



Registered number: 11697811

Futures Treasury Plc
Annual report and financial statements
Year to 31 March 2024

Futures Treasury Plc
Year ended 31 March 2024

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Futures Treasury Plc
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Executive officers and advisors

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Name	Position	Appointed
Ian Skipp	Director and Company Secretary	Appointed 26 November 2018
Timothy Slater	Director	Appointed 26 November 2018
Michael Stevenson	Director	Appointed 26 November 2018
Lindsey Williams	Director	Appointed 26 November 2018

Executive officers

The company had no employees during the year except directors. The executive officers and staff of the parent company, Futures Housing Group Limited (FHG), provide services to the company through a service agreement. The executive officers of FHG are listed in their financial statements.

Advisors

Independent auditors

BDO LLP
 Two Snowhill
 Birmingham
 B4 6GA

Principal solicitors

Anthony Collins Solicitors LLP
 134 Edmund Street
 Birmingham
 B3 2ES

Registered office

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

Futures Treasury Plc **Year ended 31 March 2024**

Strategic report

Date of incorporation and principal activities

Futures Treasury Plc (FTP) was incorporated on 26 November 2018 and is a wholly owned subsidiary of Futures Housing Group Limited (FHG). The directors present their strategic report on FTP for the year to 31 March 2024.

The principal activity of FTP is to act as an onward lender of funds raised via the debt capital markets to the operating registered providers of FHG, namely Futures Homescape Limited (FHL) and Futures Homeway Limited (FHW).

Review of the business

FTP arranged its first public bond issue on 8 February 2019 with an initial issue of £150 million and retained bonds of £50 million at a coupon rate of 3.375%. The £150m was issued at a discount of 0.037%. Funds received were £149.1m (£99.38 per £100 issued), equating to a fixed interest rate of 3.412%.

In June 2020, the company sold the £50m retained bond. The sale was over-subscribed and brought in total funds of £65.8m (£131.53 per £100 issued) at an all-in rate of 1.741% (1.15% yield, 0.591% spread). This sale attracted a £15.8m premium which will be amortised over the life of the bond and netted off the interest payments on £50m at a coupon rate of 3.375%.

In January 2022, the company raised a further £70m by issuing a new bond. Again, the sale was over-subscribed and brought in total funds of £82.8m (£118.28 per £100 issued) at an all-in rate of 2.310% (1.360% yield, 0.956% spread). This sale attracted a £12.8m premium which will be amortised over the life of the bond and netted off the interest payments on £70m at a coupon rate of 3.375%.

The proceeds of the issue were used to on-lend to the two main registered providers in the Group to fund their ongoing development programmes and repay some of their existing, more expensive debt. These subsidiaries have entered into an intra-Group loan agreement with FTP which sets out the basis of the charges and any conditions attached to them. A cross guarantee structure is in place; the bond is secured on properties held by the registered providers and are charged to a security trustee.

Financial performance for the year is a surplus of £270k (2023: £270k). The charge made to FTP's borrowers is set at an arm's length level and is sufficient to generate a margin after charging interest payable, commitment fees, administration fees and amortisation fees.

Key performance indicators

As FTP operates to achieve a break-even position after Gift Aid payments there are no separate KPIs for this company. KPIs for FHG are included within the strategic report in the Group's financial statements.

Futures Treasury Plc

Year ended 31 March 2024

Strategic report (continued)

Principal risks and uncertainties

FTP's principal risk is the inability to meet its obligations in respect of the bond trustees and counterparty risk in respect of other Group members and the parent company. The key risks identified are:

- Bond covenant breach.
- Registered providers do not perform in line with the business plan.
- Registered providers being affected by economic uncertainties, welfare reform or other regulatory changes which affect their future income stream or mandatory expenditure.

FTP is governed by FHG's approach to risk management that is embedded across the Group. Arrangements are in place that robustly manage the operational and strategic risks that threaten business plans, financial performance, solvency, liquidity and bond covenants. The Group Audit & Risk Committee continually monitors financial risk through the quarterly treasury report. The Group also has key rules for effective financial management in place which are set by the Group Board and which apply certain parameters to the business plans to ensure they are robust, can withstand a multitude of stress tests and can continue to maintain a robust credit rating from Standard & Poors (S&P).

Financial risk management

Financial risks are inherent in the operations of FTP. FHG has a comprehensive treasury management policy that mitigates key financial risks that FTP may be exposed to. The Group has a risk management framework that seeks to limit the adverse effects on the financial performance of FTP and FHG by monitoring levels of debt finance and related finance costs. The key risks are:

- Interest rate risk: As at 31 March 2024, 100% of FTP's debt is fixed. There is no intention to repay any debt before maturity and, as the debt is fixed, any movement in the market value of debt due to changes in interest rates is not relevant to the ongoing operations of FTP.
- Liquidity risk: FTP actively lends the full amount of the bond it has borrowed therefore has assets to fully offset its liabilities and interest receivable to fully offset its interest payable.
- Credit risk: The liabilities to bond holders are secured by a legal charge over property assets owned by the registered providers, FHL and FHW, with a value greater than the total debt. The registered providers have entered a guarantee with FTP over future interest payments and property security. The carrying amount of the bond represents the maximum value exposed to credit risk. At the end of the year to 31 March 2024 the S&P credit rating is A+ (negative outlook).

The contractual maturities of financial liabilities, including estimated interest, are in 20 years.

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Year ended 31 March 2024

Strategic report (continued)

Section 172 statement

Decision making takes place at Group level. There are no employees within FTP. The company forms part of a groupwide governance framework that is led by the Group Co-terminous Board. This section therefore duplicates what is explained in the Group financial statements in relation to section 172.

The Directors have had regard to their duties as set out in section 172 of the *Companies Act 2006*. The duty of directors is to act in good faith and to exercise powers diligently to promote the success of the company for the benefit its stakeholders. There are six key factors which demonstrate these duties:

- i) Decision making is fully supported by financial and non-financial information. For those decisions likely to have a significant material impact on the short, medium and long-term financial plan of the Group, the potential impact is assessed through financial modelling using robust financial assumptions and subject to stress testing.

Key decisions in this area during the year include:

- approving the new 2024-27 corporate plan;
 - approval of the 2024-25 budget, business plans and stress tests to enable delivery of the corporate priorities whilst maintaining sufficient headroom to allow the Group to withstand a multitude of economic pressures;
 - took advantage of the favourable economic conditions to repay a higher rate loan that was not required in the short term in order to reduce the interest payable and thus improving compliance with the lenders covenant;
 - approved negotiations with the lender to increase the revolving credit facility and change the covenants to allow acceleration of capital spend;
 - implemented changes to the Development department as identified by ARK Consultancy;
 - amended the treasury policy to increase the amounts FHG could deposit within money market funds to benefit from higher interest receivable.
- ii) Interests of the Group's employees are protected in several ways including salary benchmarking, pension scheme arrangements and proactive benefit programmes such as health cash plans and private medical insurance. The Group works with external bodies to ensure ongoing compliance with employment legislation and best practice. Employees are consulted regularly and given information through employment working groups and the 'Our Futures Voice' forum. The Group invests significantly in training and skills development for all staff across the business. A robust policy framework is also in place, including policies for code of conduct and health and safety. An annual staff engagement survey captures valuable information to inform future activities.

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Strategic report (continued)

Section 172 statement (continued)

Key decisions in this area during the year include:

- ensuring the organisations values have been fully embedded throughout FHG;
- the Executive delivered the new corporate plan to all staff in person;
- approving a salary increase of 5% for all staff;
- implementing salary sacrifice schemes for new cars and DC pension contributions to help staff save money through the ongoing cost of living crisis;
- continuing investment in health and wellbeing initiatives for staff helped retain the Investors in People Platinum standard.

iii) Relationships with suppliers are maintained across all departments through contract management processes led by the relevant contract manager and supported by the procurement team. Relationships with customers are managed in a variety of ways that are detailed in the corporate plan.

Key decisions in this area include:

- creating a category manager role to provide significant cost savings within ICT;
- exploring new income revenue areas such as rebates from larger contracts, income from excess Solar PV generation, recycling of scrap metal and refunds for when there is excess stock being held at depots;
- follows a fair three step process of considering, checking and challenging supplier price increase requests;
- have a detailed list of alternative suppliers for all higher value / risk contracts with which FHG has a direct relationship as a contingency. This was successfully used when FHG's gas servicing contractor unexpectedly went into liquidation during the year and meant no homes went over their 12 month anniversary date;
- increased financial due diligence completed for development contractors in addition to the regular meetings, site visits and updated risk matrix with a suite of early warning triggers.

iv) The impact of the Group's operations on the community are managed effectively through providing mixed tenure housing, estates management services, support services and grounds maintenance services. In addition, the Group's health, safety & environment policy creates the framework for operating within to ensure that the Group complies with regulation in these areas.

Key decisions in this area include:

- investment in additional customer facing roles within assets and neighbourhoods to improve the service provided to customers and in line with the Better Housing Review;
- prioritising all Damp, Mould & Condensation complaints alongside continued scrutiny of health and safety by the Board and Asset Investment Committee with trigger limits for intervention;

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Strategic report (continued)

Section 172 statement (continued)

- continued investment into new development programmes to increase housing supply with a view to enhancing the quality of homes delivered to comply with the Future Homes Standard;
 - continued funding for employability initiatives and delivery of apprenticeships;
 - implemented the full suite of Tenant Satisfaction Measures and investing to understand our customers fully;
 - a customer story is provided at the beginning of all Board meetings to ensure the customer is at the heart at all levels within FHG.
- v) The Group strives to maintain a reputation for high standards of business conduct. The Group assesses compliance with regulatory standards annually and has achieved top gradings for governance (G1) and viability (V1) from the regulator year-on-year. The Group also assesses compliance with the National Housing Federation's Code of Governance and with all relevant laws each year. The Group has in place a probity policy, code of conduct for board directors, standing orders and financial regulations, a fraud & financial crimes policy and a whistleblowing policy. All of these policies ensure that board directors and other employees have a clearly defined framework for conducting company business. Regular internal audits take place to provide assurance to the Board, via the Audit & Risk Committee, that policies are being complied with.

Key decisions in this area include:

- continued investment in the Governance team to deliver a tightly governed operating model that serves the needs for high standards of business conduct and for demonstrating how the Group acts fairly between all corporate entities and Boards;
 - Board skills, competencies, risk appetite and guiding principles were reviewed and approved;
 - new Board members and trainee Board member recruited with an emphasis on EDI to maintain the diversity of opinions.
- vi) As well as complying with the SECR regulations, the Group has enhanced its approach to ESG reporting by adopting the Sustainability Reporting Standard for Social Housing. The Board approved FHG's Sustainability Strategy and roadmap to net carbon zero.

Approved by the Board of Directors on 2 September 2024 and signed by the order of the Board:

Ian Skipp

Ian Skipp

Company Secretary

2 September 2024

Futures Treasury Plc

Year ended 31 March 2024

Directors' report

The Directors present their annual report on the affairs of FTP and the audited financial statements for the year ended 31 March 2024.

Incorporation

The company was incorporated on 26 November 2018 under the Companies Act 2006 number 11697811. FTP's ultimate parent undertaking is FHG.

Results and dividends

The profit for the financial year was £270k (2023: £270k). The Directors do not recommend payment of a dividend.

Future developments

The Group is planning to continue its development programme over the next five years and is likely to require further funds to support this ambition. The form of future funds has not yet been determined. Various funding sources are being considered. If bond debt is selected as the preferred form of funding, it will have an impact on FTP's accounts in the future, beyond the date that these accounts were approved.

Charitable donations

Gift Aid was made during the year of £270k (2023: £270k). There were no political donations in the year ended 31 March 2024 (2023: £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements are shown on page 1. The directors benefit from a qualifying third-party indemnity provision indemnifying them against legal claims from third parties. This was in place throughout the financial year up to and including the date the financial statements were signed.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (*UK Generally Accepted Accounting Practice*), 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 Company for that year. In preparing those financial statements, the directors are required to:

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Directors' report (continued)

Statement of directors' responsibilities (continued)

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company'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 *Companies Act 2006*. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Responsibility statement of the directors in respect of the annual financial report

Each of the persons who is a director at the date of approval of this report confirms that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report and director's report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties they face.

We consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the *Companies Act 2006*.

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Directors' report (continued)

Going concern

FTP is a funding vehicle for the Group and on-lends to the registered providers in the Group. An intra-Group loan agreement has been entered into by all of the operating registered providers. The bonds are secured by way of fixed charge over housing properties owned by FHL and FHW.

FTP has a robust cash flow forecast, based on the strength of the registered providers, so is expected to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

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

Multi year financial forecasts have been prepared for each entity that relies on funding from FTP, capturing all operating and capital cash flows as well as the associated FTP funding cash flows. These cash flows eliminate the 'high risk' cash flows 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 these accounts have been signed, without the need to secure any further funding than what is already in place and secured.

The Board has approved the 2024-25 budget and business plans and is satisfied that the assumptions used are reflective of current and forecast business operations.

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 FTP 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 bond 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 FTP 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 FTP towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings to allow the Group to continue in operation over the period under review.

For the reasons mentioned above, the Board considers that FTP is a going concern. While risks exist, these do not cast doubt on FTP'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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Year ended 31 March 2024

Directors' report (continued)

Independent auditor

BDO LLP was reappointed as FTP's auditor for the year to 31 March 2024.

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

Group Audit & Risk Committee

This committee reviews the following annually:

- the effectiveness of the external audit function;
- external auditor's performance;
- quality of external audit service delivery;
- independence of the external auditors in terms of their character and judgement; and
- the nature of the relationship between the committee and the external auditors to ensure it continues to be objective, reasonable and proportionate.

The committee is satisfied that key personnel from BDO LLP involved in delivering the audit service demonstrate the appropriate levels of objectivity and independence.

Significant issues considered by the Group Audit & Risk Committee for the year to 31 March 2024

Significant issues were discussed with management and BDO LLP on 16 April 2024 when the committee reviewed BDO LLP's audit planning report and at the conclusion of the audit when the financial statements were reviewed on 24 July 2024.

Management override of controls

The committee is satisfied that a sound system of internal control is in operation and that the internal control environment is appropriately designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation, including the risk of fraud. The committee gets its assurance on these areas through the internal audit service provided by a third party, KPMG. The committee works with KPMG to develop an appropriate risk-based three-year internal audit plan to cover the relevant aspects of the organisation and it is directly linked to the Group's strategic risk register.

The committee also monitors the implementation of the risk management strategy and reports to the Group Board on the effectiveness of internal control arrangements and considers the financial statements before they are presented to the Group Board.

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Directors' report (continued)

Streamlined energy and carbon reporting

The organisation is not required to include the SECR requirements but has chosen to do so due to its position with Futures Housing Group Limited. The Group is required to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations and the following table and chart show the past two-year trend in emissions and energy consumption.

The comparison between SECR year 1 (2022-23) and SECR year 2 (2023-24) shows a slight decrease in scope 1 and 2 emissions.

During the year, FHG installed external wall insulation on 56 properties, cavity wall insulation on 129 properties, draughtproofing in 158 properties and upgraded the loft insulation in 147 properties. It also completed 31 Solar PV, 160 LED lighting and 79 Switchee thermostat installations. These energy efficiency programmes were partially funded by the Social Housing Decarbonisation Fund and the Local Authority Delivery grants. These have seen 649 of the more inefficient homes achieve EPC Band C or above, 195 of these through sustainability works throughout the year and 454 due to planned improvement works completed since the previous survey.

In addition FHG completed 46 window upgrades as part of the component replacement programme.

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Directors' report (continued)

Carbon Emissions Table						
GHG emissions and energy use data for SECR Year 2 period 1st April 2023 to 31st March 2024 compared against previous SECR year 1 (2022/23)						
Emission source:	Units	SECR year 2 2023-2024	SECR year 1 2022-2023	Movement (% diff. to year 1)	Guide note	
<i>Energy consumption for which the organisation is responsible used to calculate emissions:</i>						
Scope 1						
Natural gas used	kWh	456,985	1,383,797	✓ 203%	1	
Vehicle operations	litres	187,531	162,994	✗ -13%	2	
Biomass boiler	kWh	244,367	287,926	✓ 18%	3	
Scope 2						
Electricity (supplied from National Grid)	kWh	1,191,084	869,795	✗ -27%	4	
<i>Corresponding emissions from activities for which the company is responsible -</i>						
Scope 1						
Natural gas	tCO2e	84	253	✓ 201%	5	
Vehicle operations	tCO2e	464	393	✗ -15%	6	
Biomass boiler	tCO2e	3	3	✓ 0%	7	
Scope 2						
Electricity (supplied from National Grid)	tCO2e	247	168	✗ -32%	8	
Total gross Scope 1 & Scope 2 emissions	tCO2e	798	817	✓ 2%	9	
Emissions intensity ratio						
Annual turnover (corresponding reporting year)		£ 64,682,000	£ 59,389,000	✓ 8%	10	
Intensity ratio: tCO2e (gross Scope 1 + 2) / £100,000 revenue	tCO2e/£100,000	1.23	1.38	✓ 12%	11	
<i>Energy consumption for which the organisation has no direct operational control:</i>						
Scope 3						
Emissions from purchase of electricity T&D losses	tCO2e	21	15	✗ -28%	12	
Emissions from leased assets	tCO2e	27,685	27,381	✗ -1%	13	
Emissions from vehicles (not owned or controlled by organisation)	tCO2e	85	108	✓ 27%	14	
Total gross Scope 3 emissions	tCO2e	27,791	27,504	✗ -1%	15	
Total gross Scope 1, Scope 2 & Scope 3 emissions	tCO2e	28,588	28,321	✗ -1%	16	
Carbon offsets / tCO2e	tCO2e	0	0		17	
Total annual net emissions reported tCO2e	tCO2e	28,588	28,321	✗ -1%	18	

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Directors' report (continued)

Notes to emissions table:

1. Scope 1 natural gas used = kWh gas consumption used to deliver services and carry out business.
2. Scope 1 vehicle operations = fuel used in FHG owned, operated and controlled vehicles for company business activity.
3. Biomass boiler = fuel used by the biomass boiler situated at Stephenson Court
4. Scope 2 electricity = kWh electricity from the National Grid used to deliver service and carry out business.
5. Scope 1 natural gas carbon emissions based on kWh energy used (item 1).
6. Scope 1 vehicle carbon emissions based on vehicle fuel used (item 2). A late adjustment found this figure had been inflated within the 2021-22 accounts but is now correct within this updated table.
7. Scope 1 biomass boiler emissions based on kWh energy used (item 3).
8. Scope 2 electricity carbon emission based on kWh energy used (item 4).
9. Total scope 1 and 2 emissions.
10. Annual financial turn-over corresponding to reporting year.
11. Intensity ratio = ratio of financial turnover (item 9) to total scope 1 and 2 emissions (item 7), giving indication of the Group's impact on total carbon emissions.
12. Scope 3 electricity carbon emission.
13. Emissions from leased assets, franchises and outsourced activities.
14. Scope 3 vehicle carbon emissions based on vehicle fuel used
15. Total scope 3 emissions.
16. Total all scope emissions.
17. Carbon off-sets that have been formally verified.
18. Resultant total carbon emissions reported.

Ian Skipp

Ian Skipp
Company Secretary
2 September 2024

Futures Treasury Plc
Year ended 31 March 2024**Independent auditor's report to the members of Futures Treasury PLC****Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Futures Treasury Plc 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. Our audit opinion is consistent with the additional report to the Group Audit & Risk Committee.

Independence

Following the recommendation of the Group Audit & Risk Committee, we were appointed by the Group Board to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ended 31 March 2019 to 31 March 2024.

We remain independent of the Company 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' going concern assessment which included assessment of the recoverability of funds on lent to the parent and other group entities. As such, our work has focussed on the parent and group business plans that underpin the Directors' assessment.

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Independent auditor’s report to the members of Futures Treasury PLC (continued)

- Considering the appropriateness of management’s forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considered the reasonableness of the range of scenarios included in management’s consideration of downside sensitivity analysis.
- Challenging management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions.
- Obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions.
- Assessing the facility and covenant headroom calculations.
- Reviewing the wording of the going concern disclosures and assessing its consistency with management’s forecasts.

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 Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Key audit matters	2024	2023
	✓	✓
Materiality	<i>Financial statements as a whole</i>	
	£180,000 (2023: £128,000) based on 1.85% (2023: 1.35%) of income	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor’s report to the members of Futures Treasury PLC (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Recoverability of intergroup debt As disclosed in note 10 of the Financial Statements the Company is owed £295,785,000 by group companies.</p>	<p>The Company is the Group’s vehicle for raising funds on the capital markets with £270m of bonds issued on the London Stock Exchange.</p> <p>As the company on-lends to its parent and other group entities, the principal risk facing the entity is that the parent will be unable to make its interest or principal payments when they fall due and this impacts on the entity’s ability to service its debt.</p> <p>Recoverability of these balances is intrinsically linked to the future viability of the group and needs to be reviewed at each Statement of financial position date.</p> <p>The assessment of the recoverability of the related party debt involves a review of the long-term business plan and a number of subjective judgements. We have therefore exerted a significant audit effort in assessing the appropriateness of the assumptions involved in auditing this area, and as such we consider this to be a Key Audit Matter.</p> <p>Our audit response involved the following procedures:</p> <ul style="list-style-type: none"> • We assessed management’s review of the recoverability of related party debt including their review of the group and long-term viability. • We have assessed the 30-year forecasts for the Group and subsidiary entities to ascertain if there are any threats to the recoverability or potential impairment to the intercompany balances. • This incorporated consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations. • Scenarios modelled by the parent entity include a reverse stress test to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants. • We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations. <p>Key observations: We noted no material exceptions through performing these procedures.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Futures Treasury Plc
Year ended 31 March 2024

Independent auditor's report to the members of Futures Treasury PLC (continued)

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2024 £000	2023 £000
Materiality	180	128
Basis for determining materiality	1.85% of income	1.35% of income
Performance materiality	126	90
Basis for determining performance materiality	70% of materiality	70% of materiality

Rationale for the benchmarks applied

We used income for our chosen benchmark to determine materiality as the entity on-lends funds raised in the capital markets to group companies and therefore the revenue generated from these activities is the area that will have greatest impact on decisions made by users of the accounts. We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified and the limited areas of the financial statements subject to estimation uncertainty.

Reporting threshold

We agreed with the Group Audit & Risk Committee that we would report to them all individual audit differences in excess of £3,600 (2023: £2,560). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors 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.

Futures Treasury Plc
Year ended 31 March 2024

Independent auditor’s report to the members of Futures Treasury PLC (continued)

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<p>Strategic report and Directors’ report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • the information given in the Strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report.</p>
<p>Matters on which we are required to report by exception</p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors’ remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

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

Futures Treasury Plc
Year ended 31 March 2024

Independent auditor's report to the members of Futures Treasury PLC (continued)

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

we considered the significant laws and regulations to be Companies Act 2006, Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice), and UK tax legislation.

The Company 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 Bribery Act 2010, and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

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 Company's 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 meeting 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.

Futures Treasury Plc
Year ended 31 March 2024

Independent auditor's report to the members of Futures Treasury PLC (continued)

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 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company'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).

Futures Treasury Plc
Year Ended 31 March 2024

Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	3	9,598	9,523
Operating costs	4	<u>(9,328)</u>	<u>(9,253)</u>
Profit before taxation		270	270
Tax on profit	7	-	-
Profit for the financial year		<u>270</u>	<u>270</u>

All activities are derived from continuing operations. There are no recognised gains or losses other than those included in the above and therefore no movements in other comprehensive income to disclose.

The notes on pages 24 to 34 form part of these financial statements.

Futures Treasury Plc
Year Ended 31 March 2024

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

	2024	2024	2024	2023	2023	2023
	Revenue	Share	Total	Revenue	Share	Total
	reserve	Capital	Equity	reserve	Capital	Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April	-	50	50	-	50	50
Total comprehensive income for the year	270	-	270	270	-	270
Gift Aid Distribution	(270)	-	(270)	(270)	-	(270)
Balance as at 31 March	<u>-</u>	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>	<u>50</u>

The notes on pages 24 to 34 form part of these financial statements.

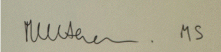
Futures Treasury Plc
Year Ended 31 March 2024

Statement of Financial Position as at 31 March 2024

	Note	2024 £'000	2023 £'000
Current assets			
Debtors	10	1,385	1,310
Debtors: amounts falling due after more than one year	10	294,400	295,415
Cash at bank and in hand	11	13	12
		<u>295,798</u>	<u>296,737</u>
Creditors: Amounts falling due within one year	12	(2,384)	(2,287)
		<u>293,414</u>	<u>294,450</u>
Net current assets		<u>293,414</u>	<u>294,450</u>
Total assets less current liabilities		<u>293,414</u>	<u>294,450</u>
Creditors: Amounts falling due after more than one year	13	(293,364)	(294,400)
Net assets		<u><u>50</u></u>	<u><u>50</u></u>
Capital and Reserves			
Called up share capital	15	50	50
Revenue reserve		-	-
Total funds		<u><u>50</u></u>	<u><u>50</u></u>

The notes on pages 24 to 34 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
Company Number: 11697811


Timothy Slater
Director

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements

1. Company information

FTP is a public limited company with share capital.

2. Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including *Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (‘FRS 102’)*, and with the *Companies Act 2006*.

The financial statements have been prepared under the historical cost convention. The Board is satisfied that the current accounting policies are the most appropriate for the company.

The financial statements present information about the individual company. Results are consolidated into the accounts of Futures Housing Group Limited.

Financial statements are presented in sterling (£) which is also the functional currency.

The company 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.

Going concern

FTP is a funding vehicle for the Group for the issuance of public bonds and for on-lending to the registered providers in the Group. An intra-Group loan agreement has been entered into by all of the operating registered providers. The bonds are secured by way of fixed charge over housing properties owned by FHL and FHW.

The Board has reviewed several key areas to determine that FTP is a going concern, as set out below.

Multi-year financial forecasts have been prepared for each entity that relies on funding from FTP, capturing all operating and capital cashflows as well as the associated FTP 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 reviewed, being at least 12 months from when these accounts are signed, without the need to secure any further funding than what is already in place and secured.

The Board has approved the 2024-25 budget and associated 30 year business plans and is satisfied that the assumptions used are reflective of current and forecast business operations.

Futures Treasury Plc
Year ended 31 March 2024**Notes to the financial statements (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 FTP 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 bond 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 that these accounts are signed. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FTP 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 FTP towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.

The Board has considered cash and covenant positions for FTP in forming its going concern conclusions and there are no instances of non-compliance forecast in the restated business plans over the period being at least 12 months from the date of signing these accounts and beyond. The Board has also reviewed cash break-even point assessments for each entity that relies on funding from FTP, to obtain comfort that the cash positive cash flows have sufficient robustness within them. This review has highlighted that each entity has a highly robust cash break even position that allows all operating costs, bad debts and void rent loss to increase by more than 20% before cash turns negative.

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

Premiums, discounts and bonds issued

In accordance with FTP's principal activities it issues bonds. Where such issuance results in a discount the value of the liability has been reduced by the discounted figure. Where such issuance results in a premium an increased liability is recognised amortising to par over the life of the bond.

Revenue

Revenue comprises interest income and operating costs recharged to operating registered providers in the Group.

Operating costs

Operating costs represent fees incurred in the year.

Futures Treasury Plc
Year ended 31 March 2024**Notes to the financial statements (continued)****Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the statement of financial position date.

Interest payable

Being the company's most significant activity, interest payable is shown as operating costs in the statement of comprehensive income. It also includes the effective interest rate method for amortising the bond premium over the life of the bond.

Interest receivable

Being the company's most significant activity, interest receivable are shown as revenue in the statement of comprehensive income. It also includes the effective interest rate method for amortising the bond discount over the life of the bond.

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.

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 company's bond agreements and has deemed them to be basic financial instruments.

Financial assets

Financial assets comprise cash at bank and in hand, and amounts owed by group undertakings. These are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all amounts owed by group undertakings, and any subsequent impairment is recognised in the statement of comprehensive income.

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

Financial liabilities

Financial liabilities comprise accruals, amounts due to group undertakings and bond debt. These are initially recorded at cost on the date they originate and are subsequently carried at amortised cost under the effective interest method.

Key estimates and judgements

There are no significant judgements or estimates made by the company in preparing the financial statements for the current year.

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

3. Revenue

	2024	2023
	£'000	£'000
Interest receivable	9,574	9,498
Fees due from group undertaking	24	25
	<u>9,598</u>	<u>9,523</u>

4. Operating costs

	2024	2023
	£'000	£'000
Interest payable	9,304	9,228
Other	24	25
	<u>9,328</u>	<u>9,253</u>

5. Directors' and executive officers' emoluments

During the year the company had no employees. The Board of Directors are employed by the parent company, Futures Housing Group Limited. Their payments are disclosed in the consolidated financial statements of Futures Housing Group Limited.

6. Expenses and auditor's remuneration

	2024	2023
	£'000	£'000
Auditor's remuneration:		
Audit of these financial statements (excluding VAT)	<u>20</u>	<u>18</u>

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

7. Tax on profit

	2024	2023
	£'000	£'000
Current tax		
UK corporation tax on profit for the year	-	-
Current tax	-	-
	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>
	2024	2023
	£'000	£'000
Current tax reconciliation		
Surplus before tax	270	270
Qualifying charitable donation	(270)	(270)
Surplus subject to Corporation Tax	<u>-</u>	<u>-</u>
Theoretical tax at UK Corporation Tax rate 19%	51	51
Amounts relating to other comprehensive income or otherwise transferred at 19%	(51)	(51)
Total tax charge	<u>-</u>	<u>-</u>

On the basis that total taxable profit is £nil (2023: £nil), a corporation tax rate of 19% has been used (2023: 19%)

8. Interest receivable and similar income

	2024	2023
	£'000	£'000
Loan interest from group undertakings	<u>9,574</u>	<u>9,498</u>

9. Interest payable and similar charges

	2024	2023
	£'000	£'000
Bond interest payable	<u>9,304</u>	<u>9,228</u>

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

10. Debtors

	2024	2023
	£'000	£'000
Amounts owed by group undertakings:		
Due within one year	1,385	1,310
Due after more than one year	<u>294,400</u>	<u>295,415</u>
	<u>295,785</u>	<u>296,725</u>

11. Cash and cash equivalents/bank overdrafts

	2024	2023
	£'000	£'000
Cash at bank and in hand	<u>13</u>	<u>12</u>

12. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Amounts owed to group undertakings	89	89
Accruals and deferred income	<u>2,295</u>	<u>2,198</u>
	<u>2,384</u>	<u>2,287</u>

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

13. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Bonds	270,000	270,000
Plus issue price premium	24,137	25,200
Less issue price discount	(773)	(800)
Less deferred bond arrangement fees	(1,642)	(1,731)
Amounts owed to group undertakings	1,642	1,731
	<u>293,364</u>	<u>294,400</u>

Bonds

The bonds are secured by a first fixed charge on properties owned by the Group.

On 8 February 2019 FTP issued a £150m 45-year bond at a coupon of 3.375%. The bond was issued at a discount of 0.037% so that the funds received were £149.1m, which equates to a fixed interest rate of 3.412%.

On 24 June 2020 FTP sold £50m of the retained bond at a coupon of 3.375%. The retained bond was sold at a premium of £15.8m with a spread of 1.15% above the yield of 0.591%, resulting in an overall rate of 1.741%.

On 24 January 2022 FTP tapped into the existing bond and sold a further £70m at a coupon of 3.375%. The bond was sold at a premium of £12.8m with a spread of 0.956% above the yield of 1.360%, resulting in an overall rate of 2.310%. FTP incurred loan fees of £557k.

The debt is repayable as follows:

	2024	2023
	£'000	£'000
In five years or more	<u>293,364</u>	<u>294,400</u>

The above figure is repayable as a lump sum in 2044. Interest is charged at a coupon rate of 3.375%. The bond is secured on 4,844 rented homes.

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

14. Financial instruments

Issue value of financial instruments

The issue values of all financial assets and liabilities by class together with their carrying amounts shown in the statement of financial position are as follows:

	2024	2023
	£'000	£'000
	Issue value	Issue value
Financial liabilities measured at amortised cost		
Bonds	<u>270,000</u>	<u>270,000</u>

The issue value of trade and other receivables is estimated at the present value of Futures' cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material for those issued at a discount or recognised as an increased liability amortising to par over the life of the loan when issued at a premium.

FTP has no financial instruments measured at fair value so fair value hierarchy disclosure requirements do not apply. All financial assets held by the company (loans and receivables) qualify to be held at amortised costs, therefore the requirement to disclose the effect of changing the inputs calculation of fair values is not considered applicable.

At 31 March 2024, the fair value of the company's long term debt was £209.2m (2023: £215.0m). The fair value is derived from an external Bloomberg valuation.

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

14. Financial Instruments (continued)

Financial assets and liabilities

The Board policy on financial instruments is explained in the Board Report as are references to financial risks.

Categories of financial assets and financial liabilities:

	2024	2023
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost:		
Amounts due from group undertakings	295,785	296,725
	<u>295,785</u>	<u>296,725</u>
Financial liabilities measured at amortised cost:		
Accruals	2,295	2,198
Loans	293,364	294,400
Amounts owed to group undertakings	89	89
	<u>295,748</u>	<u>296,687</u>

Financial assets

Other than short-term debtors the company had financial assets consisting of short-term cash deposits held in special interest bearing accounts.

	2024	2023
	£'000	£'000
Special interest bearing accounts	<u>13</u>	<u>12</u>

15. Capital and reserves

	2024	2023
	£'000	£'000
Allotted called up, amount paid (25p per share)	12	12
Allotted called up, amount unpaid (75p per share)	<u>38</u>	<u>38</u>
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

£12,500 of issued share capital is paid up, with the remaining issued share capital shown in debtors.

Futures Treasury Plc
Year ended 31 March 2024

Notes to the financial statements (continued)

16. Related parties

Futures Treasury Plc has loans in place with Futures Homescape Limited £196.1m and Futures Homeway Limited £98.3m.

Futures Treasury Plc has received loan interest from Futures Homescape limited £6,385k and Futures Homeway Limited £3,189k

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

17. Ultimate parent and ultimate controlling party

Futures Treasury Plc is a wholly owned subsidiary of Futures Housing Group Limited, a company incorporated in England and Wales, which is the smallest and largest group into which the company's financial statements are consolidated. The consolidated financial statements can be obtained from the Group's website www.futureshg.co.uk.

18. Events after the end of the reporting period

The directors of the entity consider there are no post balance sheet events that require disclosure or the amounts in the accounts to be adjusted.