

Annual Return (AR30) form

Society Name: Brighter Futures Housing Association Limited

Society Num: 21244 R

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). 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.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see [here](#)

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

31/03/2021

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 of Birth | Year of Birth |
|------------------|----------------|---------------|
| Sarah Hill | Apr | 1952 |
| Suzanne Carr | May | 1963 |
| Helen Rowley | Jun | 1958 |

| | | |
|---------------|-----|------|
| Fern Basnett | Mar | 1961 |
| Andrew Bell | Jan | 1961 |
| Pam Carter | Apr | 1960 |
| Olwen Hamer | Oct | 1968 |
| Steve Rowley | Apr | 1960 |
| Jeffrey Moore | Jul | 1971 |

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 Director 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.

Suzanne Carr - Employed as CEO Age Concern Central Lancashire
 Jeffrey Moore - Jeff's wife is employed as a funding commissioner for a local authority.
 Fern Basnett employed part time at Staffordshire University as mental health support worker

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 of Birth | Year of Birth |
|-------------------|----------------|---------------|
|-------------------|----------------|---------------|

Paul Cooper

Dec

1972

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

15

Turnover

8355480

Assets

15374202

Number of Employees

198

Share Capital

15

**Highest rate of interest
paid on shares**

0

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](#)

SIC Code

**Renting and operating of Housing Association
real estate (68201)**

*

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/fg15-12.pdf>

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

- ☒ Full Professional Audit
- ☐ Auditor's report on the accounts
- ☐ Lay Audit
- ☐ No audit

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

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.

- ☐ Registered
- ☒ Not applicable

5.6 Is the society a housing association?

- ☐ No
- ☒ Yes

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

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

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
☒ No

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').

You must answer the questions set out in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#).

7.1 Condition for Registration

- ☐ Co-operative society
☒ Community Benefits society

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 providing lunches to help fight holiday hunger and Christmas lunches; Clubhouse Network engaging in health screening/advice, physical and social activity; Homeless Hostel supported customers with complex needs to move away from homelessness; Respite short stay accommodation supported customers to reduce self-harm actions; Furlong Court helps customers through detox and support customers to volunteer with services in the City; Staffordshire Mental Health Helpline offer emotional support via the telephone and instant messaging, this has seen an increase in calls through the covid-19 pandemic; Rough Sleepers Team accommodate people sleeping rough and provide accommodation through the severe weather emergency provision via our hostel. We also operate a community outreach vehicle. Adult sex workers delivered outreach sessions and provided individual 1-2-1 sessions; Our Women's Programme work with Community Rehabilitation Company (CRC) and National Probation Service (NPS); Housing First offer support for homeless people with high needs and histories of entrenched or repeat homelessness to find and live in their own homes; Social Prescribing, sometimes referred to as community referral enables GPs, nurses, and other primary care professionals to refer people to a range of local, non-clinical services; Property Services Team undertake maintenance and emergency repairs on our properties.

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. Housing First Coventry offer support for homeless people with high needs and histories of entrenched or repeat homelessness to find and live in their own homes

7B.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?

We have been acquiring further properties under the existing Affordable Homes contract with Stoke-on-Trent City Council which provides match funding towards increasing our housing stock. The Board and Executive have just approved our new Corporate Strategy which includes Business Growth plans to include geographical and asset based growth in respect of both stock acquisition and potential development plans.

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.

Not applicable

**Brighter Futures Housing Association
Limited**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 March 2021

Brighter Futures Housing Association Limited

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Brighter Futures Housing Association Limited

MEMBERS AND ADVISORS

BOARD OF MANAGEMENT

Sarah Hill – Chair
Suzanne Carr – Vice Chair
Helena Evans [ex-officio]
Olwyn Hamer
Fern Basnett
Andrew Bell
Pamela Carter
Steve Rowley – Hon Treasurer
Helen Rowley
Jeff Moore (Elected 16/09/2020)

SECRETARY

Paul Cooper

REGISTERED OFFICE

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

AUDITOR

Beever and Struthers
St George's House
215- 219 Chester Road
Manchester
M15 4JE

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 auditor's report, for the year ended 31 March 2021.

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 December 2020, the Board adopted the National Housing Federation's 'Code of Governance' 2020 Edition and is currently on the journey to full compliance with a significant amount of the requirements completed.

The Chief Executive is ultimately responsible for the operational management of the Association and is supported by an Executive Leadership team of three Directors and six 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

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 (MCHLG) funding to continue to increase the outreach provision to people rough sleeping and/ or people living within insecure, temporary and emergency accommodation and have provided support into hotels accommodating people who are homeless linked to the pandemic. In addition, funding was secured for a Discharge Co-ordinator's role, which supported people coming out of hospital and prison to source accommodation and the necessary support.
- Continued funding was secured to extend our recovery support services to people who self-harm and to support suicide prevention measures within local communities.
- Our Housing First Service in Coventry, which has been extremely successful to date in providing both accommodation and support to approximately 60 individuals. Has received additional funding to help to increase the capacity of the service.
- In addition to this we have been awarded additional funding to provide specialist support to vulnerable women via our Adult Sex Workers Support service.
- Our Mental Health Helpline was expanded to a 24/7 service from November 2020 to assist during the pandemic and continues to operate on this basis for the foreseeable future. This was made possible by additional funding via the Lottery and Stoke-on-Trent City Council.
- A number of existing core contracts in relation to a range of mental health support services and our Adult Learning Disability Support Service have been extended up to the end of March 2022.

Brighter Futures continues to be the contractual lead partner and host for one of the National Fulfilling Lives projects. 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). In 2013/14 the Association was awarded £10 million over 8 years for the "Fulfilling Lives" (VOICES) Project. This brought 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. This project is due to finish in March 2022.

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

The Board and Executive Leadership Team are currently reviewing and developing our Corporate Strategy for the next 5 years (2021-2026). Customers and staff have been consulted in respect of the development of the strategy. Business growth plans for the next 5 years include future geographical growth and asset based growth in respect of both stock acquisition and potential development plans.

To further increase our asset base, we have been acquiring further properties under the existing Affordable Homes contract with Stoke-on-Trent City Council which provides some match funding towards increasing our housing stock during the year.

The Association has upgraded its IT Infrastructure during the year including the introduction of Microsoft Teams in order to allow more flexible and agile working for staff, which proved vital during the pandemic and enabled a smooth transition to homeworking during the Covid 19 lock-down periods. The Association will continue to review its assets base, including premises, to ensure that we make the most efficient use of our resources and owned assets, maximise value for money, and continue to maintain safety standards above standard compliance levels.

Continuous improvement is key to taking the business forward and to enable us to do this we are constantly seeking innovative ways to engage with our customers to ensure that customers have a voice, that not only helps shape and influence the organisation, but also holds the company to account and draws upon the strengths of customers, staff and volunteers within Brighter Futures. We will continue our work in this respect linking in with the proposed Tenants

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Together Plan and Charter being developed by the National Housing Federation which proposes to help strengthen the relationship between tenants, residents and Housing Associations. A new Board subcommittee is also to be formed to help to take tenant and customer engagement forward at a strategic level.

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. The Association has also a number of other KPI's which are monitored and reported alongside the regulatory KPI's below and include the number of voids, income performance, etc., set out in the table below.

Below are Brighter Futures results for the current and prior financial year compared to the smaller providers benchmarking group median score along with other Key Performance Indicators used by the Association.

| VFM Metric | | 2020/21 | 2019/20 | SPBM 2020 |
|--|---------------|---------|---------|-----------|
| Reinvestment | Efficiency | 0.5% | 0.2% | 3.62% |
| New supply delivered- social housing | Effectiveness | 0.0% | 0.0% | 0.0% |
| Gearing | Efficiency | (27.3%) | (7.2%) | 16.67% |
| EBITDA MRI (Interest Cover) | Efficiency | 954.7% | 493.5% | 250.50% |
| Headline social housing cost per unit | Economy | £14,344 | £16,326 | £4,577 |
| Operating Margin – social housing lettings | Efficiency | 20.0% | 6.5% | 18.10% |
| Operating margin – overall | Efficiency | 8.9% | 3.0% | 17.52% |
| ROCE | Efficiency | 5.7% | 1.9% | 2.35% |

| Strategic Metrics | 2020/21 | 2019/20 | SPBM 2020 |
|---|---------|---------|-----------|
| Percentage of rent lost due to void properties | 5.9% | 3.1% | 0.41% |
| Average re-let time in days (Supported) | 28.2 | 10.3 | 23.0 |
| Rent collected as a percentage of rent owed (Supported) | 99.4% | 99.0% | 98.43% |
| Percentage of emergency repairs within target | 97.53% | 100% | 100% |
| Overhead costs as a percentage of turnover | 15.8% | 18.5% | 16.13% |

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 which takes an average of all associations which included a mixture of General Needs and Supported Organisations. The Association joined the Small Providers Benchmarking Group in 2019 in order to obtain further benchmarking information in relation to our peers and in order to inform future procurement decisions. The Association also joined the CHIC Framework in the same year and has begun to realise some savings particularly in relation to the procurement in the repairs and development side of the business and this is an area which we are keen to build on in order to reduce the overall operating costs and reduce the cost per unit.

RSH Metrics

Gearing - The Association has £3m out of a £5m facility still left to draw and it is anticipated that this will be utilised in 2020/2021 on a number of capital projects. The drawdown period on the Lloyds facility has been extended to the end of Sept 2022 to allow further time to acquire / build properties. Planning is due to be confirmed at the Scotia Road site in the near future. Interest cover in 2020/21 is healthy at 954.7% along with gearing at (27.3%). The gearing is currently negative under the RSH metrics measure due to the Association holding healthy cash balances at March 2021 (£1.7m).

Brighter Futures Housing Association Limited

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of which has been earmarked for development schemes including £1.0m for Ringway House) but this gearing figure is expected to increase in 2022 once the remainder of the loan is drawn down but will remain comfortably within the covenant limits agreed with the funders.

Reinvestment % - Many organisations in the sector, including Brighter Futures, had 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. Two schemes had received financial grant support from Homes England but this has now lapsed and a new bid would need to be submitted for grant support in the future if the decision is made to pursue these schemes further. Planning permission is due to be awarded shortly in respect of the Scotia Road site.

New Supply Delivered - Brighter Futures will progress the development program in 2021 onwards 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. As these are not new properties developed by the Association, the acquisition of these will not be included within the RSH metric, further reducing the reported percentage against our peers. This is also the same in relation to the metric for new supply delivered. Only two properties have been acquired in 2020/2021 due to availability and property prices in the Stoke-On-Trent area. The funding agreement with Stoke-On-Trent City Council has been extended to Sept 2021 and officers are continuing to search for suitable properties.

In terms of risk management, acquiring existing properties is also a more prudent strategy in that the Association could simply cease its property acquisition strategy if funds were needed elsewhere, whereas it would be more difficult to cease a development scheme once work had commenced.

EBITDA MRI % - Interest cover at 954.7% is strong compared to peers in the SPBM benchmark group at 250%. Due to the Covid-19 pandemic a number of costs were not incurred as planned such as travel and external training, resulting in savings in management costs of approx. £800k during the year. The interest cover is expected to decrease to 310% in 2022 once the remaining £3m is drawn from the £5m loan facility, and to 272% in 2023, although costs are under continual review with the use of frameworks such as CHIC being utilised and procurement maximised in order to obtain the best deal. A safety buffer of 10% is also built into the interest cover covenant headroom and robust stress testing undertaken. There is also a planned approach to reduce overhead costs and from 2022 cuts have been factored into the business plan in order to make the Association more competitive since the amount and availability of commissioned funds has reduced due to central Government cuts so there is a need to remain competitive. The impact of this is also included as part of the stress testing.

Cost Per Unit – Due to the additional level of support provided to customers of Brighter Futures who often have more complex needs, this figure will always be high when compared to peers in the group who solely deliver General Needs housing services. Through the benchmark group the Association is obtaining more information on benchmarking from directly comparable associations so that a more direct comparison is able to be made. The Association continues to use the tender process for spend above a set figure within its financial regulations and also ensures managers demonstrate value for money in every purchase made for the business. The Value for Money strategy aims to reduce costs year on year and these savings have been built into the Association's 30 Year business plan. The VOICES project comes to an end in March 2022, which contributes £157k to overhead costs of the Association. Savings have been built into the long term plan over a number of years to incorporate these costs and formed part of the budget setting process for 2021/22.

Operating Margin % - The operating margin overall has increased from 3.0% in 2019/20 to 8.9% in 2020/21 mainly due to the reduction in expenditure due to Covid-19 and also the write off of historical development costs of circa £325k due to uncertainty of whether these schemes will now go ahead in their original form in 2019/20. Board are continuing to review the development plans through the newly formed Development Committee.

ROCE – This is above the benchmark target in 2020/21 due to the increased surplus but is anticipated to reduce in 2021/22 due to a lower anticipated surplus although it is anticipated that the asset base will have increased due to investment in properties funded by the drawdown of the remainder of the available loan facility. There is also a £1m

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budget allocated in relation to the Ringway House refurbishment project which is likely to begin towards the end of the calendar year.

Strategic Metrics

A sample of the strategic metrics are discussed below.

Percentage of rent loss due to void properties – There were a higher proportion of voids experienced in 2021. This has in part been due to the Covid-19 pandemic where properties were required to be deep cleaned and left vacant for a 72 hour period, which has also impacted on void costs during the year.

Average re-let time in days - this has increase significantly in 2021 to 28 days from 10 days the prior year, and above the 23 days benchmark figure. This is attributed to the Covid-19 Pandemic where rooms needed to be kept empty for a 72 hour period between re-lettings, particularly in the hostel accommodation. This is anticipated to reduce in 2022 due to the easing of restrictions, and be back to 24 hours within the hostels.

Rent collected as a percentage of rent owed - This has slightly increased to 99.4% which is an increase on last year's collection are and also over the SPBM benchmark figure. The main source of income for the Association is Housing Benefit, with the collection rate on this over 100% during the year, with a slight reduction in the collection of monies which are the tenant's responsibility. The ability to collect income via electronic means including direct debits, standing orders and card machines has proved useful during the year and officers are exploring ways of rolling this out more fully during 2022 including a tenant portal.

Percentage of emergency calls within target – This has slightly reduced to 97.53%, down from 100% the prior year. The Association has an in-house team of contractors so this is within the full control of the Association. The effect of Covid-19 has reduced this figure slightly.

Overhead costs as a percentage of turnover – this has reduced slightly to 15.8% although the objective is to reduce this to 14% over the next few years as per the latest 30 year Plan.

The overheads cost is used as a cost to prepare income bids and in order to remain competitive it is necessary to constantly review and challenge these costs.

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)

The Corporate Strategy for 2021 and beyond has been discussed with various stakeholders including staff, board and customers and is due to be finalised shortly.

Brighter Futures Housing Association Limited

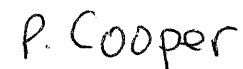
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To support continuous improvement in this area, the Organisation has continued to use the 4RISK risk management system which both enables and enhances management's ability to monitor and measure overall exposure to risk and examine the effectiveness of its control environment at all levels through multiple tailored reporting options.

The Risk Management system provides the Organisation with a complete picture of the Organisation's risk, mitigation and assurance profile enabling robust company-wide risk management. This system enables visual presentation of strategic risks to Board members including 'heat maps'.

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
24th August 2021

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 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board 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

Following a competitive tendering exercise, Beever and Struthers were awarded a three year contract to provide external audit services to the Association, with 2020 being the first year. This is part of standard tendering timescales set out in the Association's approved Financial Standing Orders.

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 Regulator of Social Housing.

OPERATIONAL REVIEW

Total comprehensive income for the year, available for investment in the Association's activities, has increased to £650,813 when compared to the prior year (2020: £146,499). Turnover has increased by 3.1% to £8,355,480 (2020: £8,102,612) due to increased rental income and contracts won during the year.. Operating margins have increased in the current year to 8.9% (2020: 3%) due to the reduced spend during the COVID pandemic. Savings have been made against training and mileage in particular as staff have been working from home and limiting social contact.

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 2020 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.

KEY FINANCIAL POLICIES

Where allowed by the Regulator of Social Housing (RSH) rent restructuring policy and the Association's target rent plan, rents have increased by CPI+1% in 2021 in line with Government guidance.

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.

Brighter Futures Housing Association Limited

BOARD REPORT

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.

COMPLIANCE WITH THE RSH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

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

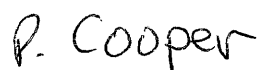
INTERNAL CONTROLS ASSURANCE

There is no regulatory requirement for the Board to publish a statement on internal controls assurance as required by the RSH, 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



Paul Cooper

Company Secretary

24th August 2021

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 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Brighter Futures Housing Association Limited

INDEPENDENT AUDITOR'S REPORT

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 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with 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 Board's Responsibilities set out on page 8, 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered 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 web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

Brighter Futures Housing Association Limited

INDEPENDENT AUDITOR'S REPORT

- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers

Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 01 September 2021

Brighter Futures Housing Association Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|-------------|-------------|
| TURNOVER | 1 | 8,355,480 | 8,102,612 |
| Less: Operating costs | 1 | (7,612,761) | (7,859,319) |
| OPERATING SURPLUS | | 742,719 | 243,293 |
| Interest receivable and similar income | 5 | 9,281 | 21,373 |
| Interest payable and similar charges | 6 | (100,811) | (100,730) |
| Deficit on disposal of fixed assets | 4 | (376) | (17,437) |
| SURPLUS FOR THE YEAR | 3 | 650,813 | 146,499 |
| TOTAL COMPREHENSIVE INCOME | | 650,813 | 146,499 |

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

There was no other comprehensive income for 31 March 2021 (31 March 2020: £NIL)

Brighter Futures Housing Association Limited

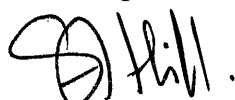
STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2021

| | Notes | 2021 £ | 2020 £ |
|---|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 81,252 | 86,048 |
| Housing properties | 11 | 9,467,882 | 9,800,810 |
| Other property, plant and equipment | 12 | 758,611 | 846,604 |
| | | <u>10,307,745</u> | <u>10,733,462</u> |
| CURRENT ASSETS | | | |
| Stock | 13 | 6,551 | 8,579 |
| Debtors: Due within one year | 14 | 588,875 | 607,199 |
| Debtors: Due after more than one year | 14a | 47,327 | 64,679 |
| Cash at bank and in hand | | 4,423,704 | 2,650,871 |
| | | <u>5,066,457</u> | <u>3,331,328</u> |
| CREDITORS: Amounts falling due within one year | 15 | <u>(2,301,407)</u> | <u>(1,531,623)</u> |
| NET CURRENT ASSETS | | <u>2,765,050</u> | <u>1,799,705</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>13,072,795</u> | <u>12,533,167</u> |
| CREDITORS: Amounts falling due after more than one year | 16 | <u>(5,811,877)</u> | <u>(5,923,026)</u> |
| NET ASSETS | | <u>7,260,918</u> | <u>6,610,141</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 15 | 49 |
| Revenue reserves | | 7,260,903 | 6,610,092 |
| | | <u>7,260,918</u> | <u>6,610,141</u> |

The notes on pages 19 to 34 form part of these financial statements.

These financial statements were approved by the Board of Management and authorised for issue on 24 August 2021 and were signed on its behalf by:



S Hill
Chair



H Evans
Board Member



P Cooper
Company Secretary

Brighter Futures Housing Association Limited

STATEMENT OF CHANGES IN RESERVES for the year ended 31 March 2021

| | Revenue Reserve | Total |
|------------------------|--------------------|------------------|
| | £ | £ |
| At 1 April 2019 | 6,466,281 | 6,466,281 |
| Transfer from Reserves | (2,688) | (2,688) |
| Surplus for the year | 146,499 | 146,499 |
| | <hr/> | <hr/> |
| At 31 March 2020 | <u>6,610,092</u> | <u>6,610,092</u> |

| | Revenue Reserve | Total |
|------------------------|--------------------|------------------|
| | £ | £ |
| At 1 April 2020 | 6,610,092 | 6,610,092 |
| Transfer from Reserves | (13,764) | (13,764) |
| Surplus for the year | 664,575 | 664,575 |
| | <hr/> | <hr/> |
| At 31 March 2021 | <u>7,260,903</u> | <u>7,260,903</u> |

Brighter Futures Housing Association Limited

STATEMENT OF CASHFLOWS

for the year ended 31 March 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-----------|-----------|
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 19 | 1,982,018 | 511,274 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (135,926) | (229,364) |
| Proceeds from sale of property, plant and equipment | | - | - |
| Grant received | | 11,327 | 34,651 |
| Interest received | | 9,281 | 21,373 |
| Net cash flows used in investing activities | | (115,318) | (173,340) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Interest paid | | (92,404) | (92,152) |
| New Loan | | - | - |
| Repayments of borrowings | | - | - |
| Loan fees | | (1,462) | 3,310 |
| Net cash flows generated from financing activities | | (93,866) | (88,842) |
| Net increase in cash and cash equivalents | | 1,772,834 | 249,092 |
| Cash and cash equivalents at beginning of year | | 2,650,871 | 2,401,779 |
| Cash and cash equivalents at end of year | | 4,423,705 | 2,650,871 |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. 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 2020.

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 (2019: £5,648,308)

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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:

| | | |
|--------------------------|---|---------------------------------|
| Bathrooms | - | 3.33% on a straight line basis |
| Boilers | - | 10.00% on a straight line basis |
| External doors & windows | - | 2.86% on a straight line basis |
| Electrical systems | - | 3.33% on a straight line basis |
| Central heating systems | - | 5.00% on a straight line basis |
| Kitchens | - | 5.00% on a straight line basis |
| Lifts | - | 5.00% on a straight line basis |
| Roof | - | 2.00% on a straight line basis |
| Structure | - | 1.25% 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 |
|-------------------|---|------------------------------|

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.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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 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 accruals 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.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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 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 charitable 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.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2021

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.

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 2021

Capitalisation of Expenditure

The Association capitalises development expenditure in accordance with the accounts policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Provisions

Provision is made for certain liabilities and for rent arrears that are considered uncollectable. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish present value of the obligations require management's judgement.

Depreciation and asset lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property into its major components and to depreciate each component separately over its useful economic life. The Association considers whether there are any indications that the useful lives require revision at each reporting date to ensure they remain appropriate

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

1 TURNOVER AND OPERATING SURPLUS

| | 2021 | | | 2020 | | |
|-------------------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|
| | Social housing lettings | Other social housing activities | Total | Social housing lettings | Other social housing activities | Total |
| <i>Income and expenditure</i> | | | | | | |
| Grant and rent income | 4,966,286 | 3,233,256 | 8,199,542 | 4,846,655 | 2,903,743 | 7,750,398 |
| Other income | 69,713 | 86,225 | 155,938 | 198,295 | 153,919 | 352,214 |
| TOTAL TURNOVER | 5,035,999 | 3,319,481 | 8,355,480 | 5,044,950 | 3,057,662 | 8,102,612 |
| Operating costs | (4,030,608) | (3,582,153) | (7,612,761) | (4,718,357) | (3,140,962) | (7,859,319) |
| OPERATING SURPLUS | 1,005,391 | (262,672) | 742,719 | 326,593 | (83,300) | 243,293 |

2 SOCIAL HOUSING LETTINGS – SUPPORTED HOUSING

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| INCOME FROM MANAGED ACCOMMODATION | | |
| Rents receivable net of identifiable service charges | 3,978,072 | 3,787,631 |
| Service charges receivable | 185,608 | 194,039 |
| NET RENTS RECEIVABLE | 4,163,680 | 3,981,670 |
| Grants from local authorities and other agencies | 802,606 | 998,907 |
| Homes England amortised grant | 69,713 | 64,373 |
| TOTAL INCOME FROM MANAGED ACCOMMODATION | 5,035,999 | 5,044,950 |
| EXPENDITURE ON MANAGED ACCOMMODATION | | |
| Staff salaries | 2,651,071 | 2,860,304 |
| Bad debts | 34,516 | 42,643 |
| Services costs | 534,894 | 470,296 |
| Maintenance costs | 225,261 | 231,336 |
| Finance costs | 159,326 | 176,925 |
| Management costs | 886,262 | 943,262 |
| Development costs | - | 319,163 |
| Contribution from other activities | (460,721) | (325,572) |
| TOTAL EXPENDITURE ON MANAGED ACCOMMODATION | 4,030,608 | 4,718,357 |
| OPERATING SURPLUS FROM MANAGED ACCOMMODATION | 1,005,391 | 326,593 |
| Rent losses from voids | (259,591) | (128,500) |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

2 SOCIAL HOUSING LETTINGS – SUPPORTED HOUSING (continued)

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

| | 2021 Number | 2020 Number |
|--|-------------------|-------------------|
| Supported Housing: - | | |
| Owned units | 195 | 203 |
| Managed units | 67 | 86 |
| | <u> </u> | <u> </u> |
| 3 GAINS/LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS) | 2021 £ | 2020 £ |
| Sale proceeds | | - |
| Cost of disposal | (376) | (17,437) |
| Deficit on disposal | <u>(376)</u> | <u>(17,437)</u> |
| | <u> </u> | <u> </u> |
| 4 NET INTEREST | 2021 £ | 2020 £ |
| Interest receivable and similar income | | |
| On financial assets measured at amortised cost: | | |
| Interest on current accounts | 5,528 | 16,820 |
| Interest receivable from Brighter Futures Almshouse Trust | 3,753 | 4,553 |
| | <u>9,281</u> | <u>21,373</u> |
| | <u> </u> | <u> </u> |
| | 2021 £ | 2020 £ |
| Interest payable and similar income | | |
| On financial assets measured at amortised cost: | | |
| On loans wholly or partly repayable in more than five years | 92,233 | 92,152 |
| Costs associated with financing | 8,578 | 8,578 |
| | <u>100,811</u> | <u>100,730</u> |
| | <u> </u> | <u> </u> |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2021

| 5 | SURPLUS FOR THE YEAR | 2021 £ | 2020 £ |
|---|--|-----------|-----------|
| | The operating surplus is stated after charging / crediting:- | | |
| | Auditors remuneration including expenses (excluding VAT): | | |
| | Audit of Association's financial statement | 18,285 | 15,000 |
| | Operating lease rentals: | | |
| | Plant and machinery | 4,081 | 3,556 |
| | Other | 160,726 | 163,262 |
| | Depreciation of housing properties (note 11) | 169,771 | 212,886 |
| | Depreciation of other owned fixed assets (note 12) | 116,798 | 116,598 |
| | Amortisation of intangible fixed assets (note 10) | 11,210 | 4,294 |
| | Amortisation of capital grants | 78,051 | 100,963 |
| 6 | TAXATION | | |
| | No taxation charge arises as the Association has been granted charitable status by the HM Revenue and Customs. | | |
| 7 | KEY MANAGEMENT PERSONNEL REMUNERATION | | |
| | Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £486,865, (2020: £463,736) | | |
| | | 2021 £ | 2020 £ |
| | Remuneration for executive directors for the year ended 31 March: | | |
| | Wages and salaries | 418,119 | 398,693 |
| | Social security costs | 50,896 | 47,453 |
| | Pension costs | 17,850 | 17,590 |
| | | 486,865 | 463,736 |
| | | 2021 £ | 2020 £ |
| | Remuneration for non-executive directors for the year ended 31 March: | | |
| | Sarah Hill (Chair) | 10,200 | 10,200 |
| | Suzanne Carr (Vice Chair) | 2,000 | 2,000 |
| | Olwyn Hamer | 2,000 | 2,000 |
| | Fern Basnett | 2,000 | 2,000 |
| | Andrew Bell | 2,000 | 2,000 |
| | Pamela Carter | 2,000 | 2,000 |
| | Steve Rowley (Elected 18/09/2019) | 2,000 | 1,071 |
| | Helen Rowley (Elected 18/09/2019) | 2,000 | 1,071 |
| | Jeff Moore (Elected 16/09/2020) | 916 | - |
| | Joanne Kennedy-Reardon (resigned 20/11/2019) | - | 1,530 |
| | Rachel Barber (resigned 02/12/2019) | - | 1,756 |
| | | 25,116 | 25,630 |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

7 KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Remuneration payable to the highest paid director in relation to the period of account amounted to £68,338, (2020: £52,020) excluding pension contributions.

Helena Evans is the Chief Executive of Brighter Futures Housing Association Limited. She received remuneration for the year ended 31 March 2021 totalling £93,994 (2020: £92,998)

Helena Evans is part of the Scottish Widow pension scheme which is a group personal pension to which Brighter Futures Housing Association Limited contribute £3,757 in the year ended 31 March 2021 (2020: £3,720)

8 EMPLOYEE INFORMATION

| | Number | Number |
|--|------------------|------------------|
| The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was: | 150 | 158 |
| | 2021 | 2020 |
| | £ | £ |
| Staff costs | | |
| Wages and salaries | 3,982,242 | 3,644,944 |
| Social security costs | 301,081 | 248,108 |
| Pension costs | 150,458 | 128,937 |
| | <u>4,433,781</u> | <u>4,021,989</u> |

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

| | Number of staff |
|--------------------|-----------------|
| £60,000 - £70,000 | 1 |
| £70,001 - £80,000 | - |
| £80,001 - £90,000 | - |
| £90,001 - £100,000 | 1 |

9 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 £150,458 (2020: £146,527). Amounts awaiting to be paid at the year-end amounted to £nil (2020: £nil). The pension scheme is open to all salaried staff and currently 80% of staff are members. The Association's contribution to the scheme ranges from 4% to 6% of salary dependent upon the level of employee contribution and there are no additional costs.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

10 INTANGIBLE ASSETS

| | Computer software £ | Total £ |
|----------------------------|---------------------------|----------------|
| Cost | | |
| As at 1 April 2020 | 238,034 | 238,034 |
| Additions | 6,414 | 6,414 |
| Disposals | - | - |
| As at 31 March 2021 | 244,448 | 244,448 |
| Amortisation | | |
| As at 1 April 2020 | 151,986 | 151,986 |
| Charge for the year | 11,210 | 11,210 |
| Disposals | - | - |
| As at 31 March 2021 | 163,196 | 163,196 |
| Net book value | | |
| As at 31 March 2021 | 81,252 | 81,252 |
| As at 31 March 2020 | 86,048 | 86,048 |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

| 11 | HOUSING PROPERTIES | Freehold properties | Leasehold properties | Assets in course of construction | Total |
|----|-------------------------|------------------------|-------------------------|--|------------------|
| | | £ | £ | £ | £ |
| | Cost | | | | |
| | As at 1 April 2020 | 3,772,451 | 6,861,579 | 858,118 | 11,492,148 |
| | Additions | 12,134 | 11,022 | 77,175 | 100,331 |
| | Impairment | - | - | (259,479) | (259,479) |
| | Disposals | (7,222) | (9,747) | - | (16,969) |
| | | | | | |
| | At 31 March 2021 | 3,777,363 | 6,862,854 | 675,814 | 11,316,031 |
| | | | | | |
| | Depreciation | | | | |
| | At 1 April 2020 | 517,453 | 1,173,885 | - | 1,691,338 |
| | Charge for the year | 60,946 | 108,825 | - | 169,771 |
| | Disposals | (6,145) | (6,815) | - | (12,960) |
| | | | | | |
| | As at 31 March 2021 | 572,254 | 1,275,895 | - | 1,848,149 |
| | | | | | |
| | Net book value | | | | |
| | At 31 March 2021 | 3,205,110 | 5,586,958 | 675,814 | 9,467,882 |
| | | | | | |
| | At 31 March 2020 | 3,254,998 | 5,687,694 | 858,118 | 9,800,810 |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

12 PROPERTY, PLANT AND EQUIPMENT - OTHER

| | Motor vehicles | Office equipment | Furniture | Improve- ments to leasehold | Freehold properties | Total |
|-----------------------|-------------------|---------------------|-----------|-----------------------------------|------------------------|-----------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 April 2020 | 173,907 | 264,264 | 261,062 | 1,500,909 | 265,470 | 2,465,611 |
| Additions | - | 24,778 | 2,952 | 1,450 | - | 29,181 |
| Disposals | - | (745) | - | - | - | (745) |
| At 31 March 2021 | 173,907 | 288,297 | 264,014 | 1,502,359 | 265,470 | 2,494,047 |
| Depreciation | | | | | | |
| At 1 April 2020 | 129,930 | 193,745 | 236,851 | 1,024,632 | 33,848 | 1,619,007 |
| Charge for the year | 17,659 | 47,205 | 5,875 | 41,855 | 4,204 | 116,798 |
| Disposals | - | (368) | - | - | - | (369) |
| As at 31 March 2021 | 147,589 | 240,582 | 242,726 | 1,066,487 | 38,052 | 1,735,436 |
| Net book value | | | | | | |
| At 31 March 2021 | 26,318 | 47,715 | 21,288 | 435,872 | 227,418 | 758,611 |
| At 1 April 2020 | 43,977 | 70,517 | 24,211 | 476,277 | 231,621 | 846,604 |

| 13 | STOCK | 2021 £ | 2020 £ |
|----|---------------------------------------|-----------|-----------|
| | Replacement furniture and white goods | 6,551 | 8,579 |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

| | | | |
|----|---------------------------------------|----------------|----------------|
| 14 | DEBTORS: Due within One Year | 2020 £ | 2020 £ |
| | Rent and service charges receivable | 365,931 | 322,363 |
| | Less provision for doubtful debts | (170,164) | (135,696) |
| | | <u>195,767</u> | <u>186,667</u> |
| | Grants receivable | 86,587 | 192,444 |
| | Other debtors | 26,667 | 22,983 |
| | Prepayments and accrued income | 262,504 | 188,596 |
| | Brighter Futures Almshouse Trust Loan | 17,350 | 16,509 |
| | | <u>588,875</u> | <u>607,199</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 | 2021 £ | 2020 £ |
| | Brighter Futures Almshouse Trust Loan (see note 25) | 47,327 | 64,679 |

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 | CASH AND CASH EQUIVALENTS | 2021 £ | 2020 £ |
| | Cash at bank | 4,423,704 | 2,650,871 |

| | | | |
|----|--|------------------|------------------|
| 16 | CREDITORS: Amounts falling due within one year | 2021 £ | 2020 £ |
| | Loan (see note 25) | 27,370 | - |
| | Trade creditors | 296,897 | 210,046 |
| | Rents prepaid | 84,934 | 62,816 |
| | Government grants (see note 17) | 105,710 | 101,531 |
| | Grants received in advance | - | 19,024 |
| | Other taxation and social security | 80,153 | 71,520 |
| | Other creditors | 112,197 | 114,908 |
| | Accruals | 294,110 | 205,614 |
| | Deferred income | 1,300,036 | 746,164 |
| | | <u>2,301,407</u> | <u>1,531,623</u> |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

16 CREDITORS: Amounts falling due within one year (continued)

| Funder | Scheme / service | 2021 £ | 2020 £ |
|------------------------------------|--------------------------------|------------------|----------------|
| CCG | Clubhouse Network | 25,407 | - |
| Stoke-on-Trent City Council | Community Outreach Vehicle | - | 19,054 |
| Stoke-on-Trent City Council | COVID services | 86,881 | - |
| Department of Health | BPOS | 89,165 | 89,165 |
| CCG | Telephone Helpline | 54,297 | - |
| Coventry Council | Housing First Coventry | 123,064 | 93,641 |
| Stoke-on-Trent City Council | Housing First Stoke | 31,828 | 37,152 |
| Homeless Link | Housing First Stoke | 53,217 | 45,000 |
| Oak Foundation | Adult SES | 28,000 | 65,410 |
| PCC | Customer engagement | 8,764 | 12,470 |
| Stoke-on-Trent City Council | RSI | 78,233 | 45,732 |
| Stoke-on-Trent City Council | Rough Sleepers Team | 25,419 | 99,376 |
| CCG | Safespaces | 108,403 | 24,836 |
| CCG | Self harm & suicide prevention | 8,783 | 3,834 |
| Suicide Prevention Strategic Group | Suicide prevention champions | 29,933 | - |
| National Lottery | VOICES | 507,873 | 181,386 |
| Ministry of Justice | Womens wrap around service | - | 19,094 |
| Staffordshire & West Midlands CRC | Womens Programmes | 40,769 | 10,014 |
| TOTAL | | 1,300,036 | 746,164 |

PAYMENTS TO CREDITORS

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

| | 2021 Number | 2020 Number |
|--|----------------|----------------|
| Average number of days between receipt and payments of purchase invoices | 54 | 52 |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

| | | | |
|----|---|------------------|------------------|
| 17 | CREDITORS: Amounts falling due after more than one year | 2021 £ | 2020 £ |
| | Government grants | 4,000,418 | 4,091,314 |
| | Loan (note 25) | 1,811,459 | 1,831,712 |
| | | <u>5,811,877</u> | <u>5,923,026</u> |
| | GOVERNMENT GRANTS | | |
| | As at 1 April 2020 | 4,192,845 | 4,259,157 |
| | Grants receivable | 11,327 | 34,651 |
| | Amortisation to Statement of Comprehensive Income | (98,044) | (100,963) |
| | As at 31 March 2021 | <u>4,106,128</u> | <u>4,192,845</u> |
| | Due within one year | <u>105,710</u> | <u>101,531</u> |
| | Due after one year | <u>4,000,418</u> | <u>4,091,314</u> |

Grant received by Brighter Futures for current and prior years', for the purchase and refurbishment of housing properties amounts to £4,796,189 in totality.

18 ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 April 2020 £ | Cash flows £ | Other Movements £ | At 31 March 2021 £ |
|--------------------------|-------------------------|------------------|-------------------------|--------------------------|
| Cash at bank and in hand | 2,650,871 | 1,772,833 | - | 4,423,704 |
| Debt due in one year | - | - | - | - |
| Debt due after one year | (2,000,000) | - | - | (2,000,000) |
| | <u>650,871</u> | <u>1,772,833</u> | <u>-</u> | <u>2,423,704</u> |

| | | | |
|----|--|------------------|----------------|
| 19 | RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS | 2021 £ | 2020 £ |
| | Increase in cash in the year | 1,772,833 | 249,092 |
| | Cash (outflow)/inflow from change in debt | - | - |
| | Change in net cash resulting from cash flows | <u>1,772,833</u> | <u>249,092</u> |
| | Net surplus at start of year | 650,871 | 401,779 |
| | Net surplus at end of year | <u>2,423,704</u> | <u>650,871</u> |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

| 20 | RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES | 2021 £ | 2020 £ |
|----|--|------------------|----------------|
| | Surplus for the year | 650,813 | 146,499 |
| | Adjustment for non-cash items: | | |
| | Depreciation of property, plant and equipment | 286,569 | 329,484 |
| | Amortisation of intangible assets | 11,210 | 4,294 |
| | Decrease/(Increase) in stocks | 2,029 | (3,091) |
| | Decrease/(Increase) in debtors | 35,676 | 533,272 |
| | Increase in creditors | 738,371 | (800,919) |
| | Adjustments for investing and financing activities: | | |
| | Deficit on disposal of property, plant and equipment | 4,384 | 17,437 |
| | Abortive scheme fees | 259,479 | 308,591 |
| | Amortisation of loan fees | 8,579 | 8,579 |
| | Government grants utilised in the year | (98,044) | (100,963) |
| | Capital Reserve movement | - | (2,688) |
| | Interest payable | 92,233 | 92,152 |
| | Interest receivable | (9,281) | (21,373) |
| | Net cash generated by operating activities | 1,982,018 | 511,274 |

| 21 | CALLED UP SHARE CAPITAL | 2021 £ | 2020 £ |
|----|------------------------------------|-----------|-----------|
| | At beginning of year | 49 | 50 |
| | Share capital issued in the year | - | - |
| | Share capital returned in the year | (34) | (1) |
| | At end of year | 15 | 49 |

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.

| 22 | CAPITAL COMMITMENTS | 2021 £ | 2020 £ |
|----|---|-----------|-----------|
| | Capital expenditure contracted for but not provided for in the financial statements | 67,772 | 67,772 |
| | Capital expenditure authorised but not yet contracted for in the financial statements | 2,314,534 | 2,474,564 |

Capital commitments will be funded in part through the receipt of £312,000 of capital receipts from Stoke-on-Trent City Council.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

23 OTHER FINANCIAL COMMITMENTS

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

| | 2021 | | 2020 | |
|--------------------------------|----------------------------|--------------|----------------------------|--------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Operating leases payments due: | | | | |
| Within one year | 131,948 | 3,394 | 126,427 | 3,394 |
| Within one to two years | 103,260 | 1,901 | 116,760 | 3,394 |
| Within two to five years | 145,025 | | 248,285 | 2,760 |
| After five years | - | | - | - |
| | <u>380,233</u> | <u>5,295</u> | <u>491,472</u> | <u>9,548</u> |

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

24 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 (2020: £27,500).

The results of the Brighter Futures Almshouse Trust are not consolidated within the financial statements of Brighter Futures Housing Association Limited as it is considered impracticable and would be of no real value to the Association's members, given the amounts involved. Were Group accounts to be prepared the numbers reflected within these financial statements would be increased as set out below:

Statement of Comprehensive Income:

| | 2021 | 2020 |
|----------------------------|--------------|---------------|
| | £ | £ |
| Turnover | 79,587 | 78,809 |
| Operating costs | (46,506) | (57,114) |
| Interest and finance costs | (3,733) | (3,816) |
| Transfer to reserves | (19,564) | (4,605) |
| Net surplus | 9,784 | 13,274 |

Statement of Financial Position:

| | 2021 | 2020 |
|-----------------------------|----------------|----------------|
| | £ | £ |
| Fixed assets | 192,308 | 197,394 |
| Current assets | 121,545 | 100,478 |
| Creditors due within 1 year | (18,502) | (10,108) |
| Creditors due after 1 year | (75,177) | (96,938) |
| Net assets | 220,174 | 190,826 |
| Reserves | 220,174 | 190,826 |

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 £3,753 (2020: £4,553). At the year end the balance outstanding was £64,677 (2020: £81,188).

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

25 FINANCIAL INSTRUMENTS

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 | 2021 | 2020 |
|--|------------------|------------------|
| | £ | £ |
| In one year or less, or on demand | 26,756 | - |
| Between one and two years | 112,876 | 26,756 |
| Between two and five years | 189,281 | 173,300 |
| In five years or more | 1,671,087 | 1,799,944 |
| | <u>2,000,000</u> | <u>2,000,000</u> |
| Unamortised arrangement fees associated with the above loans | 161,171 | 168,288 |

The new £5m 25-year term loan facility contains a 36-month capital repayment holiday period.

26 LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 registered with the Regulator of Social Housing.