

Annual Return (AR30) form

Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register

<https://mutuals.fca.org.uk>.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 2 – About this application

Society name	Brighter Futures Housing Association Limited
Register number	21244R
Registered address	5 Whittle Court, Town Road, Hanley, Stoke-on-Trent, Staffordshire
Postcode	ST1 2QE

2.1 What date did the financial year covered by these accounts end?

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Section 3 – People

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers. Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
Sarah Hill	April	1952
Joanne Kennedy-Reardon	December	1968
Rachel Barber	December	1969
Fern Basnett	March	1961
Andrew Bell	January	1960
Suzanne Carr	May	1963
Pam Carter	April	1960
Olwen Hamer	October	1968

Continue on to a separate sheet if necessary.

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over ☒

3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified ☒

3.4 Please state any close links which any of the directors has with any society, company or authority. 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Rachel Barber: Non-Executive Director with A2 Dominion and Onward

Joanne Kennedy Reardon – Non-Executive Director with Equity Housing

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers. Societies must have a secretary.

Name of secretary	Month and year of birth
Lynn Coburn	1958

Section 4 – Financial information

4.1 Please confirm that:

accounts are being submitted with this form ☒

the accounts comply with relevant statutory and accounting requirements ☒

the accounts are signed by two members and the secretary (3 signatures in total) ☒

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	50
Turnover	£7,250,806
Assets	£14,776,323
Number of employees (if any)	188
Share capital	£50
Highest rate of interest paid on shares (if any)	N/A

4.3 What Standard Industrial Classification code best describes the society's main business? Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: <http://resources.companieshouse.gov.uk/sic/>

68201

Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance: <https://www.fca.org.uk/publication/finalised-guidance/fq15-12.pdf>

5.1 Please select the audit option the society has complied with:

- | | |
|----------------------------------|-------------------------------------|
| Full professional audit | <input checked="" type="checkbox"/> |
| Auditor's report on the accounts | <input type="checkbox"/> |
| Lay audit | <input type="checkbox"/> |
| No audit | <input type="checkbox"/> |

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements ☒

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

- Yes ☒
- Not applicable ☐

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

Yes ☒

No ☐

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

Not applicable ☒

OSCR number:	
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5.6 Is the society a housing association?

No ☐ Go to **section 6**

Yes ☒ Go to question **5.7**

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

		Registration number
Homes and Communities Agency	<input checked="" type="checkbox"/>	H4315
Scottish Housing Regulator	<input type="checkbox"/>	
The Welsh Ministers	<input type="checkbox"/>	
Department for Communities (Northern Ireland)	<input type="checkbox"/>	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☐

No ☒

6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes ☐ Continue to question 6.3

No ☒ Continue to Section 7

6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name

6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion

Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 7A - Co-operative societies

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

7A.1 What is the business of the society? For example, did you provide housing, manufacture goods, develop IT systems etc.

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7A.2 Please describe the members' common economic, social and cultural needs and aspirations. In answering this question, please make sure it is clear what needs and aspirations members had in common.

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7A.3 How did the society's business meet those needs and aspirations?

You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

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7A.4 How did members democratically control the society? For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

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7A.5 What did the society do with any surplus or profit? For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

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Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society? For example, did you provide social housing, run an amateur sports club etc.

Brighter Futures is a 'pre-commencement society' [previously referred to as an Industrial and Provident Society]. We are a charitable organisation providing support to people who require extra help to live more independent and fulfilled lives.

We are a registered provider of social housing offering community-based support and accommodation.

7B.2 Please describe the benefits to the community the society delivered? Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

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 our 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.

7B.3 Please describe how the society's business delivered these benefits? The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.

Benefits to the community included: Catering Network provided 100 lunches to help fight holiday hunger and 80 Christmas lunches; Clubhouse Network received 19,500 member visits, 434 customers had health screening and advice, 226 customers engaged in physical activity; Homeless Hostel supported 190 customers with complex needs to move away from homelessness; Respite short stay accommodation received 763 referrals and over 50% supported to reduce self-harm actions; Furlong Court helped 36 customers through detox and supported 12 customers to volunteer with services in the city; Staffordshire Mental Health Helpline had over 28000 contacts including 2995 instant messages, 13745 texts and 11939 telephone calls; Rough Sleepers Team accommodated 278 people sleeping rough; provided 69 people with accommodation through the severe weather emergency provision via our hostel

and secured funding to purchase and operate a community outreach vehicle; Adult sex workers delivered 178 outreach sessions and provided 290 individual 1-2-1 sessions; Our Women's Programme working with Community Rehabilitation Company (CRC) or National Probation Service (NPS) took 155 referrals; Property Services team undertook 2772 maintenance repairs; Volunteering - 5605 hours volunteered with 10 customers gained employment or further education.

7B.4 Did the society work with a specific community, and if so, please describe it here? For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

Brighter Futures operate primarily within Stoke-on-Trent and Staffordshire. We also have 11 Almshouse units in Walsall providing mental health support.

7B.5 What did the society do with any surplus or profit? For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?


Our 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 31st March 2018 there were 297 units of accommodation in management of which 201 were owned (67%) by Brighter Futures. Our portfolio of owned accommodation continues to be funded through a mix of Social Housing Grant and the re-investment of surpluses/reserves.

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest. Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

N/A

Section 8– Declaration

The secretary of the society must complete this section.

Name	Paul Cooper
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature	
Position	Director of Finance/Business Support and Company Secretary
Date	30 th October 2019

Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: mutualsannrtns@fca.org.uk.

Or you can post the form to:

Mutual Societies
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

This form is available on the Mutuels Society Portal:
<https://societyportal.fca.org.uk>

Registered as a Limited Company in England and Wales No. 1920623. Registered office as above.

**Brighter Futures Housing Association
Limited**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 March 2019

Brighter Futures Housing Association Limited

CONTENTS

MEMBERS AND ADVISORS	1
STRATEGIC REPORT	2
BOARD REPORT	6
INDEPENDENT AUDITOR'S REPORT	10
STATEMENT OF COMPREHENSIVE INCOME	13
STATEMENT OF FINANCIAL POSITION	14
STATEMENT OF CHANGES IN RESERVES	15
STATEMENT OF CASH FLOWS	16
ACCOUNTING POLICIES	17
NOTES TO THE FINANCIAL STATEMENTS	22

Brighter Futures Housing Association Limited

MEMBERS AND ADVISORS

BOARD OF MANAGEMENT

Sarah Hill – Chair

Suzanne Carr – Vice Chair (Elected 25/09/2018)

Joanne Kennedy-Reardon – Hon Treasurer (Elected 25/09/2018)

Helena Evans [ex-officio]

Olwyn Hamer

Rachel Barber (Elected 25/09/2018)

Fern Basnett (Elected 25/09/2018)

Andrew Bell (Elected 25/09/2018)

Pamela Carter (Elected 25/09/2018)

Steve Rowley – Hon Treasurer (Resigned 25/09/2018)

Helen Rowley (Resigned 25/09/2018)

SECRETARY

P Cooper

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

36-38 New Street

Birmingham

B2 4LP

Brighter Futures Housing Association Limited

STRATEGIC REPORT

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 2019.

PRINCIPAL ACTIVITY

Brighter Futures Housing Association Limited provides support to people who require extra help to live more independent and fulfilled lives. We are a registered provider of social housing, a training agency, an employment support service and community-based support and accommodation 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 Stoke-on-Trent and 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 Leadership team of four Directors and five Heads of Service.

ACTIVITIES

The Board have adopted three key objectives in terms of its corporate strategy

1. Delivering Existing Services and continuously developing the customer offer by:
 - Increasing opportunities for customer engagement both at a service level and strategically
 - Increasing opportunities for peer mentoring, volunteering, co-production, advocacy and training and development
 - Improving links between services and local communities
2. Improving the running of the Organisation by:
 - Developing our people
 - Improving ways of working with a focus on integrated information and communication technology
 - Strengthening organisational management and governance
3. Building growth and sustainability and strengthening marketing and promotion by:
 - Diversification both geographically and by service offer
 - Increased partnership working and widening the commissioning base
 - Increase and improve the property portfolio
 - Development and accreditation of in-house services to trade externally
 - Strengthening marketing and promotion to support the growth strategy

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, volunteer and/ or train and become economically independent.

Brighter Futures Housing Association Limited

STRATEGIC REPORT

ACHIEVEMENTS

The Association was successful in securing funding for the following services;

- Additional funding via the National Rough Sleepers Initiative funding to increase the outreach provision, along with a citywide co-ordination role, and additional support to a night shelter during the winter months was secured
- New funding was secured to extend our mental health clubhouse model within the south of the city of Stoke-on-Trent to include outreach linked to identified schools and GP practices
- A 3-year funding agreement via the VOICES Partnership Board to roll-out a Housing First service to help to reduce homelessness across Stoke-on-Trent, where Brighter Futures are the lead provider in this partnership commenced during 2018/19
- Capital funding was received to provide an outreach vehicle in partnership with other agencies.
- New funding via the Ministry of Justice to support working with women on release from prison was awarded to Brighter Futures during 2018/19

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.

As at the end of March 2019, VOICES have 81 people active on the project and 16 volunteers including peer mentors. We have been leaders in a range of initiatives designed to influence local policy, systems and practice through evidence-based research. This includes an analysis of the project's benefits in terms of reduced use of emergency and other public services by our customers.

VOICES has again coproduced and commissioned a learning programme for partner organisations and volunteers which is now available for on-line booking three months in advance. This includes an accredited Peer Mentoring course in collaboration with Staffordshire University. VOICES continue to work closely with our partners at Expert Citizens CIC who have been commissioned by the project to evaluate partner services and continue to work to improve access for people experiencing multiple needs to primary care as well as other services. VOICES continue to work with a Housing First service delivered by Brighter Futures, Arch, and Expert Citizens in the city through our systems change prospectus and play an active role in several strategic groups including the Homelessness Forum, the City Centre Task & Finish Group, the Rough Sleepers Action Group, the Multi-Agency Resolution Group, the Hardship Commission, and the Cooperative Working Partnership. We are also part of the emerging Collaborative Network that will replace the Cooperative Working partnership this coming year.

Key projects supported through the Systems Change process has resulted in funding amounting to approximately £1 million to be committed over a three-year period.

In September 2018, the Association completed a re-finance exercise with Lloyds Bank of £5 million over 25-years. The previous £2m facility was consolidated into this arrangement and the remaining £3 million will be available to support the future development expansion of the Organisation.

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 commissioners and partners in related areas of the sector.

Brighter Futures Housing Association Limited

STRATEGIC REPORT

The business growth plans for 2017- 2019 included the potential development of 2-3 sites which have previously had full planning approval, and Homes England grant allocated on two of them, with scope to revisit the allocated amount based upon revised development / build costs due to the time delay with the progression of these developments. The developments could potentially add a further 30-48 units of accommodation for people with multiple and complex needs. Like many Housing Associations, prior to proceeding any further with the developments, we had been awaiting announcements from Government regarding the proposed future revenue funding model for supported housing across the country, planned to be implemented from April 2019 / April 2020. This subsequently changed during 2018/19, with it appearing that for the foreseeable future revenue funding for supported accommodation will remain as it has been for some time within Housing Benefit funding as opposed to Universal Credit. On this basis, and with the recent recruitment of our new Head of Property Services and Development, we are able to review our development options and programme for 2019-2021.

To strengthen our asset base, we have been successful in an award of grant funding from Stoke-on-Trent City Council which provides some match funding towards increasing our housing stock during the year. We have planned to acquire a further 32 properties over a two-year period from 2019/20 – 2020/21 through this funding stream.

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. 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

Alongside the changes to the Value for Money Standard, the Regulator of Social Housing has introduced a limited number of metrics to measure economy, efficiency and effectiveness on a comparable basis across the sector.

Below are Brighter Futures results for the current and prior financial year compared to the smaller providers benchmarking group median score.

VFM Metric		2018/19	2017/18	SPBM Median 2018
Reinvestment	Efficiency	0.7%	2.5%	4.14%
New supply delivered- social housing	Effectiveness	0.3%	1.1%	0
Gearing	Efficiency	(5.0%)	(0.3%)	19.92%
EBITDA MRI (Interest Cover)	Efficiency	413.0%	527.1%	297.48%
Headline social housing cost per unit	Economy	£14,536	£14,131	£4,258
Operating Margin – social housing lettings	Efficiency	5.6%	6.4%	26.4%
Operating margin – overall	Efficiency	3.9%	2.6%	22.26%
ROCE	Efficiency	2.2%	1.6%	3.44%

There is a great deal of diversity amongst smaller providers both in the type of housing they provide and in their overall business model. Brighter Futures portfolio consists entirely of supported housing and several support schemes to help adults with a high level of multiple and complex needs. These include tenants with serious addiction issues, homelessness, ex-offending history, mental health issues and adults with learning disabilities. In recent years we have seen an increase in frailty amongst our tenants, with the rising issues relating to homelessness and the impact that this has had upon physical, mental health and increasing issues relating to serious drug and alcohol related addictions.

Our headline social housing costs per unit, operating margins and return on capital employed show the impact of the level of cost involved in providing intense services and the differential is clear when comparing with SPBM.

Brighter Futures Housing Association Limited

STRATEGIC REPORT

During 2018/19 there has been investment in renewing and upgrading IT systems and hardware to accommodate more flexible and agile ways of working to improve efficiency and effectiveness. This will continue into 2019/20 along with a plan to re-tender a number of contracts and reduce our cost base by procuring through established framework facilities, without compromising quality of service.

During 2018/19 we have refinanced the business to accommodate the future development program, drawing £2m of the £5m facility. Interest cover is healthy at 413%.

Many Organizations' in the sector, including Brighter Futures, have delayed their development plans during 2017-2019 as a prudent measure, awaiting the outcome of the consultation on the proposed future model for Supported Housing, which was made during August 2018. The results of this delay are reflected in the reinvestment VFM metric for this financial year and prior.

Brighter Futures will progress the development program in 2019-2021 supported by loan finance and secured additional funding through Stoke-on-Trent City Council capital receipts to support supply of an additional 32 units from 2019/20 to 2020/21 as part of this plan.

RISK MANAGEMENT

The Board of Management conducts regular risk reviews, examining key risks identified from the Association's activities and the climate within which we operate. In addition, the Board of Management keep abreast of all changes in government legislation which has a direct or indirect impact on the Association.

In our Corporate Strategy 2016-2020 Brighter Futures committed to 'Strengthening risk management, performance management processes and reporting'. The Executive Leadership Team have undertaken to assure the Board in key strategic areas:

1. Financial Viability
2. Housing Operations (including asset management and support)
3. Regulatory/Compliance
4. Development
5. New Business (completely new business – not growth)
6. Reputation
7. People
8. Inorganic Growth (by merger, stock transfer and acquisitions)

To support continuous improvement in this area, the Organisation has invested in a new risk management system which both enables and enhances management's ability to monitor and measure overall exposure to risk and examine the effectiveness of its control environment at all levels through multiple tailored reporting options.

The Risk Management system will provide the Organisation with a complete picture of the organisation's risk, mitigation and assurance profile enabling robust company-wide risk management.

Brighter Futures recognises that risk is unavoidable and places high importance on the need to manage risk to a level which is tolerable. Risk appetite and exposure is regularly reviewed at Board level, adjusted according to the variability of the internal and external environment and recorded and monitored on the Risk Management Summary.

By order of the Board



Paul Cooper

Company Secretary

10th July 2019

Brighter Futures Housing Association Limited

BOARD REPORT

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 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.

The next competitive tender exercise is planned for July 2019.

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 to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Brighter Futures Housing Association Limited

BOARD REPORT

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.

- 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 England.

OPERATIONAL REVIEW

Total comprehensive income for the year, available for investment in the Association's activities, has increased to £163,521 (2018: £101,659). Turnover has increased to £7,250,806 (2018: £6,903,335). Operating margins have increased in the current year due to an increase in overall income of 5.0% compared to an increase in overall operating expenditure of 3.6%. Total comprehensive income is also affected by a recorded deficit of £2,969 on disposal of fixed assets (2018: deficit 6,801) and higher interest payable and similar costs of £130,343 (2018: £79,372) due to expenditure associated with the re-financing exercise.

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 2018 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

KEY FINANCIAL POLICIES

Where allowed by the Regulator of Social Housing rent restructuring policy and the Association's target rent plan, rents have decreased by 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, consequently, 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.

EFFECT OF THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

The Board do not anticipate that the withdrawal of the United Kingdom from the European Union will have any material impact on the business of the company.

COMPLIANCE WITH THE RSH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board certifies full compliance with the requirements of the Governance and Financial Viability Standard.

INTERNAL CONTROLS ASSURANCE

There is no regulatory requirement for the Board to publish a statement on internal controls assurance as required by the Regulator of Social Housing, 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.

Brighter Futures Housing Association Limited

BOARD REPORT

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



P Cooper
Secretary

10th July 2019

Brighter Futures Housing Association Limited

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Brighter Futures Housing Association Limited (the 'association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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 are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Boards' view on the impact of Brexit is disclosed on page 8.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the Association's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Association as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Association's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Association and this is particularly the case in relation to Brexit.

Brighter Futures Housing Association Limited

INDEPENDENT AUDITOR'S REPORT

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Brighter Futures Housing Association Limited

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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 the association's members as a body for our audit work, for this report, or for the opinions we have formed.

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

Date:

Brighter Futures Housing Association Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2019

	Notes	2019 £	2018 £ Restated
TURNOVER	1	7,250,806	6,903,335
Less: Operating costs	1	(6,971,423)	(6,726,679)
OPERATING SURPLUS		279,383	176,656
Interest receivable and similar income	5	17,450	11,176
Interest payable and similar charges	6	(130,343)	(79,372)
Deficit on disposal of fixed assets	4	(2,969)	(6,801)
SURPLUS FOR THE YEAR	3	163,521	101,659
TOTAL COMPREHENSIVE INCOME		163,521	101,659

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

There was no other comprehensive income for 31 March 2019 (31 March 2018: £NIL)

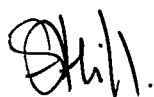
Brighter Futures Housing Association Limited

STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	10	26,555	16,170
Housing properties	11	10,207,630	10,343,797
Other property, plant and equipment	12	929,720	836,395
		<u>11,163,905</u>	<u>11,196,362</u>
CURRENT ASSETS			
Stock	13	5,489	10,030
Debtors: Due within one year	14	1,123,960	1,224,373
Debtors: Due within more than one year	14a	81,190	96,901
Cash at bank and in hand		2,401,779	1,183,209
		<u>3,612,418</u>	<u>2,514,513</u>
CREDITORS: Amounts falling due within one year	15	<u>(2,321,769)</u>	<u>(2,423,582)</u>
NET CURRENT ASSETS		<u>1,290,649</u>	<u>90,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,454,554</u>	<u>11,287,293</u>
CREDITORS: Amounts falling due after more than one year	16	<u>(5,988,223)</u>	<u>(4,965,189)</u>
NET ASSETS		<u>6,466,331</u>	<u>6,322,104</u>
CAPITAL AND RESERVES			
Called up share capital	17	50	50
Restricted reserves		-	-
Revenue reserves		6,466,281	6,322,054
		<u>6,466,331</u>	<u>6,322,104</u>

The notes on pages 22 to 33 form part of these financial statements.

These financial statements were approved by the Board of Management and authorised for issue on 10 July 2019 and were signed on its behalf by:



S Hill
Chair



H Evans
Board Member



P Cooper
Secretary

Brighter Futures Housing Association Limited

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2019

	Revenue Reserve	Total
	£	£
At 1 April 2017	6,217,770	6,217,770
Transfer to Reserves	2,625	2,625
Surplus for the year	101,659	101,659
At 31 March 2018	6,322,054	6,322,054

	Revenue Reserve	Total
	£	£
At 1 April 2018	6,322,054	6,322,054
Transfer from Reserves	(19,294)	(19,294)
Surplus for the year	163,521	163,521
At 31 March 2019	6,466,281	6,466,281

Brighter Futures Housing Association Limited

STATEMENT OF CASHFLOWS

for the year ended 31 March 2019

	Note	2019	2018
		£	£
NET CASH GENERATED FROM OPERATING ACTIVITIES	19	809,986	Restated 763,327
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(299,742)	(366,702)	
Proceeds from sale of property, plant and equipment	955	-	
Grant received	131,797	38,915	
Interest received	17,450	11,176	
Net cash flows used in investing activities		(149,540)	(316,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(76,230)	(72,250)	
New Loan	2,000,000	-	
Repayments of borrowings	(1,230,769)	(307,692)	
Loan fees	(134,877)	(23,652)	
Net cash flows used in financing activities		558,124	(403,594)
Net increase in cash and cash equivalents		1,218,570	43,122
Cash and cash equivalents at beginning of year		1,183,209	1,140,087
Cash and cash equivalents at end of year		2,401,779	1,183,209

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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

The Association has prepared its financial statement in accordance with FRS 102 for the year ended 31 March 2019.

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 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 England under section 172 of the Housing and Regeneration Act 2008. Any outstanding Social Housing Grant would be recycled in accordance with Homes England regulations.

Housing properties currently securitised against borrowings amount to £5,648,308 (2018: £2,011,299)

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

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 a straight line basis
Roofs	-	1.67% on a straight line basis
Lifts, bathrooms and kitchens	-	5% on a straight line basis
Windows and external doors	-	6.67% on a straight line basis
Central heating systems	-	10% on a straight line basis
Boilers	-	10% on a straight line basis

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 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 a straight line basis
Office equipment	-	15% on a straight line basis
Computer equipment	-	33% on a straight line basis
Furniture	-	25% on net book value
Other freehold properties	-	2% on a straight line basis

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 a straight line basis
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Amortisation is recognised within operating costs in the Statement of Comprehensive Income.

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

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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 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 Homes England, 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.

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. The Association is only entered into arrangements which are deemed to be operating leases.

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.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

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 based on 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

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.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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.

STOCK

Stock comprises of replacement furniture and white goods. Stock is recognised at the lower of cost and net realisable value.

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. Management are of the opinion that there are no key areas of estimation uncertainty.

Impairment of social housing properties

The Association should make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

1 TURNOVER AND OPERATING SURPLUS

	2019			2018		
	Social housing lettings	Other social housing activities	Total	Social housing lettings	Other social housing activities	Total Restated
<i>Income and expenditure</i>						
Grant and rent income	4,207,723	2,726,335	6,934,058	4,112,836	2,465,674	6,578,510
Other income	194,587	122,161	316,748	195,199	129,626	324,825
TOTAL TURNOVER	4,402,310	2,848,496	7,250,806	4,308,035	2,595,300	6,903,335
Operating costs	(4,157,429)	(2,813,994)	(6,971,423)	(4,027,366)	(2,699,313)	(6,726,679)
OPERATING SURPLUS	244,881	34,502	279,383	280,669	(104,013)	176,656

2 SOCIAL HOUSING LETTINGS – SUPPORTED HOUSING

	2019 £	2018 £
INCOME FROM MANAGED ACCOMMODATION		
Rents receivable net of identifiable service charges	3,317,652	3,085,659
Service charges receivable	204,817	206,468
NET RENTS RECEIVABLE	3,522,469	3,292,127
Grants from local authorities and other agencies	815,468	952,157
HE amortised grant	64,373	63,751
TOTAL INCOME FROM MANAGED ACCOMMODATION	4,402,310	4,308,035
EXPENDITURE ON MANAGED ACCOMMODATION		
Staff salaries	2,588,877	2,553,240
Bad debts	52,469	39,135
Services costs	465,452	403,338
Maintenance costs	255,301	239,626
Finance costs	198,677	214,282
Management costs	908,034	993,052
Development costs	-	6
Contribution from other activities	(311,381)	(415,313)
TOTAL EXPENDITURE ON MANAGED ACCOMMODATION	4,157,429	4,027,366
OPERATING SURPLUS FROM MANAGED ACCOMMODATION	244,881	280,669
Rent losses from voids	(190,177)	(199,634)

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

2 SOCIAL HOUSING LETTINGS – SUPPORTED HOUSING (continued)

Included in rent loss from voids is an amount of £13,797 relating to a property that was a managed property vacated in readiness to return to the landlord.

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

	2019 Number	2018 Number
Supported Housing: -		
Owned units	201	193
Managed units	85	92

There was 1 unit in development at the year end.

3	SURPLUS FOR THE YEAR	2019 £	2018 £
	Surplus for the year is stated after crediting:		
	Amortisation of capital grants	89,739	108,891
	and after charging:		
	Amortisation of intangible fixed assets (note 10)	13,075	12,313
	Depreciation of housing properties (note 11) – owned assets	213,959	212,882
	Depreciation of other tangible fixed assets (note 12) – owned assets	101,241	107,441
	Auditor's remuneration (exc. of VAT)	14,100	13,500
	Operating leases - plant and machinery	4,035	4,767
	- other	171,284	182,217

4	(DEFICIT)/SURPLUS ON DISPOSAL OF FIXED ASSETS	2019 £	2018 £
	Sale proceeds	955	-
	Cost of disposal	(3,924)	(6,801)
	Deficit on disposal	(2,969)	(6,801)

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

5	INTEREST RECEIVABLE AND SIMILAR INCOME	2019 £	2018 £
	Interest receivable	17,450	Restated 11,176

6	INTEREST PAYABLE AND SIMILAR CHARGES	2019 £	2018 Restated £
	Loan interest	130,343	79,372

Loan interest for 2019 includes loan breakage fees of £17,610, unamortised loan fees £32,042 relating to the consolidation and re-financing of debt and amortisation of new loan fees of £4,289

7	STAFF COSTS	2019 £	2018 £
	Staff costs including directors:		
	Wages and salaries	3,649,576	3,609,236
	Social security costs	269,897	267,275
	Pension costs	121,010	107,316
		4,040,483	3,983,827

	Number	Number
Average full-time equivalent staff employed	144	149

The calculation for full time equivalents is based on a full-time working week of 37 hours.

Absolute average number of staff employed	188	194
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The number of staff whose emoluments fell within the following bands was:

	2019 Number	2018 Number
£80,001 - £90,000	1	1

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

8	DIRECTORS' EMOLUMENTS	2019 £	2018 (restated) £
	Emoluments of the Senior Management Team (inc pension contributions)	420,738	327,785

The highest paid director during the year received emoluments of £91,290 (2018: £80,934).

The Chief Executive is an ordinary member of the defined contribution scheme detailed in note 22 Brighter Futures contribute 3% of salary into the fund. No enhanced or special terms apply.

Expenses paid to Board Members during the year were nil (2018: £610).

The Chair Person was paid under a contract of service during the year. Payments totalled £10,533 (2018: £10,000).

9	TAXATION
	No taxation charge arises as the Association has been granted charitable status by the HM Revenue and Customs.

10 INTANGIBLE ASSETS

	Computer software £	Total £
Cost		
As at 1 April 2018	150,786	150,786
Additions	23,460	23,460
Disposals	-	-
As at 31 March 2019	174,246	174,246
Amortisation		
As at 1 April 2018	134,616	134,616
Charge for the year	13,075	13,075
Disposals	-	-
As at 31 March 2019	147,691	147,691
Net book value		
As at 31 March 2019	26,555	26,555
As at 31 March 2018	16,170	16,170

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

11	HOUSING PROPERTIES	Freehold properties	Leasehold properties	Assets in course of construction	Total
		£	£	£	£
	Cost				
	As at 1 April 2018	3,699,859	6,585,760	1,357,743	11,643,362
	Additions	11,511	6,724	63,481	81,716
	Reclassification	65,212	160,301	(225,513)	-
	Disposals	(3,928)	(2,323)	(2,400)	(8,651)
		<u>3,772,654</u>	<u>6,750,462</u>	<u>1,193,311</u>	<u>11,716,427</u>
	Depreciation				
	At 1 April 2018	424,343	875,222	-	1,299,565
	Charge for the year	76,314	137,645	-	213,959
	Disposals	(3,928)	(799)	-	(4,727)
		<u>496,729</u>	<u>1,012,068</u>	<u>-</u>	<u>1,508,797</u>
	Net book value				
	At 31 March 2019	<u>3,275,925</u>	<u>5,738,394</u>	<u>1,193,311</u>	<u>10,207,630</u>
	At 31 March 2018	<u>3,275,516</u>	<u>5,710,538</u>	<u>1,357,743</u>	<u>10,343,797</u>

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

12 PROPERTY, PLANT AND EQUIPMENT - OTHER

	Motor vehicles	Office equipment	Furniture	Improve- ments to leasehold	Freehold properties	Total
	£	£	£	£	£	£
Cost						
At 1 April 2018	120,451	403,018	238,813	1,473,029	265,469	2,500,780
Additions	63,956	90,615	14,645	25,350	-	194,566
Disposals	(10,500)	-	-	-	-	(10,500)
At 31 March 2019	173,907	493,633	253,458	1,498,379	265,469	2,684,846
Depreciation						
At 1 April 2018	111,917	358,400	226,863	942,057	25,148	1,664,385
Charge for the year	9,097	42,336	4,608	40,854	4,346	101,241
Disposals	(10,500)	-	-	-	-	(10,500)
As at 31 March 2019	110,514	400,736	231,471	982,911	29,494	1,755,126
Net book value						
At 31 March 2019	63,393	92,897	21,987	515,468	235,975	929,720
At 1 April 2018	8,534	44,618	11,950	530,972	240,321	836,395

13 STOCK

	2019 £	2018 £
Replacement furniture and white goods	5,489	10,030

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

14	DEBTORS: Due within One Year	2019 £	2018 £
	Rent and service charges receivable	288,581	267,013
	Less provision for doubtful debts	(93,447)	(71,184)
		<u>195,134</u>	<u>195,829</u>
	Grants receivable	631,887	862,809
	Other debtors	78,540	14,925
	Prepayments and accrued income	202,690	135,863
	Brighter Futures Almshouse Trust Loan	15,709	14,947
		<u>1,123,960</u>	<u>1,224,373</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	2019 £	2018 £
	Brighter Futures Almshouse Trust Loan (see note 26)	<u>81,190</u>	<u>96,901</u>

Brighter Futures Almshouse Trust Loan is for the refurbishment and operation of its properties situated in Bloxwich, Walsall. Repayments began on 1st 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	2019 £	2018 £
	Loan (see note 16)	-	307,692
	Trade creditors	240,578	228,387
	Rents prepaid	69,405	90,058
	Government grants (see note 16)	90,758	89,471
	Grants received in advance	29,107	37,605
	Other taxation and social security	70,561	65,596
	Other creditors	112,049	109,189
	Accruals	231,863	210,971
	Deferred income	1,477,448	1,284,613
		<u>2,321,769</u>	<u>2,423,582</u>

Deferred income includes an amount of £1,213,466 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 2019

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.

	2019 Number	2018 Number
Average number of days between receipt and payments of purchase invoices	38	46

16 CREDITORS: Amounts falling due after more than one year

	2019 £	2018 £
Government grants	4,168,399	4,127,628
Loan	1,819,824	837,561
	<u>5,988,223</u>	<u>4,965,189</u>
GOVERNMENT GRANTS		
As at 1 April 2018	4,217,099	4,287,075
Grants receivable	131,797	38,915
Amortisation to Statement of Comprehensive Income	(89,739)	(108,891)
As at 31 March 2019	<u>4,259,157</u>	<u>4,217,099</u>
Due within one year	<u>90,758</u>	<u>89,471</u>
Due after one year	<u>4,168,399</u>	<u>4,127,628</u>

The loan figure is shown net of prepaid loan arrangements fees of £180,176, which are amortised over the term of the loan.

Grant received by Brighter Futures for current and prior years', for the purchase and refurbishment of housing properties amounts to £4,761,538 in totality.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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	2019 £	2018 £
In one year or less, or on demand	-	307,692
Between one and two years	-	307,692
Between two and five years	139,633	615,385
In five years or more	1,860,367	-
	<u>2,000,000</u>	<u>1,230,769</u>

Unamortised arrangement fees associated with the above loans	180,176	56,963
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The new £5m 25-year term loan facility contains a 36-month capital repayment holiday period.

17 CALLED UP SHARE CAPITAL	2019 £	2018 £
At beginning of year	50	50
Share capital issued in the year	-	-
Share capital returned in the year	-	-
	<u>50</u>	<u>50</u>
At end of year	<u>50</u>	<u>50</u>

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	2019 £	2018 £
Financial assets		
Measured at undiscounted amount receivable		
Cash held at bank	2,401,779	1,183,209
Rent arrears and other debtors	1,119,146	1,284,434
	<u>3,520,925</u>	<u>2,467,643</u>
Financial liabilities		
Measured at undiscounted amount payable		
Trade and other creditors	421,826	396,900
Loan payable	2,000,000	1,230,769
	<u>2,421,826</u>	<u>1,627,669</u>

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

19	RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES	2019 £	2018 £ Restated
	Surplus for the year	163,521	101,659
	Adjustment for non-cash items:		
	Depreciation of property, plant and equipment	315,200	320,254
	Amortisation of intangible assets	13,075	12,313
	Decrease/(Increase) in stocks	4,541	(8,836)
	Decrease/(Increase) in debtors	116,124	(130,760)
	Increase in creditors	204,420	499,896
	Adjustments for investing and financing activities:		
	Deficit on disposal of property, plant and equipment	2,969	6,872
	Amortisation of loan fees	40,217	7,120
	Government grants utilised in the year	(89,739)	(108,891)
	Capital Reserve movement	(19,294)	2,625
	Interest payable	76,402	72,251
	Interest receivable	(17,450)	(11,176)
	Net cash generated by operating activities	809,986	763,327

20	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2019 £	2018 £
	Increase in cash in the year	1,218,570	43,122
	Cash (outflow)/inflow from change in debt	(769,231)	307,692
	Change in net cash resulting from cash flows	449,339	350,814
	Net deficit at start of year	(47,560)	(398,374)
	Net surplus/(deficit) at end of year	401,779	(47,560)

21	ANALYSIS OF CHANGES IN NET FUNDS				
		At 1 April 2018 £	Cash flows £	Other Movements £	At 31 March 2019 £
	Cash at bank and in hand	1,183,209	1,218,570	-	2,401,779
	Debt due in one year	(307,692)	307,692	-	-
	Debt due after one year	(923,077)	(1,076,923)	-	(2,000,000)
		(47,560)	449,339	-	401,779

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

22 PENSION OBLIGATION

The Association operates a group personal pension with Scottish Widows 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 £121,010 (2018: £107,316). Amounts awaiting to be paid at the year-end amounted to £nil (2018: £nil). The pension scheme is open to all salaried staff and currently 88% of staff are members. The Association's contribution to the scheme ranges from 3% to 6% of salary dependent upon the level of employee contribution and there are no additional costs.

23 CAPITAL COMMITMENTS	2019 £	2018 £
Capital expenditure contracted for but not provided for in the financial statements	13,500	39,862
Capital expenditure authorised but not yet contracted for in the financial statements	3,908,876	3,304,906

Capital commitments will be funded in part through the receipt of £783,000 of Social Housing Grant from Homes England and £367,500 of capital receipts from Stoke-on-Trent City Council.

24 OTHER FINANCIAL COMMITMENTS

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

	2019		2018	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases payments due:				
Within one year	126,427	1,595	126,427	3,880
Within one to two years	116,760	1,718	116,760	3,313
Within two to five years	318,718	859	336,718	859
After five years	47,080	-	145,840	-
	<hr/>	<hr/>	<hr/>	<hr/>
	608,985	4,172	725,745	8,052

25 LEGISLATIVE PROVISIONS

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

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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 £27,500 (2018: £27,500).

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) on 01 September 2012. Interest received in year amounts to £5,315 (2018: £6,040). At the year end the balance outstanding was £96,899 (2018: £111,848).