



## Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

### Society name:

BRIGHTER FUTURES HOUSING ASSOCIATION LIMITED

### Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

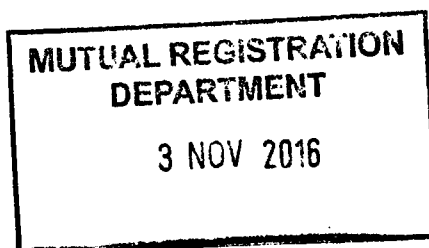
Please keep a copy of the form and supporting documents for future reference.

### Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014





## Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

### Filling in the form

**1** If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

**2** If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

**3** If you make a mistake, cross it out and initial the changes; do not use correction fluid.

**4** If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

**5** If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

**6** Email a scanned copy of the signed form and supporting documents to

**[mutualsannrts@fca.org.uk](mailto:mutualsannrts@fca.org.uk)**

or send it by post to:

Mutuals Team  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
LONDON  
E14 5HS

**7.** Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

# 1

## Details of society

### 1.1 Details of the society

Register number	21244R
Registered office address	5 WHITTLE COURT TOWN ROAD, HANLEY STOKE-ON-TRENT. STAFFORDSHIRE
Postcode	ST1 2QE

### 1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	0	3	/	2	0	1	6
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### Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

### 1.3 Details of Chairman

Name	KEN JARROLD CBE
Address	BUTTERLANDS FARM, TOP ROAD BIDDULPH MOOR. STAFFORDSHIRE MOORLANDS
Postcode	SL8 7LF
Year of birth	1948
Business occupation and other directorships	CONSULTANT

### 1.4 Details of Treasurer

Name	STEVE ROWLEY
Address	15 SEAGRAVE PLACE WESTLANDS, NEWCASTLE, STAFFS
Postcode	ST5 3RJ
Year of birth	1960
Business occupation and other directorships	CHARTERED ACCOUNTANT

## 1.5 Details of Secretary

Name	LYNN COBURN
Address	5 WHITTLE COURT TOWN ROAD, HANLEY STOKE-ON-TRENT. STAFFORDSHIRE
Postcode	ST1 2QE
Year of birth	1958
Business occupation and other directorships	DIRECTOR OF FINANCE

## 1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
SARAH HILL	346 PRINCESS RD STOKE-ON-TRENT STAFFS ST4 7JR	1952	RETIRED UNIV LECTURER/ COUNCIL MEMBER
SUZANNE CARR	4 AVON DRIVE CONGLETON CHESHIRE CW12 3RQ	1963	HOSPICE GENERAL MANAGER (INTERIM)
HELEN ROWLEY	15 SEAGRAVE PLACE. NEWCASTLE STAFFS ST5 3RJ	1958	RETIRED COUNCIL MANAGER
BLANK		yyyy	
BLANK		yyyy	
BLANK		yyyy	

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

NONE

**Please continue, answering all questions.**

**1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?**

- ☒ No  
☐ Yes

**1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number**

- ☒ No  
☐ Yes

Financial Services Register firm reference number

N/A

**1.9 Is the society a subsidiary of another society?**

- ☒ No  
☐ Yes

**1.10 Does the society have one or more subsidiaries?**

- ☒ No  
☐ Yes

**1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?**

- ☐ No  
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

- ☒ Yes

**1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?**

- ☒ No  
☐ Yes ▶ provide your Scottish Charity number below

N/A

**1.13 Is the society registered with one of the following (please tick)?**

- ☒ Homes and Communities Agency  
☐ The Welsh Ministers  
☐ Scottish Housing Regulator

If so, please provide your register number

H4315

**All societies must answer the following questions:**

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

**Bona fide co-operative society**

**1.14 How did members benefit from the business, industry or trade of the society during the year?**

N/A

**1.15 Is membership of the society required to obtain the benefits offered by it?**

☐ Yes

☐ No

**1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?**

**1.17 How did members democratically control the society?**

**1.18 How did the society use any surplus/profit?**

If the society distributed the surplus/profit to members please explain how this was done.

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Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

--

**Continue to 2.1**

## Community benefit society

### 1.19 Who are the community the society benefited?

Brighter Futures' customers are people whose life chances including their health, employability and social skills have been impoverished by the impact of living in deprived areas on low incomes. Customers accessing Brighter Futures services include: people currently homeless or at risk of homelessness; street sex workers; people experiencing mental ill health; people with a history of self-harm; women ex-offenders and people whose lives are affected by a learning disability

### 1.20 How did the society benefit that community during the year?

Many of Brighter Futures support services use the Outcome Star on-line tool to measure the distance travelled by customers in their personal journey. Most of our customers have complex needs and supporting them is notoriously difficult - 14 out of 17 schemes have achieved or exceeded national benchmark in personal distance travelled. We have developed 23 self contained flats to increase accommodation and support for men and women who have experienced long term alcohol or substance misuse. We have converted life skills accommodation (service closed) to 8 self contained flats for customers with mental health needs. Three customer volunteers were recruited to paid - full time positions within Brighter Futures in line with our vision and values.

### 1.21 How did the society use any surplus/profit?

Brighter Futures stock of supported housing accommodation is concentrated in the City of Stoke-on-Trent with lower levels of provision in Newcastle-under-Lyme and the Staffordshire Moorlands. As at March 31<sup>st</sup> 2016 there were 293 units of accommodation in management (2015 - 289) of which 189 were owned (65%).

These include the units advised in 1.20 above. Our portfolio of owned accommodation has, to date, been funded through a mix of Social Housing Grant and the re-investment of reserves.

Please use separate sheets of paper if you need more space (see section 5 above).  
Please indicate how many separate sheets of paper you have used.

NONE

**Continue to 2.1**



# 2 Statistics

## Account details

### 2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	49
B	Members ceased during year	3
C	Members admitted during year	3
D	Members at end of year	49
E	Turnover for year	7,935,946
F	Total of income and expenditure (receipts and payments added together)	14,771,881
G	Net surplus/(deficit) for year	305,955
H	Fixed assets	10,633,575
I	Current assets	2,804,916
J	Total assets (equal to amount in row O, below)	13,438,491
K	Current liabilities	1,812,549
L	Share capital	49
M	Long-term liabilities	5,604,779
N	Reserves	6,021,114
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	13,438,491
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	NIL
Q	Loans from members	NIL
R	Loans from Employees' Superannuation Schemes	NIL
S	Dividends on sales	NIL
T	Share interest	NIL

**2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014**

N/A

**2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)**

The society must have written authority from us to exclude a subsidiary from group accounts

N/A

# 3

## The audit

### 3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- |   |                                  |
|---|----------------------------------|
| <input checked="" type="checkbox"/> Full professional audit | ▶ Continue to section 4          |
| <input type="checkbox"/> Accountant's report                | ▶ Complete questions 3.2 and 3.3 |
| <input type="checkbox"/> Lay audit                          | ▶ Complete questions 3.2 and 3.3 |
| <input type="checkbox"/> Unaudited                          | ▶ Complete questions 3.2 and 3.3 |

### 3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No  
☐ Yes

### 3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No  
☐ Yes

# 4

## Accounts and signature

### Accounts

- 4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	0	/	0	9	/	2	0	1	6
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- 4.2 Has your society produced accounts to the minimum standard required?

- ☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached
- ☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

### Signature – all societies to complete

- 4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	LYNN COBURN
Signature	<b>BRIGHTER FUTURES</b> 5 Whittle Court Town Road, Hanley Stoke-on-Trent Staffordshire ST1 2QE
Phone number	01782 406000
Email	lynn.coburn@brighter-futures.org.uk
Date	02/11/16

**Brighter Futures Housing Association  
Limited**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

for the year ended 31 March 2016

**MUTUAL REGISTRATION  
DEPARTMENT**

**3 NOV 2016**

RP No: 4315  
Registered Society No: 21244R

# Brighter Futures Housing Association Limited

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# Brighter Futures Housing Association Limited

## MEMBERS AND ADVISORS

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### BOARD OF MANAGEMENT

Mike Wolfe – Chair [Resigned 31/05/2016]  
Ken Jarrold CBE – Chair [Appointed and Elected Chair 01/06/2016]  
Suzanne Carr – Vice Chair [Appointed 22/09/2015]  
Steve Rowley – Treasurer  
Sarah Hill  
Mary Synnott – [Resigned 22/09/2015]  
Lynn Kemp – [Resigned 08/12/2015]  
Sandie Hope-Forest  
John Wood – [Resigned 17/11/2015]  
Azrini Wahidin  
Steve Jones  
Gill Brown (ex- officio) – [Resigned 28/08/2015]  
Helena Evans (ex-officio) – [Appointed 29/08/2015]  
Jane Cox – [Appointed 22/09/2015 and Resigned 29/02/2016]  
Helen Rowley – [Appointed 31/05/2016]

### SECRETARY

L Coburn

### REGISTERED OFFICE

5 Whittle Court  
Town Road  
Hanley  
Stoke-on-Trent  
Staffordshire  
ST1 2QE

### AUDITOR

Mazars LLP  
45 Church Street  
Birmingham  
B3 2RT

### BANKERS

Lloyds TSB Bank Plc  
125 Colmore Row  
Birmingham  
B3 2DS

# Brighter Futures Housing Association Limited

## STRATEGIC REPORT

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The Board present their strategic report on the affairs of the Association, together with the financial statements and auditors' report, for the year ended 31 March 2016.

### PRINCIPAL ACTIVITY

Brighter Futures Housing Association Limited provides support to those who require extra help to live independent and fulfilled lives. Our customers are people whose life chances including their health, employability and social skills have been impoverished by living in deprived areas and on low incomes. We are a registered provider of social housing, a training agency, and an employment and support provider.

### MISSION STATEMENT

The corporate strategy identifies the five key values to guide us in our work. We are: passionate; creative; empowering; equal and sustainable. The vision statement in the strategy sets out that we will undertake to spread our sphere of influence and operations beyond North Staffordshire, our services will operate in other localities and we will advise, train and influence national policy makers.

### ORGANISATIONAL STRUCTURE

The Board of Management is responsible for setting strategic policy relating to Brighter Futures Housing Association. The Board delegates to various sub-committees responsibility for the implementation of this policy. The Board provides a clear strategic lead and maintains control of the Association's resources, whilst exercising prudent financial management. In March 2015, the Board adopted the National Housing Federation's 'Code of Governance' 2015 Edition.

The Chief Executive is ultimately responsible for the operational management of the Association and is supported by an Executive team of four Directors.

### ACTIVITIES

The Board have adopted six main objectives in terms of its corporate strategy

1. Business Growth, Development and sustainability
2. Developing our people (staff and volunteers) - via training, development and work opportunities. Retaining our Investors In People Award
3. Improved ways of working- investing in technology, ensuring value for money and constantly reviewing our policies and procedures to ensure that they are relevant and robust.
4. Strengthen our Marketing and Promotion via a proactive, professional, accessible, multi-media and targeted marketing approach
5. Continuously Develop our Customer offer – increased opportunities for customer engagement both operationally and strategically, including a focus on peer mentoring, volunteering, training and employment
6. Ensure strong and robust Organisational Management and Governance – continue to ensure compliance with ISO 9001 and HCA regulatory requirements to ensure a high quality standard and consistency service that delivers our values

The four key outcomes for our customers are

1. Supporting people to be healthy and fulfilled,
2. Ensuring people are part of a community,
3. Helping people to value their environment,
4. Empowering people to work and become economically independent.

### ACHIEVEMENTS

The Association was successful in securing funding for two contracts through competitive tender. The contracts secured the provision of a night shelter for the homeless and provision of community rehabilitation services. An



# Brighter Futures Housing Association Limited

## STRATEGIC REPORT

extension to the existing contract for missing persons' project was awarded. This project will be out to competitive tender later in 2016.

In 2012, Stoke-on-Trent was one of fifteen areas invited to bid for Big Lottery Fund Grant to deliver a programme of assistance to people with complex needs (two or more of homelessness, substance misuse, mental health needs and offending). Brighter Futures is the Lead partner in the bid and in 2013/14 the Association was awarded £10 million over 8 years for the "Fulfilling Lives" (VOICES) Project. This will bring together a partnership of local organisations working with people with multiple and complex needs, to ensure that their needs are met and that best practice, based on feedback from customers or 'expert citizens', is disseminated amongst the partners.

Since April 2015, the project has continued to deliver a Service Coordination function to circa 65 individuals with multiple needs at any one time. VOICES has developed a Multiple Needs Charter and a Learning Prospectus to promote system wide change through the partnership in the City for people with multiple needs. The project has continued to support the development of an asset-based community of Expert Citizens that have personal lived experience of multiple needs. They have carried out a number of service reviews relevant to people with multiple needs with the support of VOICES. As part of the business cycle, VOICES has reviewed its activities and produced a revised bi-annual business plan which has been approved by the Big Lottery.

In March 2014, the Association completed on an 8 year revolving credit facility with Lloyds Bank of £2 million. The facility is now fully drawn. The Association is in the process of securing additional funding to support the future development programme.

### FUTURE PLANS

The Board of Management will continue with a strategy of diversifying Brighter Futures' funding through growth in new geographic areas and in developing work with new commissioners in related areas of the sector.

The business growth plan for 2016/17 includes the potential development of 2-3 sites which have full planning approval, and HCA grant awarded on two of them, to be utilised during the period of March 2016- 31st March 2018. The developments will add a further 30-48 units of accommodation for people with multiple and complex needs. We await announcements from Government regarding the proposed future funding model for supported housing across the country planned to be implemented during either 2017/18 or 2018/19, due to the potential impact that this could have on the Association's future development programme.

In addition, the Association continues to work on plans to further upgrade the IT Infrastructure to increase efficiency in the production of management information and provide a vehicle for improved flexible working. Building upon the achievements that have happened this year with the roll out of Sharepoint and Office 365 across the whole Association. The Association will continue to review its assets base, including premises, to ensure that we make the most efficient use of our resources, maximise value for money and to achieve the maximum return on our investment to recycle back into the business to support our core aims, objectives and values.

### VALUE FOR MONEY

The Association's Value for Money Assessment has been reviewed, updated and published on the Association's website in January 2016.

# Brighter Futures Housing Association Limited

## STRATEGIC REPORT

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### RISK MANAGEMENT

The Board of Management conducts regular risk reviews. These reviews examine key risks from every area of the Association's activities. The key financial risk to the Association is that grant contracts may terminate without pre-emptive cost reduction having been achieved. The Board of Management continually review the duration and termination dates of contracts.

In addition the Board of Management keep abreast of all changes in government legislation which has a direct or indirect impact on the Association.

By order of the Board



Lynn Coburn  
Company Secretary  
19<sup>th</sup> July 2016

# Brighter Futures Housing Association Limited

## BOARD REPORT

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### STATEMENT OF BOARD'S RESPONSIBILITIES

The Board are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 Association will continue in business.

The Board are 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 of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### AUDITORS

A full competitive tender was carried out during 2015 for the Association's audit services. This is part of standard tendering timescales set out in the Association's approved Financial Standing Order. Following the tender process Mazars LLP were appointed to provide the Association's audit services.

### DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the Board members at the date of approval of this report has confirmed that:

- As far as 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 as Board members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

### CHARITABLE OBJECTIVE

In accordance with our objectives for this year and with due regard to the published Charity Commission guidance on the operation of the public benefit requirement of the Charities Act 2011, the Trustees have undertaken appropriate activities in furtherance of those aims for the public benefit.

# Brighter Futures Housing Association Limited

## BOARD REPORT

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- the business of providing housing, accommodation, and assistance to help house people and provide associated facilities and amenities for people with multiple and complex needs.
- any other (charitable) object that can be carried out by a Registered Society under the Co-operative and Community Benefits Act 2014, registered with the Homes and Communities Agency.

### OPERATIONAL REVIEW

Total comprehensive income for the year, available for investment in the Association's activities, has decreased to £305,955 (2015: £403,266). Turnover has increased to £7,935,946 (2015: £7,606,763). Operating margins have decreased in the current year due to operating expenditure increasing by 6.3% compared to an increase in overall income of 4.3%. In the main, the higher expenditure was due to the increased use of agency staff during the year. Total comprehensive income for the year is also net of a higher interest payable charge, now that the loan facility is fully drawn. The housing stock has continued to increase with gross spend on housing additions for 2015/16 totalling £1.3m.

The Association's strategic plan to acquire owned, self-contained housing stock has been furthered by the purchase of seven new properties during the year. All of these property purchases were part funded by a capital grant from Stoke-on-Trent City Council amounting to £105k.

The Association was awarded funding under the HCA's Affordable Homes Guarantee Programme in 2013 towards the provision of self-contained accommodation with support for substance misuse to replace the existing hostel at Hopwood House. £333k of the capital spend on housing additions in 2015/16 relates to this development, Furlong Court, which offers provision for 22 units of accommodation. Development of Furlong Court is now complete and all units were occupied, as expected, by June 2015 and Hopwood House was sold in February 2016.

### RESERVES

The Association's policy is to maintain a prudent level of reserves to insure against future liabilities.

The reserves are available to assist the Association to achieve its strategic purpose of helping people recover a sense of self-worth and live in cohesive communities, where their environment increases their feelings of self-worth. In particular, reserves will be used to ensure that development and maintenance are to the highest standard to provide housing quality that demonstrates how highly we value our customers. We continually assess the needs of our customers and provide a range of short and long term housing and support services that are innovative, continually improving our capabilities, people and performance.

### BOARD MEMBERS

The members who have served office from 1 April 2015 to the date of this report unless otherwise stated is as shown on page 1.

### INTANGIBLE ASSETS

Details of changes in intangible assets are given in note 10 of the financial statements.

### TANGIBLE ASSETS

Details of changes in tangible assets are given in notes 11 and 12 of the financial statements.

# Brighter Futures Housing Association Limited

## BOARD REPORT

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### KEY FINANCIAL POLICIES

Where allowed by the Homes and Communities Agency's rent restructuring policy and the Association's target rent plan, rents have increased by CPI plus 1%.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

#### *Cash flow risk*

The Association's activities expose it primarily to the financial risks of changes in interest rates.

#### *Credit risk*

The Association's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Association's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Association uses a long-term debt facility and available short-term cash balances.

### GOING CONCERN

The Association's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to credit, liquidity and cash flow risk are described above.

The Association has adequate financial resources and, as a consequence, the Board believe that the Association is well placed to manage its business risks successfully despite current uncertainties in the social housing sector.

After making enquiries, the Board have a reasonable expectation that the Association have a level of resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### COMPLIANCE WITH THE HCA GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board confirms that the Association is working towards full compliance with the requirements of the revised Governance and Financial Viability Standard applicable for the year from 1 April 2015.

# Brighter Futures Housing Association Limited

## BOARD REPORT

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### INTERNAL CONTROLS ASSURANCE

There is no regulatory requirement for the Board to publish a statement on internal controls assurance as required by the Homes and Communities Agency, but it has decided to do so.

The Board acknowledges its responsibility for the system of internal controls and for reviewing its effectiveness mindful of the objectives of, and risks facing the Association.

The Board confirms that there are ongoing processes for maintaining sound systems of internal control and for managing risks. These processes have been developed during the year and are regularly reviewed by the respective Committees and the Board.

By order of the Board



L Coburn  
Secretary

19<sup>th</sup> July 2016

# Brighter Futures Housing Association Limited

## INDEPENDENT AUDITOR'S REPORT

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We have audited the financial statements of Brighter Futures Housing Association Limited for the year ended 31<sup>st</sup> March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### **Respective responsibilities of the Board and auditor**

As explained more fully in the Statement of the Board's Responsibilities set out on page 5, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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 its members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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<sup>st</sup> March 2016 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

# Brighter Futures Housing Association Limited

## INDEPENDENT AUDITOR'S REPORT

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion;

- the Association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Mazars LLP

Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date: 8 August 2016



# Brighter Futures Housing Association Limited

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Notes	2016 £	2015 £
TURNOVER	1	7,935,946	7,606,763
Less: Operating costs	1	(7,617,358)	(7,165,118)
OPERATING SURPLUS		318,588	441,645
Interest receivable and similar income	5	7,287	8,630
Interest payable and similar charges	6	(91,886)	(47,009)
Surplus on sale of fixed assets	4	71,966	-
SURPLUS FOR THE YEAR	3	305,955	403,266
TOTAL COMPREHENSIVE INCOME		305,955	403,266

The Association's results for the year relate wholly to continuing activities.

# Brighter Futures Housing Association Limited



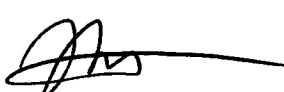
## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2016


	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible assets	10	38,777	25,282
Housing properties	11	9,697,360	8,792,162
Other property, plant and equipment	12	897,438	977,319
		<b>10,633,575</b>	<b>9,794,763</b>
<b>CURRENT ASSETS</b>			
Stock	13	3,339	3,874
Debtors: Due within one year	14	948,552	645,783
Debtors: Due within more than one year	14a	126,075	139,319
Cash at bank and in hand		1,726,950	1,365,009
		<b>2,804,916</b>	<b>2,153,985</b>
<b>CREDITORS: Amounts falling due within one year</b>	15	<b>(1,812,549)</b>	<b>(1,182,889)</b>
<b>NET CURRENT ASSETS</b>		<b>992,367</b>	<b>971,096</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,625,942</b>	<b>10,765,859</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<b>5,604,779</b>	<b>5,050,651</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	49	49
Restricted reserves		-	30,499
Revenue reserves		6,021,114	5,684,660
		<b>11,625,942</b>	<b>10,765,859</b>

The notes on pages 15 to 36 form part of these financial statements.

These financial statements were approved by the Board of Management and authorised for issue on 19<sup>th</sup> July 2016 and were signed on its behalf by:



  
**K Jarrold**  
Chair

**H Evans**  
Board Member

  
**L Coburn**  
Secretary

# Brighter Futures Housing Association Limited

## STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2016

	Revenue Reserve	Restricted Reserve	Total
	£	£	£
At 1 April 2014	5,281,394	30,499	5,311,893
Surplus for the year	403,266	-	403,266
At 31 March 2015	<u>5,684,660</u>	<u>30,499</u>	<u>5,715,159</u>
At 1 April 2015	5,684,660	30,499	5,715,159
Surplus for the year	305,955	-	305,955
Transfer from restricted reserve to revenue reserve	30,499	(30,499)	-
At 31 March 2016	<u>6,021,114</u>	<u>-</u>	<u>6,021,114</u>

# Brighter Futures Housing Association Limited

## STATEMENT OF CASHFLOWS

for the year ended 31 March 2016

	Note	2016	2015
		£	£
NET CASH GENERATED FROM OPERATING ACTIVITIES	19	785,807	619,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(1,356,654)	(2,485,296)	
Proceeds from sale of property, plant and equipment	252,500	-	
Grant received	218,500	658,841	
Interest received	7,340	9,037	
Net cash flows from investing activities		(878,314)	(1,817,418)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(122,942)	(15,288)	
New loans	750,000	1,250,000	
Repayments of borrowings	(153,846)	-	
Loan fees	(18,764)	-	
Net cash flows from financing activities		454,448	1,234,712
Net increase in cash and cash equivalents		361,941	36,803
Cash and cash equivalents at beginning of year		1,365,009	1,328,206
Cash and cash equivalents at end of year		1,726,950	1,365,009

# Brighter Futures Housing Association Limited

## ACCOUNTING POLICIES

for the year ended 31 March 2016

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### BASIS OF ACCOUNTING

Brighter Futures Housing Association Limited is a registered provider of social housing incorporated under the Co-operative and Community Benefit Societies Act 2014 and domiciled in the United Kingdom. The address of its registered office and principal place of business are as disclosed on page 1 of these financial statements.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2015. Brighter Futures Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

### STATEMENT OF COMPLIANCE

This is the first year the Association has prepared its financial statements in accordance with FRS 102, accordingly the financial information as at 1 April 2014 (being the date of transition) and for the year ended 31 March 2015 have been restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 27.

### PROPERTY, PLANT AND EQUIPMENT - HOUSING PROPERTIES

Housing properties are stated at cost less depreciation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings and directly attributable development costs.

Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, over their useful economic lives. Freehold land is not depreciated.

Works to existing housing properties are only capitalised where they result in an enhancement of the economic benefits of those properties or where they relate to the replacement of a pre-identified asset component in accordance with component accounting. Enhancement of the economic benefits is defined as an increase in rental income or reduction in future maintenance costs. Other works such as major repairs, planned maintenance, minor repairs and redecoration are charged to expenditure in the year that they occur.

Sales of properties are recognised on completion of sales contracts.

On disposal of housing property, a General Consent application is made to the Homes and Communities Agency under section 172 of the Housing and Regeneration Act 2008. Any outstanding Social Housing Grant would be recycled in accordance with Homes and Communities Agency regulations.

# Brighter Futures Housing Association Limited

## ACCOUNTING POLICIES

for the year ended 31 March 2016

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### Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Housing structure	-	1.33% on cost
Roofs	-	1.67% on cost
Lifts, bathrooms and kitchens	-	5% on cost
Windows and external doors	-	6.67% on cost
Central heating systems	-	10% on cost

### Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

### Leaseholders

Where the right and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

### NON-HOUSING PROPERTY, PLANT AND EQUIPMENT

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset over its useful economic life, as follows:

Leasehold properties and improvements	-	Over period of lease
Motor vehicles	-	25% on cost
Office equipment	-	15% on net book value
Computer equipment	-	33% on cost
Furniture	-	15% and 25% on net book value
Other freehold properties	-	2% on cost

### INTANGIBLE ASSETS

Intangible assets are stated at historic cost or valuation. Amortisation is provided on all intangible assets at rates calculated to write off the cost or valuation of each asset over its useful economic life, as follows:

Computer software	-	33% on cost
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### IMPAIRMENT OF SOCIAL HOUSING PROPERTIES

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the

# Brighter Futures Housing Association Limited

## ACCOUNTING POLICIES

for the year ended 31 March 2016

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present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

### SOCIAL HOUSING GRANT AND OTHER GOVERNMENT GRANTS

Where grants are received from government agencies such as the Homes and Communities Agency, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation or expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful economic life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Where a donation of land and/or other assets is received or land and/or other assets are acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a liability.

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below their market value from a third party that does not meet the definition of a government source the transaction is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

### RESTRICTED RESERVES

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

### LEASES

At inception the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

#### Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

# Brighter Futures Housing Association Limited

## ACCOUNTING POLICIES

for the year ended 31 March 2016

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Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

### Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

### INTEREST PAYABLE

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

### TAXATION

The Association has been granted charitable status by the HM Revenue and Customs and is therefore exempt from paying Corporation Tax on all activities.

### PENSION COSTS

#### Defined contribution scheme

The Association participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

### TURNOVER

Turnover represents rent and service charges receivable (net rent and service charge losses from voids) and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

### SUPPORTED HOUSING AND OTHER MANAGING AGENTS

Where the Association has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provision of the instrument.

### FINANCIAL ASSETS CARRIED AT AMORTISED COST



# Brighter Futures Housing Association Limited

## ACCOUNTING POLICIES

for the year ended 31 March 2016

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Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and rewards are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for similar debt instrument.

### FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

### CASH AND CASH EQUIVALENTS

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

### VALUE ADDED TAX

The Association is not registered for Value Added Tax (VAT). No VAT is therefore reclaimed and all expenditure is shown inclusive of VAT.

### SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### SIGNIFICANT MANAGEMENT JUDGEMENTS

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 12 PROPERTY, PLANT AND EQUIPMENT - OTHER

	Motor vehicles	Office equipment	Furniture	Improve- ments to leasehold	Freehold properties	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2015	110,744	279,420	233,458	1,443,135	212,639	2,279,396
Additions	-	62,589	-	3,900	-	66,489
At 31 March 2016	110,744	342,009	233,458	1,447,035	212,639	2,345,885
<b>Depreciation</b>						
At 1 April 2015	84,113	215,916	217,647	744,913	39,488	1,302,077
Charge for the year	16,932	51,877	3,655	69,646	4,260	146,370
As at 31 March 2016	101,045	267,793	221,302	814,559	43,748	1,448,447
<b>Net book value</b>						
At 31 March 2016	9,699	74,216	12,156	632,476	168,891	897,438
At 1 April 2015	26,631	63,504	15,811	698,222	173,151	977,319

13	STOCK	2016 £	2015 £
	Replacement furniture and white goods	3,339	3,874

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

14	DEBTORS: Due within One Year	2016 £	2015 £
	Rent and service charges receivable	343,367	187,636
	Less provision for doubtful debts	(97,461)	(24,120)
		<u>245,906</u>	<u>163,516</u>
	Grants receivable	489,773	342,670
	Other debtors	98,059	47,883
	Prepayments and accrued income	100,942	77,504
	Brighter Futures Almshouse Trust Loan	13,872	14,210
		<u>948,552</u>	<u>645,783</u>

No disclosure has been made of the net present value of rent arrears subject to repayment plans as the amount is deemed to be insignificant

14a	DEBTORS: Due within more than one year	2016 £	2015 £
	Brighter Futures Almshouse Trust Loan (see note 26)	126,075	139,319

Brighter Futures Almshouse Trust Loan is for the refurbishment and operation of its properties situated in Bloxwich, Walsall. Repayments began on 1<sup>st</sup> December 2012. The interest rate is 3% fixed for two years, thereafter 4.5% fixed for two years and thereafter 5% fixed.

15	CREDITORS: Amounts falling due within one year	2016 £	2015 £
	Loan (see note 16)	307,692	153,846
	Trade creditors	254,308	220,119
	Rents prepaid	50,919	30,837
	Government grants (see note 16)	112,427	108,172
	Grants received in advance	46,213	133,851
	Other taxation and social security	71,463	69,903
	Pension creditor	-	35,775
	Other creditors	95,891	77,426
	Accruals	203,351	179,418
	Deferred income	670,285	173,542
		<u>1,812,549</u>	<u>1,182,889</u>

Deferred income includes an amount of £646,469 relating to the Voices project, which accounts for timing differences in grant received and matched expenditure.

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 15 CREDITORS: Amounts falling due within one year (Continued)

#### PAYMENTS TO CREDITORS

The following information has been extracted from the Association's creditors payment system.

	2016 Number	2015 Number
Average number of days between receipt and payments of purchase invoices	43	51

### 16 CREDITORS: Amounts falling due after more than one year

	2016 £	2015 £
Government grants	4,136,723	4,007,900
Loan	1,468,056	1,042,751
	<b>5,604,779</b>	<b>5,050,651</b>
<b>GOVERNMENT GRANTS</b>		
As at 1 April 2015	4,116,072	3,329,990
Grants receivable	208,500	882,252
Amortisation to Statement of Comprehensive Income	(75,422)	(96,170)
As at 31 March 2016	<b>4,249,150</b>	<b>4,116,072</b>
Due within one year	<b>112,427</b>	<b>108,172</b>
Due after one year	<b>4,136,723</b>	<b>4,007,900</b>

The loan figure is shown net of prepaid loan arrangements fees of £70,406, which are being amortised over the full term of the loan.

The loan from Lloyds bank is secured by a charge on the Association's property and is repayable at an average fixed rate of interest of 4.96% by instalments as follows:

MATURITY OF DEBT	2016 £	2015 £
In one year or less, or on demand	307,692	153,846
Between one and two years	307,692	307,692
Between two and five years	923,076	615,384
In five years or more	307,694	173,078
	<b>1,846,154</b>	<b>1,250,000</b>

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

17	CALLED UP SHARE CAPITAL	2016 £	2015 £
	At beginning of year	49	49
	Share capital issued in the year	3	1
	Share capital returned in the year	(3)	(1)
		<hr/>	<hr/>
	At end of year	49	49
		<hr/>	<hr/>

The shares have a nominal value of £1 and provide members with the right to vote at general meetings and do not provide any right to dividends or distributions upon winding up.

18	FINANCIAL INSTRUMENTS	2016 £	2015 £
	<b>Financial assets</b>		
	Measured at undiscounted amount receivable		
	Cash held at bank	1,726,950	1,365,009
	Rent arrears and other debtors	1,060,831	745,349
		<hr/>	<hr/>
		2,787,781	2,110,358
		<hr/>	<hr/>
	<b>Financial liabilities</b>		
	Measured at undiscounted amount payable		
	Trade and other creditors	421,662	404,561
	Loan payable	1,846,154	1,250,000
		<hr/>	<hr/>
		2,267,816	1,654,561
		<hr/>	<hr/>

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

19	RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES	2016 £	2015 £		
	Surplus for the year	305,955	403,266		
	<b>Adjustment for non-cash items:</b>				
	Depreciation of property, plant and equipment	350,708	294,908		
	Amortisation of intangible assets	19,096	12,602		
	Decrease in stocks	535	13,905		
	Increase in debtors	(309,448)	(125,637)		
	Increase in creditors	470,933	78,256		
	<b>Adjustments for investing and financing activities:</b>				
	Loss on disposal of property, plant and equipment	(71,966)	-		
	Amortisation of loan fees	10,832	-		
	Government grants utilised in the year	(75,437)	(96,170)		
	Interest payable	91,886	47,009		
	Interest receivable	(7,287)	(8,630)		
	<b>Net cash generated by operating activities</b>	<b>785,807</b>	<b>619,509</b>		
20	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2016 £	2015 £		
	Increase in cash in the year	361,941	36,803		
	New loans	(750,000)	(1,250,000)		
	Cash inflow from change in debt	153,846	-		
	Change in net cash resulting from cash flows	(234,213)	(1,213,197)		
	Net funds at start of year	115,009	1,328,206		
	Net (deficit)/funds at end of year	(119,204)	115,009		
21	ANALYSIS OF CHANGES IN NET FUNDS				
	At 1 April 2015 £	Cash flows £	Other Movements £	At 31 March 2016 £	
	Cash at bank and in hand	1,365,009	361,941	-	1,726,950
	Debt due in one year	(153,845)	153,846	(307,693)	(307,692)
	Debt due after one year	(1,096,155)	-	(442,307)	(1,538,462)
	New Loans	-	(750,000)	750,000	-
		115,009	(234,213)	-	(119,204)

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 22 PENSION OBLIGATION

The Association operates a group personal pension with Standard Life which is a defined contribution scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension cost represents contributions payable by the Association to the fund and amounted to £142,800 (2015: £148,544). Amounts awaiting to be paid at the year-end amounted to £nil (2015: £35,775). The pension scheme is open to all salaried staff and currently 85% of staff are members. The Association's contribution to the scheme ranges from 2% to 6% of salary dependent upon the level of employee contribution and there are no additional costs.

### 23 CAPITAL COMMITMENTS

**2016**  
**£**                      **2015**  
**£**

Capital expenditure contracted for but not provided for in the financial statements

10,152                      550,337

Capital expenditure authorised but not yet contracted for in the financial statements

3,262,918                      3,666,785

Capital commitments will be funded in part through the receipt of £933,000 of Social Housing Grant from the Homes and Communities Agency.

### 24 OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases are as follows:

	<b>Land and buildings £</b>	<b>2016 Other £</b>	<b>Land and buildings £</b>	<b>2015 Other £</b>
Operating leases payments due:				
Within one year	135,160	3,806	130,365	3,815
Within one to two years	131,260	1,680	134,962	3,806
Within two to five years	359,947	1,104	374,522	5,949
After five years	368,229	-	484,928	-
	<b>994,596</b>	<b>6,590</b>	<b>1,124,777</b>	<b>13,570</b>

### 25 LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 registered with the Homes and Communities Agency.

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016

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### 26 RELATED PARTY TRANSACTIONS

Brighter Futures Housing Association is the corporate trustee of Brighter Futures Almshouse Trust. The Trust is a separate entity registered with the Charity Commission in England under charity number 216315. All transactions with the Trust are conducted on an arm's length basis and the Trust is under independent control and makes independent decisions. Brighter Futures Housing Association has charged housing management and accounting services to the Trust during the year to the value of £7,975 (2015: £7,975).

The results of the Almshouse Trust are not consolidated within the financial statements of Brighter Futures Housing Association Limited as they are deemed immaterial to the group.

Brighter Futures Housing Association made a loan to the Brighter Futures Almshouse Trust of £190,000 for the refurbishment of its properties (note 14). At the year end the balance outstanding was £139,947 (2015: £153,529).

### 27 EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Association has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

In carrying out the transition to FRS 102, the Group has not applied any of the optional exemptions as permitted by Section 35 Transition to this FRS.



# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### TRANSITION TO FRS102

#### RECONCILIATION OF NET ASSETS AND RESERVES AT 1 APRIL 2014

	UK GAAP as previously reported	Reclassificat ion of designated reserves	Reclassificat ion of fixed assets	Reclassificat ion of SHG to liabilities	Adjustment to depreciation on fixed assets to I&E	Release of SHG to Income & Expenditure	FRS102
	£	£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Intangible assets	-	-	21,920	-	-	-	21,920
Property, plant & equipment	4,796,560	-	(21,920)	3,151,068	(320,680)	-	7,605,028
<b>Total fixed assets</b>	<b>4,796,560</b>	<b>-</b>	<b>-</b>	<b>3,151,068</b>	<b>(320,680)</b>	<b>-</b>	<b>7,626,948</b>
<b>CURRENT ASSETS</b>							
Stock	17,779	-	-	-	-	-	17,779
Trade and other receivables	694,882	-	-	-	-	-	694,882
Cash	1,328,206	-	-	-	-	-	1,328,206
<b>Total current assets</b>	<b>2,040,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,040,867</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	764,475	-	-	-	-	-	764,475
Deferred income	298,335	-	-	58,712	-	-	357,047
<b>Total current liabilities</b>	<b>1,062,810</b>	<b>-</b>	<b>-</b>	<b>58,712</b>	<b>-</b>	<b>-</b>	<b>1,121,522</b>
<b>Net current assets</b>	<b>978,057</b>	<b>-</b>	<b>-</b>	<b>(58,712)</b>	<b>-</b>	<b>-</b>	<b>919,345</b>
<b>Total assets less current liabilities</b>	<b>5,774,617</b>	<b>-</b>	<b>-</b>	<b>3,092,356</b>	<b>(320,680)</b>	<b>-</b>	<b>8,546,293</b>
<b>NON-CURRENT LIABILITIES</b>							
Deferred income	462,682	-	-	3,092,356	-	(320,680)	3,234,358
<b>Total assets less current liabilities</b>	<b>462,682</b>	<b>-</b>	<b>-</b>	<b>3,092,356</b>	<b>-</b>	<b>(320,680)</b>	<b>3,234,358</b>
<b>CAPITAL AND RESERVES</b>							
Share capital	49	-	-	-	-	-	49
Designated reserves	778,979	(778,979)	-	-	-	-	-
Restricted reserves	117,216	-	-	-	-	-	117,216
Revenue reserves	4,415,691	778,979	-	-	(320,680)	320,680	5,194,670
<b>Total capital and reserves</b>	<b>5,311,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(320,680)</b>	<b>320,680</b>	<b>5,311,935</b>
<b>TOTAL</b>	<b>5,774,617</b>	<b>-</b>	<b>-</b>	<b>3,092,356</b>	<b>(320,680)</b>	<b>-</b>	<b>8,546,293</b>

# Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2016

## TRANSITION TO FRS102

### RECONCILIATION OF NET ASSETS AND RESERVES AT 1 APRIL 2015

	UK GAAP as previously reported	Reclassificat ion of designated reserves	Reclassificat ion of fixed assets	Reclassificat ion of SHG to liabilities	Adjustment to depreciation on fixed assets to I&E	Release of SHG to Income & Expenditure	FRS102
	£	£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Intangible assets	-	-	25,282	-	-	-	25,282
Property, plant & equipment	6,150,836	-	(25,282)	4,023,320	(379,393)	-	9,769,481
<b>Total fixed assets</b>	<b>6,150,836</b>	<b>-</b>	<b>-</b>	<b>4,023,320</b>	<b>(379,393)</b>	<b>-</b>	<b>9,794,763</b>
<b>CURRENT ASSETS</b>							
Stock	3,874	-	-	-	-	-	3,874
Trade and other receivables	785,102	-	-	-	-	-	785,102
Cash	1,365,009	-	-	-	-	-	1,365,009
<b>Total current assets</b>	<b>2,153,985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,153,985</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	824,133	-	-	-	-	-	824,133
Deferred income	133,851	-	-	71,059	-	-	204,910
Loans and borrowings	153,846	-	-	-	-	-	153,846
<b>Total current liabilities</b>	<b>1,111,830</b>	<b>-</b>	<b>-</b>	<b>71,059</b>	<b>-</b>	<b>-</b>	<b>1,182,889</b>
<b>Net current assets</b>	<b>1,042,155</b>	<b>-</b>	<b>-</b>	<b>(71,059)</b>	<b>-</b>	<b>-</b>	<b>971,096</b>
<b>Total assets less current liabilities</b>	<b>7,192,991</b>	<b>-</b>	<b>-</b>	<b>3,952,261</b>	<b>(379,393)</b>	<b>-</b>	<b>10,765,859</b>
<b>NON-CURRENT LIABILITIES</b>							
Loans and borrowings	1,042,751	-	-	-	-	-	1,042,751
Deferred income	435,032	-	-	3,952,261	-	(379,393)	4,007,900
<b>Total assets less current liabilities</b>	<b>1,477,783</b>	<b>-</b>	<b>-</b>	<b>3,952,261</b>	<b>-</b>	<b>(379,393)</b>	<b>5,050,651</b>
<b>CAPITAL AND RESERVES</b>							
Share capital	49	-	-	-	-	-	49
Designated reserves	934,306	(934,306)	-	-	-	-	-
Restricted reserves	30,499	-	-	-	-	-	30,499
Revenue reserves	4,750,354	934,306	-	-	(379,393)	379,393	5,684,660
<b>Total capital and reserves</b>	<b>5,715,208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(379,393)</b>	<b>379,393</b>	<b>5,715,208</b>
<b>TOTAL</b>	<b>7,192,991</b>	<b>-</b>	<b>-</b>	<b>3,952,261</b>	<b>(379,393)</b>	<b>-</b>	<b>10,765,859</b>

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### TRANSITION TO FRS102

#### RECONCILIATION OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 MARCH 2015

	UK GAAP as previously reported £	Release of SHG to income & expenditure £	Increase in depreciation under FRS 102 £	FRS 102 £
Turnover	7,548,050	58,713	-	7,606,763
Operating expenditure	(7,106,405)	-	(58,713)	(7,165,118)
<b>Operating surplus</b>	<b>441,645</b>	<b>58,713</b>	<b>(58,713)</b>	<b>441,645</b>
Interest receivable and similar income	8,630	-	-	8,630
Interest payable and similar charges	(47,009)	-	-	(47,009)
<b>Surplus on ordinary activities for the year</b>	<b>403,266</b>	<b>58,713</b>	<b>(58,713)</b>	<b>403,266</b>
Release from reserves	(68,610)	-	-	(68,610)
<b>Total comprehensive income for the year</b>	<b>334,656</b>	<b>-</b>	<b>-</b>	<b>334,656</b>

### Holiday pay accrual

FRS 102 requires short term employee benefits to be charged in surplus or deficit to the Statement of Comprehensive Income as the employee service is received. This has resulted in the Association recognising a liability for holiday pay of £27,445 on transition to FRS 102. In 2015/16 £23,890 holiday pay accrual was recognised in the accounts.

### Other Adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect the surplus for the financial year, the following adjustments have arisen which have had no effect on net reserves or Statement of Comprehensive Income but which have affected the presentation of these items on the Statement of Financial Position. The main items are:

#### (a) Computer software

Computer software, with a net book value of £25,282 at 1 April 2014, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the Associations net assets nor on the surplus for the year, except that the previous depreciation charge is now described as amortisation.

#### (b) Statement of cash flows

The Associations cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value'

# Brighter Futures Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

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whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive.