG is prioritising the safety & quality of homes and neighbourhoods and listening to and acting on tenants views. Part of this is to delve deeper into understanding some of the characteristics of customers and projects are underway to obtain this information.

Currently all homes are at Decent Homes Plus standards and FHG is awaiting details for updates expected for the new Safety & Quality standard.

Regulatory framework

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

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 2023 the Group has continued to maintain the highest G1/V1 regulatory rating.

Government legislation

The Social Housing Act went into force in July 2023 and the key impacts are

- The Board has responded to Awaab’s Law consultation and will comply with the final requirements such as commencing damp, mould & condensation repairs within 7 days and making emergency repairs within 24 hours.
- The Board understands that the RSH now has extended powers when investigating breaches of standards and issuing unlimited fines, for which a stress test for a one-off cost has been included within the latest budget.
- Staff who are required to hold a professional housing management qualification have been identified and their training has begun, provided by Access training.
- Reporting has started under the new Tenant Satisfaction Measures.
- Additional resources have been set aside within both the Assets and Complaints teams to comply with these new changes.

FHG does not own any higher risk buildings, being properties over 18m in height, as defined in the Building Safety Act. In addition, FHG has not found any examples of reinforced autoclaved aerated concrete (RAAC) used within its homes with flat roofs as all have been built outside of the date range when this form of concrete was used (1950s to 1980s) and any taller buildings were built post 2000 so this is not seen as a risk. FHG 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

Strategic report (continued)

Government legislation (continued)

‘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.

Changes have been made to the Housing Ombudsman Complaint Handling Code to make it easier for customers to complain as well as to raise issues with the ombudsman. FHG has continued with its good track record of listening to residents through the Insight Committee and investing in more complaints staff to investigate the root causes of problems to improve issues for all. Any maladministration findings or requests for information are shared with the Insight Committee and then to Board.

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 Board oversees the health and safety compliance, as well as there being a health and safety forum and a Repairs and Assets Group.

New Homes Standard

This new legislation is expected to 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 are likely to 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 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. The new shared ownership model (allowing customers to purchase a minimum of 10% equity in their home and FHG being responsible for repairs for the first ten years (up to £500 per annum) is in place and there are no adverse financial implications to the business plan for these changes.

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.

Strategic report (continued)

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%) and applied the permitted rent tolerances (being 5% for social rents and 10% for supported housing). This tolerance supports numerous initiatives including money advice, employment and training, digital services, lifelines, tenancy sustainment support services and increased housebuilding and its use was reviewed and approved by the Insight Committee.

For those customers not already at full target rent plus tolerance, their rents were increased in line with the rent guidelines, however a review of affordability to our customers is undertaken each year before any rent increases are proposed to Board.

The Group continues to help customers with a focus on debt prevention and has delivered exceptional bad debts performance by working closely with affected customers before they get into financial difficulties to help them main their tenancies.

Extreme weather

Extreme weather events are becoming more commonplace and FHG did have 16 properties that were flooded during 2023-24 which was unexpected due to this area not being a flood risk. Customers were immediately decanted whilst their properties were made safe and repaired by the insurance company who also reimbursed all additional costs incurred by FHG such as rent loss. A specific flooding business continuity plan is now in place.

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 Loss of income through non-payment of rent and failure of controls to collect rent and support customers. Leading to reduced funds and increased stress for the customer. Resulting in potential limitations on the ability of the Group to deliver strategic objectives as detailed in the corporate plan and negative customer experience.	▪ The Board reviewed the Group's rent and service charge policy in November 2023. ▪ The Co-Executive Team provides tactical oversight through reports to group directors. The Board monitors arrears performance quarterly. ▪ The Finance Team conducts stress-testing and monitors daily cashflow with quarterly review by the Board and Group Audit & Risk Committee. ▪ Bad debt provision is reviewed through annual budgeting and reflected in the Group Business Plan. ▪ Group business plans reflect government policy. ▪ The 2021-22 internal audit programme included review of rent arrears management & welfare reform, outcome 'significant assurance with minor improvements'. ▪ Universal Credit (UC) arrears are forecasted using risk-based approach, all UC customers are risk assessed (High/Medium/Low). ▪ The Co-Executive Team monitor developments in the Government's welfare reform agenda and report key issues to Group Directors and the Board. ▪ The housing management system (Orchard) includes capacity to record UC-related information and transactions, record UC direct payments (applicable from eight weeks' arrears) and use balance trends, enabling the Group to profile its income collection. ▪ 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. *Customer* ▪ 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, while an intensive support element is available for customers identified as needing longer term assistance. ▪ Proactive contact for all customers making a UC claim supports a preventative approach to changes in customers' circumstances, a key driver for rent arrears. ▪ Strong networking and partnerships with the Department for Work and Pensions (DWP) and Job Centres across the Group where UC is live. The Income team liaises with DWP and uses its 'landlord portal' to maintain visibility around UC payments. ▪ Customers who can seek employment are referred to the employability officer. ▪ The income app enables real-time data capture in the field, reducing preparation time and time engaging with customers.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Supply chains, materials and resource uncertainties arising from geo-political and economic uncertainty Failure of supply chains for skills, materials and resources due to global political and economic uncertainties. Leading to increased delivery and maintenance costs and delays to acquisition of materials, resources and skilled workers. Resulting in delays to delivery of the growth strategy and development programme, and a general increase to overall costs.	▪ The Group Directors and Co-Executive Team monitor supply chain exposure. Key developments are reported to the Board and Group Audit and Risk Committee. ▪ Contract review meetings are held with key suppliers and stakeholders. Frequency is based on risk and value. ▪ Dun & Bradstreet (D&B) alerts are in place to notify of changes to financial standing of suppliers. An escalation process is in place. ▪ Annual supplier audit checks are carried out and include: actual expenditure, company detail check, VAT number check, insurances update, modern slavery statement, SSIP registration, health & safety breaches and notices, D&B status, conflict of interest statement, confidentiality agreement, GDPR compliance statement, sustainability approach and statutory certificates. ▪ 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. ▪ Exchange rate is recorded each quarter and as rate increases are received by suppliers against CPI. ▪ Materials used in elemental works planned maintenance are provided by the Group through its materials supply chain. Travis Perkins (TP) provides more than 90% of materials provision. TP imports c. 20% of its materials and supplies from the EU. The Group does not currently operate an official materials store. ▪ Contingency and major incident plans are in place. In the event of shortages FHG would reduce services to maintain statutory and regulatory compliance and use available properties to house customers safely. ▪ Standing Orders and Financial Regulations regulate build costs and outright sales prices. Group Directors and the Asset Investment Committee monitor schemes where parameters on costs rise or sales prices will not be met. ▪ Stress testing of business plans has included modelling the impact of economic change. Stress testing forms part of the annual budget setting exercise and a quarterly review of stress tests is conducted and published to the Board. ▪ The ongoing impact of Ukraine conflict is no longer showing a greater impact to Futures as compared to the rest of UK economy. ▪ ICT Category Manager and Procurement and Contract Manager roles have been recruited and are now in post providing specialist procurement knowledge and expertise.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Cyber threat Lack of digital protection for the Group's information systems. Leading to data being unprotected against theft, loss, and corruption because of cyber-attack. Resulting in interruption to services and critical operations, financial costs associated with recovery as well as potential regulatory fines, legal challenge, and reputational damage.	<u>Governance and education</u> ▪ Compliance with the Payment Card Industry Data Security Standard (PCI DSS) and Information Security Management system (ISMS). ▪ ICT acceptable use policy and ICT security policy are in place. ▪ Mandatory annual (and additional optional) online cyber-security training for all employees. Regular awareness campaigns and phishing simulations are carried out throughout the year to support staff to identify potential cyber risks. <u>Email protection</u> ▪ Mail server (MS Exchange Online and Mimecast) protection. Features include spam filtering, sandboxing, Ironscales, URL protect, OnDMARC, MxToolbox – Email protection arrangements are reviewed quarterly by the ICT team. <u>Device Protection</u> ▪ Sophos Central Intercept X defence programs using AI to identify and prevent attacks, Always on VPN provides secure remote connection to internal network. ▪ Mobile devices use MS EndPoint Manager to apply security measures. All devices are encrypted at 'disk level' and are capable of being located, locked, and wiped remotely. <u>Server protection</u> ▪ All network servers (physical and virtual) are backed up routinely. Backups are encrypted and replicated to more than one location. Tape backup used to provide offline backup. ▪ In the event of ransomware (or similar) infecting network, CryptoGuard can roll-back the server data to its unencrypted state. ▪ Antivirus software is in place to identify any malicious software or infection using both signature-based identification of known malware and artificial intelligence (AI) identification based on suspicious activity. <u>External threats</u> ▪ NextGen firewall technology checks for malicious content and blocks in real-time, Sophos Unified Threat Management (public facing application) and & HSO Network has its own firewall. ▪ Segregated wi-fi for staff and visitors. <u>Security information and event management</u> ▪ ICT generated information consolidated into a single system (AlienVault) which analyses the information. Signature matching is used to check activities against known threats. Every internal data packet is inspected by AlienVault on our network.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
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 & Risk Committee monitor a range of key economic metrics quarterly. ▪ 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 assesses the impact of adverse economic conditions on loan covenants and ongoing viability. ▪ Contractor financial resilience is assessed for all new suppliers. ▪ Budget and business plan and stress testing resilience plan was approved by Board on 20 March 2024 and 18 June 2024 respectively. ▪ Procurement team has 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 forms part of the annual budget setting exercise and a quarterly review of stress tests is conducted and published to the Board.
Major incident Lack of adequate business continuity and resilience plans to support response and recovery from a crisis or major incident. Leading to loss of ability to deliver functions critical to the Group and customers. Resulting in loss of income, damage to reputation or potential harm to customers.	▪ Regular testing and annual review of business continuity plans (each team has an operational business continuity plan). The annual review is conducted by an external provider as a third line of defence. ▪ The Group's business continuity plans are supported by BisCon (risk and business continuity consultants). ▪ The Group's business continuity policy includes arrangements for a range of different scenarios including pandemic and inclement weather. ▪ The Group has clear links with local authority emergency disaster plans. ▪ The internal audit programme covers business continuity arrangements on a cyclical basis. An assurance rating of 'significant assurance' was provided following the last review in 2020-21. It is included in the audit programme for 2024-25. ▪ The business continuity tactical team leads on incident responses and conducts lessons learned exercises after significant major incidents, with external provider support if appropriate. ▪ BCP workshops for planning our response to power outages is complete. Two scenarios were considered (a regional power outage of half a working day for three days in a week and a national power outage for a full working day of three days a week). Response plans were completed in May 2023. Cyber incident-based training took place in September 2023. ▪ Battery power banks and 4G dongles have been supplied for identified critical services and team members.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Government policy Lack of access to funding due to adverse government policy. Leading to negative impact on the Group's operations and finance. Resulting in inability to deliver the Group's strategic objectives as detailed in the corporate plan.	▪ The Co-Executive team monitors developments in government policy, including bidding rounds and Chancellor statements and reports key developments or actions to the Board and group directors. ▪ Known and anticipated changes to government policy are incorporated into budgets and business plans which are stress tested, reviewed, and approved by the Board. ▪ Regular reporting to the Board and Group Audit & Risk Committee on actual and expected policy changes, including mitigating actions. ▪ 2021-22 internal audit of budget setting and approval processes – general ledger and budgetary control was given '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, which supports scheme viability and/or options for tenure mix. ▪ Work on tenure diversification continues to progress. This incorporates the Government's expectation of using the Group's asset base 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 National Housing Federation. A paper to Board, Executive and Co-Executive (January 2021) detailed the Group's readiness. This was followed by a specific session with the Insight Committee (April 2021) to give assurance that the Group met the principals set out. A facilitated session with the Co-Executive team (May 2021) outlined key consideration for areas in the Group and actions required. Four further sessions with the Insight Committee (May – August 2021) were held to formulate a customer led action plan to meet the elements set out in the paper. A joint Board and Insight Committee away day (October 2021) led to further recommendations and the Asset Investment Committee noted the Group's response to the White Paper at their meeting (October 2022) before submission. An action plan was then proposed to the Insight Committee (January 2022) and work is now taking place to deliver the plan. ▪ Futures responded to the Government's consultation on the Tenant Satisfaction Measures following internal consultation with customers (My Voice), the Co-Executive team and our customer survey provider IFF. FHG already reports on the vast majority of measures proposed and adjustments were made to enable reporting to start from 01 April 2023.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Resource planning Lack and loss of skilled and experienced team members and failure to identify skills required to run departments and delivery projects. Leading to inability of the Group to deliver and maintain home and Strategic and Business Plan objectives. Resulting in negative impact upon Governance and Viability rating, negative customer experiences and reputational damage.	▪ Resource planning is owned by the co-executive team and reviewed and discussed quarterly with the Group Directors. Approval for additional resource is sought by submitting a business case to the group directors in line with the financial regulations. ▪ The Group's planning approach focuses 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. Internal audit of HR and recruitment took place in April 2023 – 'significant assurance with minor improvements'. ▪ 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 in accordance with delegated authorities. ▪ 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 team 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 20 March 2024. ▪ The Group retained Investors in People platinum award in April 2024.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Failure to achieve environmental and sustainability targets Leading to ▪ Non-compliance with targets. ▪ The inability to maximise funding opportunities. ▪ The inability to maximise grant funding due to resource and 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. ▪ Capacity issues within the business creating increased risk of Corporate Plan failure. ▪ Negative impact on other business activities.	<u>Development</u> Three-tiered approach ▪ Land only – we can build to new 2025 building regulations. ▪ Package deals – we can influence developers. ▪ Section 106 (50% of our new houses) – we accept what we are given. <u>Assets</u> ▪ Targeting EPC C by 2030: Savills undertaking review of FHG asset data and will set out options to achieve EPC C by 2030, and net zero carbon by 2050. Full business plan provision has been made for EPC C and substantial provision made for net zero carbon. ▪ Development of disposal programme for poor performing properties and consideration of alternative tenancies such as shared ownership to help in raising capital. <u>Asset maximisation</u> ▪ A review of asset maximisation resources and capacity within the Group is underway. ▪ An asset maximisation strategy is in place and identified a suite of short term opportunities for disposal reviewed by Asset Investment Committee. ▪ Compliance with disposal related law and regulation are included on the annual ACS legal checklist. ▪ An internal audit of asset maximisation 'advisory' report was considered by the Audit & Risk Committee in April 2023. <u>Customers and Culture</u> ▪ Money advice service. ▪ Employability service. ▪ Tenancy Sustainability team – merged with the Income Services team. ▪ The Group's sustainability strategy was approved by the Board on 2 April 2022. Delivery of this strategy is overseen by the sustainability strategy steering group. ▪ The Group's environment, social and governance (ESG) report forms part of the Group's annual report. ▪ On 31 October 2022 the Group adopted the Sustainability Reporting Standard for Social Housing. ▪ Regular Streamline Emission Carbon Reporting reporting to the Asset Investment Committee.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance

Development
Inappropriate planning and implementation of staffing and financial resources in relation to development results in:
Failure to deliver key objectives set in the Group's corporate plan.
Failure to develop and implement effectively an appropriate control framework to ensure:
• Robust scheme delivery through effective scrutiny during appraisal processes and programme delivery.
• Effective scheme project management to prevent, where possible, increased costs, extended programme timescales and adverse impact on quality of homes.
There is no adverse impact on:
• Customer satisfaction.
• Reputational risk to the Group.
• Value for money.
• Strategic budgetary issues.
• Regulatory interest.
	• The Asset Investment Committee has delegated responsibility for oversight of the Group's development programme and monitoring of delivery and performance across the Group. This includes approving investment and divestment opportunities, considering and approving development scheme proposals, development programme monitoring and risk management and asset management.
	• Development parameters are set in the Group's standing orders & financial regulations.
	• Development controls are in place including scheme risk assessments and development scheme reporting to the AIC.
	• Three-tiered approach in place
	  • Land only – we can build to new 2025 building regulations.
	  • Package deals – we can influence developers.
	  • Section 106 (50% of our new houses) – we accept what we are given
	• Development team structure implemented with appropriate skills and experience
	• Development procedure manual in place.
	• Development managers team meetings provide a forum for scheme issues to be raised and discussed.
	• Development improvement group managed legacy issues, supported by the Transformation team.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance

Data returns
Failure to provide the Regulator with accurate or complete data.
Leading to late submissions and increased scrutiny by the Regulator.
Resulting in potential revision/decrease in Governance and Viability ratings, damage to reputation.
	▪ The Group uses experienced staff to complete data returns
	▪ Data returns are reviewed and signed off by relevant line managers or executive directors
	▪ Specific checks and controls actioned by the staff above include:
	    ▪ Reading guidance notes and definitions that accompany data returns.
	    ▪ Detailed working papers are maintained to support data submissions.
	    ▪ Reconciliations between data sources are undertaken and documented.
	    ▪ Returns are sense-checked against previous quarters/years
	    ▪ Logic checks are undertaken on system extracted data.
	    ▪ Mathematical calculations are checked for accuracy.
	    ▪ Seeking legal advice on interpretation of law, regulation or technical application as a third line of defence.
	    ▪ The Group Finance & Resources Director undertakes a final review of data returns before submission.
	    ▪ The process for collating and validating data returns (SDR) is documented and completion reported to Board.
	    ▪ Rent increases are automated using data direct from Orchard. A sample test of rents automatically uplifted by Orchard is carried out.
	    ▪ A reconciliation now takes place between the annual data return and the master rents spreadsheet for data quality and accuracy purposes and Orchard to ensure that no inconsistencies are present.
	▪ Refresher training to Customer Services team members on data and data quality
	▪ Data quality training in place for team members who have a high degree of exposure to personal and sensitive data and information
	▪ Statistical Data Return submitted to the Regulator on time with no data validation errors
	▪ RSH fire safety remediation survey completed in September 2023.

Futures Homeway Limited
Year ended 31 March 2024

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance

Failure to deliver the Corporate Plan
 	
Failure to deliver the Corporate Plan leading to strategies and objectives not being delivered and targets relating to business growth, digital engagement and sustainability are missed:
 	
Customer Experience Strategy: Not meeting the needs of our Customers
 	
Homes Strategy: Poor asset management for new and existing homes
 	
Development Strategy: Failure to maximise delivery of new homes
 	
Growth Strategy: Missed opportunities to grow
 	
Digital Strategy: Inability to provide choice as to how customers get in touch
 	
Business Change Strategy: The Group fails to adapt and make the best use of resources
 	
Value for Money Strategy: Failure to work in the most efficient and effective way
 	
Sustainability Strategy: Maximising assist, development and customers to achieve goals
	▪ The Board approved the extension of the 2020-23 corporate plan by an additional 12 months to the end of March 2024 in response to the impact of Covid-19 and pending the outcome of Project Virtus (proposed merger with bpha and Flagship Group). Revisions were approved to each of the strategies, specifically changes to objectives, key success factors & value for money measures
	▪ Strategy & Projects Working Groups is in place to:
	    ▪ Monitor strategic delivery of the corporate plan's key elements including strategies, and projects.
	    ▪ Ensure that overall risks to each element of the programme(s) are managed
	    ▪ Champion the programme(s) to internal and external stakeholders and communicate progress
	    ▪ Authorise financial commitments within the existing financial procedures
	    ▪ Establish scopes and recommend business cases for strategic projects in advance of budget setting
	▪ Regular strategy reports and updates to Board underpinned by a suite of performance measures
	▪ Following feedback from multiple stakeholders including customers and colleagues, a new corporate plan starting from April 2024 has been launched.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Effective governance framework and regulatory compliance Lack of effective Governance Framework within the Group including composition, skills and delegation arrangements of Boards/Committees and Team Members. Leading to poor decision making and lack of compliance with Regulator's economic and consumer standards. Resulting in inability to deliver Corporate Plan and increased risk of negative impact to Governance and Viability ratings.	▪ Board and all Committees have documented t**erms of reference** and are minuted. ▪ Board recruitment & succession policy in place and appointments are made on a skills basis. ▪ The corporate structure is regularly reviewed, legal advice is obtained on consequences of proposed changes. ▪ There is a periodic review of the Group's standing orders and financial regulations, including delegations. ▪ The Group undertakes annual self-assessments against each of the Regulatory Standards. ▪ Economic Standard compliance is reported to the Co-Executive, Audit & Risk Committee and Board. ▪ Consumer Standard compliance is reported to the Co-Executive, Insight Committee and Board. ▪ The Governance & Assurance team issues self-assessment templates to relevant officers which require the officers to record and retain supporting evidence and to sign the self-assessments as reviewed and confirmed. The team also undertakes assurance checks by sampling and reviewing evidence ▪ The Group Audit & Risk Committee annually reviews the VfM strategy and self-assessment against the VfM standard. Comments are recorded in the minutes. ▪ The Group operates a regulatory standards compliance plan, which is reviewed annually. This plan documents the assurance provided to the Board and includes reporting timelines ▪ The Group has a robust approach to stress-testing, considering aspects such as the key rules of financial management, external environment risks, corporate risk map and customer health and safety. Both financial and non-financial customer impacts have been assessed as part of the mitigating actions and core principles have been followed around legal and regulatory compliance, protection of customers' health and safety and essential services and retention of community investment where possible. The tests and mitigating actions are repeated quarterly and shared with the Board ▪ A separate stress test resilience paper detailing the trigger limits for Board intervention is used to ensure mitigation against future risks ▪ Regulatory standards internal audit delivered in 2020-21 – 'significant assurance'. ▪ In October 2022 Standard & Poor's confirmed the Group had maintained its A+ credit rating ▪ Internal audit review of governance 2022-23 - 'significant assurance'. ▪ Internal audit review of risk management 2023-24 – 'significant assurance with minor improvements' noted. ▪ Full IDA review in 2023 – retention of the Group's G1 / V1 rating.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Health and Safety (H&S) Failure to identify, monitor and control H&S risks (fire, Legionella, electrical, gas, asbestos, and lifting equipment) and workplace related risks such as the HASAWA 1974. Leading to injury or death of customers and/or team members. Resulting in regulatory non-compliance, reputational damage, legal challenge, monetary fines, negative impact on governance and viability ratings.	▪ The Group's health, safety & environment policy which is underpinned by procedures which include statements of intent for specific areas (e.g. gas, fire, Legionella, asbestos, lone working and other workplace risks) ▪ Health and safety training is mandatory during new starter induction with selected elements subject to periodic training updates. Records of training are maintained through the HR system and SharePoint ▪ The staff appraisal system is used to identify H&S training needs ▪ The Board receives a written report at each meeting detailing RIDDORs reportable to the Health and Safety Executive (HSE) and related actions; HSE data on incidents and near misses; data and associated actions in relation to fire, Legionella, electrical, gas, asbestos and lift equipment and incidences of damp, mould and condensation in homes and key findings from other sources of assurance ▪ The internal audit programme includes gas safety – significant assurance in 2021-22, included on audit programme for 2024-25. ▪ Health and safety incidents are reviewed, assessed and actions are taken to mitigate the risk of repeat failures. These are reported to the Group's health and safety forum along with enhanced FLEGAL reporting ▪ Quarterly health and safety forums are held with representatives from across the business, with key messages disseminated to staff. Board members are invited to attend and observe the forum ▪ The Group has maintained ISO 45001 (initial award Oct 2022, surveillance audit Oct 2024) accreditation which relates to meeting the international standard for an occupational health and safety (OHS) management system. These include desk top audits, site visits and interviews. ▪ The occupational health, safety, wellbeing and environment (OHSWE) strategy has been in place since 2022. A strategy steering group (SSG) coordinates and monitors activities. ▪ The Asset Investment Committee oversees building improvement works for buildings of multiple occupancy. ▪ Completion of a best practice five-star occupational health and safety audit, conducted by the British Safety Council, in which the Group achieved the highest rating of five stars in Oct 2023.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Information governance Failure to have robust information governance arrangements. Leading to the inability to efficiently access and use data and information, compromised information, non-compliance with our legal and regulatory obligations. Including 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 continued compliance with GDPR across the Group and an information and security manger to lead in developing appropriate information and security data management. ▪ All staff receive mandatory GDPR awareness training as part of their induction and every two 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 and 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 the information governance forum (IGF). ▪ The IGF meets regularly to discuss relevant risks and controls around information and data ▪ Project Halo and it’s move to business as usual – aimed at improving the confidence in both the quality of the Group’s data and how it is governed and secured. ▪ Data protection internal audit completed in October 2022 – ‘significant assurance with minor improvements’. ▪ Data correction overview provided to Audit & Risk Committee in September 2023.

Strategic report (continued)

Capital structure and treasury policy

FHW is funded by inter-company loans from Futures Finance Limited and Futures Treasury Plc. FHW'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.

FHW's debt outstanding as at 31 March 2024 is £113m (2023: £114m). This is offset by cash and investments held of £31m (2023: £38m). There is no undrawn facility at the year-end (2023: £13m).

The total available liquidity of FHW as at 31 March 2024 is £31m (2023: £51m). The Group's treasury management policy states that the Group should manage its liquidity risk, i.e. 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 three 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. FHW complies with this requirement in its annual budget business plans and monthly outturn plans.

FHW believes that the current debt position provides a good balance between protection against interest rate increases, and flexibility. FHW's debt is 100% fixed which complies with the treasury policy which states that a minimum of 70% of debt should be fixed at any time.

Accounting policies

FHW'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 FHW.

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. During the year, additional investment into the complaints team was made, in response to there being less restrictions for customers to complain to landlords and to ensure learnings from these complaints can be made by the Group.

Statement of compliance

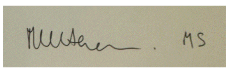
In preparing this strategic report, the Board has followed the principles set out in the *Housing SORP 2018 (Statement of Recommended Practice for Social Housing Providers).*

FHW 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 the Board approved. As a consequence the Board can certify that the Group was in full compliance with the Governance and Financial Viability Standard for 2023-24.

In approving the strategic report, 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 2 September 2024 and signed on its behalf by:



Michael 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

FHW made no charitable or political donations in the year (2023: £nil).

Going concern

FHW'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. FHW has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with FHW's day to day operations. FHW 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 FHW 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, being at least 12 months from the date of signing these accounts. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FHW 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 FHW 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 FHW 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.

Legal compliance

The Board recognises FHW'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.

Report of the Board

Legal compliance (continued)

To ensure compliance, the Group works with Anthony Collins Solicitors LLP, to help assess the extent to which it complies with relevant English law. This process involves using 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 Audit & 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 Limited'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 Group and Company 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

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, the Housing Statement of Recommended Practice (2018) 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 confirms that:

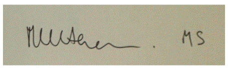
- so far as each of the Board members are aware there is no relevant audit information of which the Association's auditor is unaware; and
- the Board members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor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

External auditors

A resolution to re-appoint the auditors for external audit services was proposed and approved at the Group Board meeting on 31 July 2024.

The report of the Board was approved by the Board on 2 September 2024 and signed on its behalf by:



Michael Stevenson
Chair of the Board

Independent auditor's report to the members of Futures Homeway 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 2024 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 2022.

We have audited the financial statements of Futures Homeway Limited ("the Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position 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 Board Members' 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 Board with respect to going concern are described in the relevant sections of this report.

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

Other information

The Board Members are responsible for the other information. The other information comprises the information included in the Annual Report, 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 Association has not kept proper books of account;
- the Association has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the responsibilities of the Board, the Board Members 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 Board Members 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 Board Members 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 Board Members 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 Homeway 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Association and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Association policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be Co-operative and Community Benefit Society Act 2014, Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice), and UK tax legislation.

The Association is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, the Bribery Act 2010, employment law and data protection.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Association policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Review of the fraud register for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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

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 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:
Samantha Lifford
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Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham, UK

Date: 04 September 2024

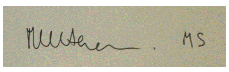
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Turnover: continuing activities:	4	20,391	20,600
Operating Costs	4	(14,717)	(15,755)
Revaluation of investment properties	15	(510)	(147)
Surplus on sale of housing properties	6	201	605
Operating Surplus	4,5	**5,365**	**5,303**
Interest receivable and other income	8	1,585	649
Interest payable and similar charges	9	(3,863)	(4,225)
Other finance costs	10	4	(45)
Gift aid income		104	127
Surplus before taxation		**3,195**	**1,809**
Taxation	12	-	-
Surplus for the year		**3,195**	**1,809**
Actuarial (loss)/Gain relating to the pension scheme	10	(217)	1,606
Total comprehensive income for the year		**2,978**	**3,415**

The notes on pages 36 to 65 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 2 September 2024 and signed on its behalf by:



Michael Stevenson (Chair)

Raymond Harding

Raymond Harding (Board Member)

Ian Skipp

Ian Skipp (Company Secretary)

Statement of Changes in Reserves for the year ended 31 March 2024

	2024 £'000	2023 £'000
Balance as at 1 April	14,692	11,277
Comprehensive income for the year	2,978	3,415
Balance as at 31 March	**17,670**	**14,692**

The notes on pages 36 - 65 form part of these financial statements.

Statement of Financial Position as at 31 March 2024

	Note	2024 £'000	2023 £'000
Tangible fixed assets			
Housing properties	13	105,120	95,230
Other tangible fixed assets	14	82	199
Investment Properties	15	4,516	5,012
		109,718	100,441
Current assets			
Stock	16	51	47
Properties held for sale	17	1,258	893
Debtors	18	1,392	1,749
Short Term Investment		-	6,000
Cash at cash equivalents		31,183	32,335
		33,884	41,024
Creditors: Amounts falling due within one year	19	(4,172)	(4,991)
Net current assets		29,712	36,033
Total assets less current liabilities		139,430	136,474
Creditors: Amounts falling due after more than one year	20	(121,760)	(121,782)
Net pension liability	10	-	-
Total net assets		**17,670**	**14,692**
Reserves			
Revenue reserve		17,670	14,692
Total Reserves		**17,670**	**14,692**

The notes on pages 36 to 65 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 2 September 2024 and signed on its behalf by:

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Michael Stevenson (Chair)

Raymond Harding

Raymond Harding (Board Member)

Ian Skipp

Ian Skipp (Company Secretary)

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 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 2022*.

Public benefit entity

FHW is a public benefit entity in accordance with FRS102. The financial statements are presented in sterling (£) which is also the functional currency.

The association has adopted the disclosure exemptions available to it under FRS 102, being:

- the requirements of Section 11; Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e),11.41(f),11.42, 11.44, 11.45, 11.47, 11.4B(a)(iii), 11.4B(a)(iv), 11.4B(b) and 11.48(c);
- the requirements of Section 33; Related Party Disclosures paragraph 33.7; and
- the requirements of Section 7; Statement of Cash Flows.

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 association. 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:

- Multi-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 the period, being at least 12 months from the date of signing these accounts, without the need to secure any further funding than what is already in place and secured.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Going concern (continued)

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

- 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 FHW 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, being at least 12 months from the date of signing these accounts. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FHW 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 FHW 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, being at least 12 months from the date of signing these accounts 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 FHW would have to lose all committed sales and grant income and experience operating costs increasing by 140% before cash turns negative.

- For the reasons mentioned above, the Board considers that FHW is a going concern. While risks exist, these do not cast doubt on FHW'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.

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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;
- revenue grants; and
- other services

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.

Taxation

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

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits:

• any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
• where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

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 incurred 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.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Interest receivable

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

Pensions

The association participates in the Northamptonshire County Council Pension Fund, a defined benefit pension scheme administered in partnership by West Northamptonshire County Council and Cambridgeshire County Council.

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 and 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.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those 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 Group 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
Fire Safety Measures	50
Roof	50
Bathroom	30
Doors	30
Electrical Rewires	30
External Wall Insulation	30
Fascia	30
Soffit	30
Windows	30
Damp Proofing	25
Heating Distribution System	25
Solar PV	25
Kitchen	20
Bio Mass System	20
Boiler	12

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.

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.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Government grants (continued)

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 the 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 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 in line with the SORP guidelines.

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

Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

2. Accounting policies (continued)

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 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.

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.

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 over 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 Group's continuous review of the performance of their assets, management identify any homes or schemes that have indicators of impairment, such as if there are increasing void losses, are affected by policy changes or where the decision has been made to dispose of the properties. When an indicator is identified, analysis is undertaken to compare the carrying value and recoverable amount of the homes 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 on Shared Ownership homes that are held for sale on the Statement of Financial Position. As at 31 March 2024, there was a total of 5 unsold homes. None exceeded 6 months old at the year end and 4 of these were already sold subject to contract at sales value in excess of holding costs. Therefore we consider no impairment is required.

3. Significant judgements and estimates (continued)

Significant management judgements (continued)

2) Capitalisation of property development costs

Judgement is needed to distinguish the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs. Manager monitors the asset after capitalisation management and considers whether changes indicate that impairment is required.

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 FHG has a constructive obligation for pension costs for staff seconded from FHW, 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 FHW remains responsible for their pension obligations the related schemes assets and liabilities are included in FHW'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 valuation report for 31 March 2024 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.

3. Significant judgements and estimates (continued)

Estimation uncertainty (continued)

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. 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.

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. The estimated value is the market value for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing where the parties had each acted knowledgeable, prudently and without compulsion.

Futures Homeway Limited
Year Ended 31 March 2024

Notes to the financial statements (continued)

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

For the year ended 31 March 2024	Turnover 2024 £000	Cost of sales 2024 £000	Other operating costs 2024 £000	Operating surplus 2024 £000
Social housing lettings (see note 4b)	19,391	-	(13,964)	5,427
Other social housing activities				
Management and agency services	14	-	(4)	10
First tranche shared ownership sales	385	(289)	(102)	(6)
Other	36	-	(9)	27
	435	(289)	(115)	31
Non-social housing activities				
Charges for support services	189	-	(187)	2
Other	45	-	(12)	33
Market Rents	331	-	(150)	181
	565	-	(349)	216
Total Social Housing	**20,391**	**(289)**	**(14,428)**	**5,674**
Revaluation of investment properties				(510)
Surplus on sale of housing properties				201
				5,365

For the year ended 31 March 2023	Turnover 2023 £000	Cost of sales 2023 £'000	Other operating costs 2023 £000	Operating surplus 2023 £000
Social housing lettings (see note 4b)	17,974	-	(13,269)	4,705
Other social housing activities				
Management and agency services	13	-	(3)	10
First tranche shared ownership sales	1,781	(1,545)	(455)	(219)
Other	62	-	(114)	(52)
	1,856	(1,545)	(572)	(261)
Non-social housing activities				
Charges for support services	271	-	(205)	66
Other	44	-	(11)	33
Market Rents	455	-	(153)	302
	770	-	(369)	401
Total Social Housing	**20,600**	**(1,545)**	**(14,210)**	**4,845**
Revaluation of investment properties				(147)
Surplus on sale of housing properties				605
				5,303

Notes to the financial statements (continued)

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

For the year ended 31 March 2024	General housing 2024 £000	Sheltered housing 2024 £000	Shared ownership 2024 £000	Total 2024 £000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	13,036	4,931	618	18,585
Service income	518	196	-	714
Amortisation of government grants	92	-	-	92
Turnover from Social housing lettings	**13,646**	**5,127**	**618**	**19,391**
Expenditure on social housing lettings				
Management	(3,963)	(1,499)	(317)	(5,779)
Services	(566)	(782)	-	(1,348)
Routine maintenance	(1,275)	(482)	-	(1,757)
Planned maintenance	(764)	(289)	-	(1,053)
Major repairs expenditure	(838)	(317)	-	(1,155)
Bad debts	(75)	(28)	-	(103)
Depreciation of housing properties	(1,581)	(599)	(129)	(2,309)
Depreciation of other fixed assets	(143)	(54)	-	(197)
Accelerated Depreciation	(146)	(55)	-	(201)
Other	(45)	(17)	-	(62)
Total expenditure on social housing lettings	**(9,396)**	**(4,122)**	**(446)**	**(13,964)**
Operating surplus on social housing lettings	**4,250**	**1,005**	**172**	**5,427**
Void losses	**(314)**	**(119)**	**-**	**(433)**

Futures Homeway Limited
Year Ended 31 March 2024

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	12,079	4,585	555	17,219
Service income	484	184	-	668
Amortisation of government grants	87	-	-	87
Turnover from Social housing lettings	**12,650**	**4,769**	**555**	**17,974**
Expenditure on social housing lettings				
Management	(3,276)	(1,243)	(259)	(4,778)
Services	(531)	(538)	-	(1,069)
Routine maintenance	(1,706)	(647)	-	(2,353)
Planned maintenance	(412)	(156)	-	(568)
Major repairs expenditure	(1,162)	(441)	-	(1,603)
Bad debts	(38)	(15)	-	(53)
Depreciation of housing properties	(1,573)	(597)	(124)	(2,294)
Depreciation of other fixed assets	(127)	(48)	-	(175)
Accelerated Depreciation	(135)	(51)	-	(186)
Other	(138)	(52)	-	(190)
Total expenditure on social housing lettings	**(9,098)**	**(3,788)**	**(383)**	**(13,269)**
Operating surplus on social housing lettings	**3,552**	**981**	**172**	**4,705**
Void losses	**(157)**	**(60)**	**-**	**(217)**

Notes to the financial statements (continued)

5. Operating surplus

This is arrived at after charging:

	2024	2023
	£000	£000
Depreciation of housing properties (note 13)	2,494	2,480
Impairment of housing properties (note 13)	16	-
Depreciation of other tangible fixed assets (note 14)	197	175

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

	2024	2023
	£000	£000
Disposal proceeds	406	984
Carrying value of fixed assets	(205)	(379)
	201	**605**

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 2024

	Social units	Affordable units	Shared ownership units	Supported sheltered units	Market rent units	Rent to Buy units	Total owned units
Opening stock	2,137	143	177	886	43	54	**3,440**
Additions	-	14	9	-	-	-	**23**
Disposals	(6)	-	(1)	-	-	-	**(7)**
Closing stock	**2,131**	**157**	**185**	**886**	**43**	**54**	**3,456**

	Managed not owned units	Total owned and managed units
Opening stock	82	**3,522**
Additions	1	**24**
Disposals	-	**(7)**
Closing stock	**83**	**3,539**

8. Interest receivable and other income

	31 March 2024 £000	**31 March 2023 £000**
Interest receivable	1,585	649

9. Interest and financing costs

	31 March 2024 £000	31 March 2023 £000
Interest payable to group undertakings	3,863	4,225

10. Employees

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

	31 March 2024 No.	31 March 2023 No.
FTEs		
Housing, support and care	46	43

Employee costs:

	31 March 2024 £000	31 March 2023 £000
Wages and salaries	1,564	1,456
Social security costs	151	147
Pension costs *	(52)	29
	1,663	1,632

* Pension costs in 2024 included a credit of £213k (2023: £124k) as a result of the annual FRS102 current service costs being lower than actual contributions in the year. Current service costs for employees seconded to Future Housing Group costs are recharged in the year.

Northamptonshire County Council Pension Fund (NCCPF)

The NCCPF is a multi-employer defined benefit scheme, which is administered in partnership by West Northamptonshire County Council and Cambridgeshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

10. Employees (Continued)

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 the scheme's assets at that date was £10.0 million and the level of funding was 95%. The main actuarial assumptions used in the valuation were:

	% p.a.
Investment return	3.0%
Salary increases	3.2%
Benefit increases and CARE revaluation (CPI)	2.7%

Contributions

The company paid contributions at the rate of 43.2% during the year. The cost to the company, of contributions to the scheme in the period, amounted to £303,000 (2023: £312,000). Members' contributions vary between 5.5% and 11.4% of pensionable pay until 31 March 2024, depending on the circumstances of the employee. Employers' contributions to the NCCPF during the accounting period beginning 1 April 2024 are at a rate of 43.2% and are estimated to be £318,000.

Major categories of plan assets as a total of plan assets

	2024 %	2023 %
Equities	56	68
Bonds	28	18
Property	13	13
Cash	3	1

Assumptions

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

	2024 %	2023 %
Rate of increase in salaries	3.25	3.45
Rate of increase in pensions	2.75	2.95
Discounted rate	4.85	4.75

10. Employees (continued)

Mortality assumptions

The post retirement mortality assumptions were based on the fund's VitaCurves with improvements inline with the CMI 2022 model and these are used to value the benefit obligation at 31 March as determined by the actuary, for non-pensioners and pensioners.

	2024 No of years	2023 No of years
Current pensioners:		
Males	20.0	20.1
Females	24.1	24.3
Future pensioners:		
Males	22.4	22.6
Females	26.0	26.2

Amounts recognised in the statement of financial position

	2024 £000	2023 £000
Present value of funded obligations	(7,735)	(7,752)
Fair value of plan assets	10,814	9,700
Surplus Restriction	(3,079)	(1,948)
	-	-
Present value of unfunded obligations	-	-
Net liability	-	-

Amounts recognised in other comprehensive income

	2024 £000	2023 £000
Actuarial (loss)/gain in other comprehensive income	(217)	1,606

Analysis of the amount charged to operating surplus

	2024 £000	2023 £000
Current service cost/total operating charge	90	188

10. Employees (continued)

Analysis of the amount charged to other finance costs

	2024 £000	2023 £000
Expected return on pension scheme assets	463	278
Interest on pension scheme liabilities	(366)	(323)
Effect of asset ceilling	(93)	-
Net finance cost	4	(45)

Movement in deficit during the year	**2024 £000**	**2023 £000**
Company share of net liabilities at start of year	-	(1,685)
Movement in year:		
Current service cost	(90)	(188)
Employer contributions	303	312
Other finance costs	4	(45)
Actuarial (loss)/gain	(217)	1,606
Company share of net scheme liabilities at end of year	-	-

Changes in present value of defined benefit obligation	**2024 £000**	**2023 £000**
Opening defined benefit obligation (including unfunded obligations)	(7,752)	(11,730)
Current service cost	(90)	(188)
Past service cost	-	-
Interest cost	(366)	(323)
Contributions by members	(29)	(26)
Actuarial gains	285	4,314
Past service gain	-	-
Benefits paid	217	201
Closing defined benefit obligation (including unfunded obligations)	(7,735)	(7,752)

Changes in fair value of plan assets	**2024 £000**	**2023 £000**
Opening fair value of plan assets	9,700	10,045
Expected return on assets	463	278
Actuarial gain/(loss)	536	(760)
Contributions by employer	303	312
Contributions by members	29	26
Benefits paid	(217)	(201)
Fair value of assets at end of year	10,814	9,700

Notes to the financial statements (continued)

11. Board members and executive directors

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.

Two members of staff received emoluments in the banding £60,000 - £70,000, one member of staff £70,000 - £80,000 and one member of staff £80,000 - £90,000.

12. Tax on surplus

The company was granted charitable status on 21 September 2007 and has not conducted any business outside of its charitable objectives. The company is therefore not liable to Corporation Tax.

Notes to the financial statements (continued)

13. Tangible fixed assets - properties
(All freehold)

	Completed housing properties shared ownership	Shared ownership properties under construction	Social housing properties held for letting	Social housing properties under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2023	16,383	893	94,496	1,274	113,046
Additions	15	1,864	172	4,842	6,893
Capitalised improvements	-	-	5,710	-	5,710
Schemes Completed	1,003	(1,003)	2,550	(2,550)	-
Disposals	(139)	-	(961)	-	(1,100)
At 31 March 2024	**17,262**	**1,754**	**101,967**	**3,566**	**124,549**
Depreciation					
At 1 April 2023	605	-	17,033	-	17,638
Charged in year	129	-	2,365	-	2,494
Released on disposal	(8)	-	(889)	-	(897)
At 31 March 2024	**726**	**-**	**18,509**	**-**	**19,235**
Impairment					
At 1 April 2023	-	-	-	178	178
Charged in year	-	-	-	16	16
At 31 March 2024	**-**	**-**	**-**	**194**	**194**
Net Book Value					
At 31 March 2024	**16,536**	**1,754**	**83,458**	**3,372**	**105,120**
At 1 April 2023	15,778	893	77,463	1,096	95,230

Notes to the financial statements (continued)

13. Tangible fixed assets (continued)

Expenditure on works to existing properties

	2024 £'000	2023 £'000
Components capitalised	5,710	3,739
Amounts charged to statement of comprehensive income Note 4b	1,155	1,603
	6,865	5,342

Costs include £477k fire compartmentation works (2023: £617k) and £903k EPC C works (2023: £48k).

Social housing assistance

	2024 £'000	2023 £'000
Total accumulated grant	9,416	9,047
Recognised in comprehensive income	883	791
Held as deferred capital grant	8,533	8,256
As at 31 March	9,416	9,047

Housing properties book value, net of depreciation (note 13) comprises

	2024 £'000	2023 £'000
Freehold land and buildings	105,120	95,230

Futures Homeway Limited
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Notes to the financial statements (continued)

14. Tangible fixed assets - other

	Tools and equipment	Furniture, fixtures and fittings	Lifeline equipment	Computers and office equipment	Vehicles	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
At 1 April 2023	51	206	376	72	642	1,347
Additions	24	-	1	-	55	80
At 31 March 2024	75	206	377	72	697	1,427
Depreciation						
At 1 April 2023	41	206	366	72	463	1,148
Charged in year	15	-	5	-	177	197
At 31 March 2024	56	206	371	72	640	1,345
Net book value						
At 31 March 2024	**19**	-	**6**	-	**57**	**82**
At 31 March 2023	10	-	10	-	179	199

Notes to the financial statements (continued)

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 2023	4,370	-	4,370
Additions	14	-	14
Cost at 31 March 2024	4,384	-	4,384
Revaluation/(impairment)			
At 1 April 2023	642	-	642
In year revaluation	(510)	-	(510)
Cost at 31 March 2024	132	-	132
Carrying value			
As at 31 March 2024	**4,516**	**-**	**4,516**
As at 31 March 2023	**5,012**	**-**	**5,012**

Investment properties were valued as at 31 March 2024 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:

	2024 £'000	2023 £'000
Historic cost	4,384	4,371
Accumulated depreciation and impairment	(336)	(285)
	4,048	4,086

Notes to the financial statements (continued)

16. Stock

	31 March 2024 £000	31 March 2023 £000
Raw materials and consumables	51	47

17. Properties held for sale

	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000
	Completed properties	Land and properties under construction	Total	Completed properties	Land and properties under construction	Total
Shared ownership properties	467	791	1,258	-	893	893

18. Debtors

	31 March 2024 £000	31 March 2023 £000
Due within one year		
Rent and service charges receivable	754	616
Less: provision for bad and doubtful debts - rents	(215)	(193)
	539	**423**
Trade debtors	72	-
Other debtors	136	189
Prepayments and accrued income	227	544
Amounts due from group undertakings	418	593
	1,392	**1,749**

Notes to the financial statements (continued)

19. Creditors: amounts falling due within one year

	31 March 2024 £000	31 March 2023 £000
Trade creditors	186	228
Rent and service charges received in advance	929	985
Amounts owed to group undertakings	231	235
Other taxation and social security	55	34
Other creditors	101	184
Accruals and deferred income	1,969	1,581
Deferred capital grant (note 21)	102	88
Right to Buy receipts due to Daventry District Council	599	1,656
	4,172	**4,991**

20. Creditors: amounts falling due after one year

	31 March 2024 £'000	31 March 2023 £'000
Inter company loan	113,277	113,614
Deferred capital grant (note 21)	8,431	8,123
Recycled capital grant fund (note 22)	52	45
	121,760	**121,782**

Notes to the financial statements (continued)

21. Deferred capital grant

	31 March 2024 £000	31 March 2023 £000
At 1 April	8,211	7,969
Grant received in the year	419	355
Grant recycled to the RCGF	(5)	(25)
Released to income in the year	(92)	(88)
	8,533	**8,211**
Amounts to be released within one year	102	88
Amounts to be released in more than one year	8,431	8,123
	8,533	**8,211**

22. Recycled capital grant fund

	31 March 2024 £'000	31 March 2023 £'000
At 1 April	45	20
Inputs to RCGF:		
Grant recycled	5	25
Interest accrued	2	-
Balance at 31 March	**52**	**45**

23. Debt analysis

	2024	2023
	£000	**£000**
Due within one year		
Bank loans: Futures Finance Limited	-	-

	2024	2023
	£000	**£000**
Due after more than one year		
Bank loans: Futures Finance Limited	15,000	15,000
Bond debt: Futures Treasury PLC	98,277	98,614
	113,277	**113,614**

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

	2024	2023
	£000	**£000**
Between one and two years: Futures Finance Limited	-	-
Between two and five years: Futures Finance Limited	-	-
After five years: Futures Finance Limited	15,000	15,000
After five years: Futures Treasury PLC	98,277	98,614
	113,277	**113,614**

The gross amount of debt is £113.3M (2023: £113.6 million).

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

Futures Homeway 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 Homeway Limited and are charged to a security trustee. The WACC is 3.73%.

Notes to the financial statements (continued)

24. Financial commitments

	Approved and contracted for		Approved and not contracted	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Expenditure on the acquisition/construction of housing properties	12,284	2,958	7,949	7,328
Repairs partnering contracts	-	-	6,483	4,017
Acquisition of other fixed assets	-	-	998	437
Total	**12,284**	**2,958**	**15,430**	**11,782**
Financed by:				
Borrowings	12,284	2,958	7,949	7,328
Operating surpluses	-	-	7,481	4,454
	12,284	**2,958**	**15,430**	**11,782**

25. Operating leases

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

	31 March 2024 £000	**31 March 2023 £000**
Land and buildings		
Due to expire: within one year	59	59
Due to expire: one to five years	59	118
	118	**177**

26. Contingent liabilities

There are no contingent liabilities to disclose at 31 March 2024 (2023: £nil).

27. 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.

The Group executive directors are considered to be the key management personnel of the company, who are remunerated by Futures Housing Group Limited.

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 disclosures or post balance sheet events that require the amounts in the accounts to be adjusted.