

**Brighter Futures Housing Association
Limited**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 March 2020

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
Joanne Kennedy-Reardon – Hon Treasurer (Resigned 20 Nov 2019)
Helena Evans [ex-officio]
Olwyn Hamer
Rachel Barber (Resigned 02/12/2019)
Fern Basnett
Andrew Bell
Pamela Carter
Steve Rowley – Hon Treasurer (Elected 18/09/2019)
Helen Rowley (Elected 18/09/2019)

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 2020.

PRINCIPAL ACTIVITY

Brighter Futures Housing Association Limited provides support to people who require extra help to live more independent and fulfilled lives. We are a registered provider of social housing, a training agency, an employment support service and community-based support and accommodation provider.

MISSION STATEMENT

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

ORGANISATIONAL STRUCTURE

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

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

The four key outcomes for our customers are

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

Brighter Futures Housing Association Limited

STRATEGIC REPORT

ACHIEVEMENTS

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

- Additional funding via the National Rough Sleepers Initiative funding to continue to increase the outreach provision to people rough sleeping and/ or people living within insecure, temporary and emergency accommodation via new Tenancy Sustainment and Support roles, which provide consistent support to customers throughout their recovery journey. We have also been able to complement our existing provision with the addition of a Mental Health Practitioner and Substance Misuse Health Care roles.
- We were for a second year invited to provide additional support to a local church -based night shelter during the winter months. Towards the end of the financial year in response to the extra demand created through the global pandemic we provided additional shared accommodation for those individuals most at risk if they contracted COVID19 and also supported people living in hotels that presented as being homeless and/ or at risk of becoming homeless
- National and local funding supported an extension to our Community Outreach Vehicle provision within Stoke-on-Trent enabling us to expand our multi-agency 'mobile hub' approach and incorporate primary health care services and mental health support to people who are homeless and /or at risk of becoming homeless
- New funding was secured in partnership with other agencies to provide recovery support services to people who self-harm and to support suicide prevention measures within local communities.
- We were successful in a tender for a new Housing First Service in Coventry, which has been extremely successful to date in providing both accommodation and support to 36 individuals. This service is part of a national pilot. In addition to this we have been awarded additional funding to provide specialist support to vulnerable women via our Housing First provision in Stoke-on-Trent.
- A new Social Prescribing service was set up during Quarter 4 2019/2020 which involves us working with 9 Primary Care networks across Stoke-on-Trent and North Staffordshire. This is part of a national programme and provides a holistic support and signposting service to people within communities referred to our link worker practitioners via GP practices, enabling individuals to access a range of services locally.
- 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 into 2021.

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.

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 award of the Housing First contract in Coventry is evidence of this diversification and growth and further growth areas are being discussed with the Board.

Brighter Futures Housing Association Limited

STRATEGIC REPORT

The Board and Executive Leadership Team are currently reviewing and developing our Corporate Strategy for the next 5 years (2021-2025). 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 contract provides for acquisition of a total of 32 properties over a three year period up to 2020/21 through this funding stream.

In addition, 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, plus a number of IT projects to increase efficiency in the production of management information including a new HR and Payroll system which is due to be rolled out fully from September 2020. 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, continue to maintain safety standards above and beyond standard compliance levels in preparation for the new forthcoming Building Safety regulations, and achieve the maximum return on our investment to recycle back into the business to support our core aims, objectives and values.

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 Together Plan and Charter being developed by the National Housing Federation which proposes to help strengthen the relationship between tenants, residents and Housing Associations.

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		2019/20	2018/19	SPBM Median 2019
Reinvestment	Efficiency	0.2%	0.0%	2.65%
New supply delivered- social housing	Effectiveness	0.0%	0.0%	0.0%
Gearing	Efficiency	(7.2%)	(4.9%)	16.94%
EBITDA MRI (Interest Cover)	Efficiency	493.5%	410.0%	245.00%
Headline social housing cost per unit	Economy	£16,326	£14,536	£4,438
Operating Margin – social housing lettings	Efficiency	6.5%	5.6%	23.27%
Operating margin – overall	Efficiency	3.0%	3.9%	22.07%
ROCE	Efficiency	1.9%	2.2%	2.81%

Strategic Metrics	2019/20	2018/19	SPBM Median 2019
Percentage of rent lost due to void properties	3.1%	5.1%	0.31%
Average re-let time in days (Supported)	10.3	26.0	20.8
Rent collected as a percentage of rent owed (Supported)	99.0%	98.30%	98.36%
Percentage of emergency repairs within target	100.00%	100%	100%
Overhead costs as a percentage of turnover	18.5%	20.2%	15.9%

Brighter Futures Housing Association Limited

STRATEGIC REPORT

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. During the year the Association joined the Small Providers Benchmarking Group 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 2019 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. Interest cover in 2019/20 is healthy at 558.8% along with gearing at (8.5%). The gearing is currently negative under the RSH metrics measure due to the Association holding healthy cash balances at March 2020 (£0.7m of which has been earmarked for development schemes) 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.

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

The costs of building have increased significantly, both in terms of labour and materials whilst there has been a corresponding decrease in the value of properties around the Stoke-On-Trent area which makes the strategy of purchasing existing properties more cost effective at the moment. In terms of risk management this 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 558.8% is strong compared to peers in the SPBM benchmark group at 245%. This is expected to decrease in 2022 once the remaining £3m is drawn from the £5m loan facility 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. 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.

Brighter Futures Housing Association Limited

STRATEGIC REPORT

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.

Operating Margin % - The operating margin overall has slightly reduced from 3.9% in 2018/19 to 3.0% in 2019/20 mainly due to 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. Board are continuing to review the development plans through the recently formed Development Task Group.

ROCE – This is below the benchmark target in 2019/20 but is anticipated to increase in 2020/21 due to increased surpluses and the purchase of the 15 flats under the Stoke-On-Trent grant funding agreement. There is also a £1m 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 2019. The process was centralised during 2020 to introduce a more uniformed approach and it is pleasing to note that this has resulted in a reduction on voids of around 2%.

Average re-let time in days - this has reduced significantly in 2020 to only 10 days from 26 days the prior year, and below the 20 days benchmark figure. This is again attributed to the centralisation of the function as above.

Rent collected as a percentage of rent owed - This has increased to 99% which is an increase on last year's collection 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 2021 including a tenant portal.

Percentage of emergency calls within target – This has been maintained at 100% again during the year. The Association has an in-house team of contractors so this is within the full control of the Association.

Overhead costs as a percentage of turnover – this has reduced slightly to 18.5% although has slightly increased in the 2021 budget to around 22% due to the inclusion of additional posts in the business. The overheads cost is used as a cost to prepare income bids and in order to remain competitive there is an action from Board to reduce this figure over the coming years to nearer to 15%. Officers have met recently to come up with a plan to discuss how this would be implemented.

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.

Brighter Futures Housing Association Limited

STRATEGIC REPORT

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

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

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

The Risk Management system 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

12th August 2020

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 reduced to £146,499 when compared to the prior year (2019: £163,521) although the 2020 results include a sum of £325k within operating costs which relate to the write off of historical development costs so this surplus would have increased if compared on a like for like basis. Turnover has increased to £8,102,612 (2019: £7,250,806) due to increased income contracts won during the year plus an increase in the number of properties. Operating margins have slightly reduced in the current year to 3% (2019: 3.8%) due to the write-off of historical development costs and would have been 7% of income if these costs were not included. Total comprehensive income is also affected by a recorded deficit of £17,437 on disposal of fixed assets (2019: deficit £2,969) but lower interest payable and similar costs of £100,730 (2019: £130,343) due to the costs of a re-financing exercise being included with the 2019 figures.

The Association has been successful in a number of tenders and re-tenders during the year, commissioned by local authorities but continues to look for the best deals in terms of procurement and value for money.

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 2019 to the date of this report unless otherwise stated is as shown on page 1.

INTANGIBLE ASSETS

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

TANGIBLE ASSETS

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

Brighter Futures Housing Association Limited

BOARD REPORT

KEY FINANCIAL POLICIES

Where allowed by the Regulator of Social Housing (RSH) rent restructuring policy and the Association's target rent plan, rents have decreased by 1% in 2020 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.

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.

Brighter Futures Housing Association Limited

BOARD REPORT

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

By order of the Board



Paul Cooper
Company Secretary

12th August 2020

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 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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

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

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

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 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 have no realistic alternative but to do so.

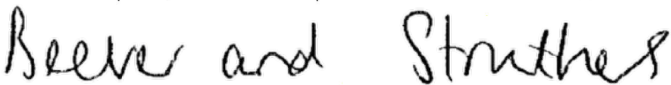
Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.



Beever & Struthers

Statutory Auditor and Chartered Accountants

St George's House

215 – 219 Chester Road

Manchester

M15 4JE

Date : 15 September 2020

Brighter Futures Housing Association Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2020

	Notes	2020 £	2019 £
TURNOVER	1	8,102,612	7,250,806
Less: Operating costs	1	(7,859,319)	(6,971,423)
OPERATING SURPLUS		243,293	279,383
Interest receivable and similar income	5	21,373	17,450
Interest payable and similar charges	6	(100,730)	(130,343)
Deficit on disposal of fixed assets	4	(17,437)	(2,969)
SURPLUS FOR THE YEAR	3	146,499	163,521
TOTAL COMPREHENSIVE INCOME		146,499	163,521

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

There was no other comprehensive income for 31 March 2020 (31 March 2019: £NIL)

Brighter Futures Housing Association Limited

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	10	86,048	26,555
Housing properties	11	9,800,810	10,207,630
Other property, plant and equipment	12	846,604	929,720
		10,733,462	11,163,905
CURRENT ASSETS			
Stock	13	8,579	5,489
Debtors: Due within one year	14	607,199	1,123,960
Debtors: Due after more than one year	14a	64,679	81,190
Cash at bank and in hand		2,650,871	2,401,779
		3,331,328	3,612,418
CREDITORS: Amounts falling due within one year	15	(1,531,623)	(2,321,769)
NET CURRENT ASSETS		1,799,705	1,290,649
TOTAL ASSETS LESS CURRENT LIABILITIES		12,533,167	12,454,554
CREDITORS: Amounts falling due after more than one year	16	(5,923,026)	(5,988,223)
NET ASSETS		6,610,141	6,466,331
CAPITAL AND RESERVES			
Called up share capital	17	49	50
Revenue reserves		6,610,092	6,466,281
		6,610,141	6,466,331

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 12 August 2020 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 2020

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

	Revenue Reserve	Total
	£	£
At 1 April 2019	6,466,281	6,466,281
Transfer from Reserves	(2,688)	(2,688)
Surplus for the year	146,498	146,498
At 31 March 2020	6,610,091	6,610,091

Brighter Futures Housing Association Limited

STATEMENT OF CASHFLOWS

for the year ended 31 March 2020

	Note	2020	2019
		£	£
NET CASH GENERATED FROM OPERATING ACTIVITIES	19	511,274	809,986
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(229,364)	(299,742)	
Proceeds from sale of property, plant and equipment	-	955	
Grant received	34,651	131,797	
Interest received	21,373	17,450	
Net cash flows used in investing activities		(173,340)	(149,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(92,152)	(76,230)	
New Loan	-	2,000,000	
Repayments of borrowings	-	(1,230,769)	
Loan fees	3,310	(134,877)	
Net cash flows generated from financing activities		(88,842)	558,124
Net increase in cash and cash equivalents		249,092	1,218,570
Cash and cash equivalents at beginning of year		2,401,779	1,183,209
Cash and cash equivalents at end of year		2,650,871	2,401,779

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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 2020

Major components

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

Housing structure	-	1.33% on a straight line basis
Roofs	-	1.67% on a straight line basis
Lifts, bathrooms and kitchens	-	5% on a straight line basis
Windows and external doors	-	6.67% on a straight line basis
Central heating systems	-	10% on a straight line basis
Boilers	-	10% on a straight line basis

Improvements

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

Leaseholders

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

NON-HOUSING PROPERTY, PLANT AND EQUIPMENT

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

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

INTANGIBLE ASSETS

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

Computer software	-	33% on a straight line basis
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Amortisation is recognised within operating costs in the Statement of Comprehensive Income.

IMPAIRMENT OF SOCIAL HOUSING PROPERTIES

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

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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 transition is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

LEASES

At inception, the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement. The Association is only entered into arrangements which are deemed to be operating leases.

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

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

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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.

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

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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 2020

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 2020

1 TURNOVER AND OPERATING SURPLUS

	2020			2019		
	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	4,846,655	2,903,743	7,750,398	4,207,723	2,726,335	6,934,058
Other income	198,295	153,919	352,214	194,587	122,161	316,748
TOTAL TURNOVER	5,044,950	3,057,662	8,102,612	4,402,310	2,848,496	7,250,806
Operating costs	(4,718,357)	(3,140,962)	(7,859,319)	(4,157,429)	(2,813,994)	(6,971,423)
OPERATING SURPLUS	326,593	(83,300)	243,293	244,881	34,502	279,383

2 SOCIAL HOUSING LETTINGS – SUPPORTED HOUSING

	2020 £	2019 £
INCOME FROM MANAGED ACCOMMODATION		
Rents receivable net of identifiable service charges	3,787,631	3,317,652
Service charges receivable	194,039	204,817
NET RENTS RECEIVABLE	3,981,670	3,522,469
Grants from local authorities and other agencies	998,907	815,468
Homes England amortised grant	64,373	64,373
TOTAL INCOME FROM MANAGED ACCOMMODATION	5,044,950	4,402,310
EXPENDITURE ON MANAGED ACCOMMODATION		
Staff salaries	2,860,304	2,588,877
Bad debts	42,643	52,469
Services costs	470,296	465,452
Maintenance costs	231,336	255,301
Finance costs	176,925	198,677
Management costs	943,262	908,034
Development costs	319,163	-
Contribution from other activities	(325,572)	(311,381)
TOTAL EXPENDITURE ON MANAGED ACCOMMODATION	4,718,357	4,157,429
OPERATING SURPLUS FROM MANAGED ACCOMMODATION	326,593	244,881
Rent losses from voids	(128,500)	(190,177)

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

2 SOCIAL HOUSING LETTINGS – SUPPORTED HOUSING (continued)

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

	2020 Number	2019 Number
Supported Housing: -		
Owned units	203	201
Managed units	86	85

3 SURPLUS FOR THE YEAR

	2020 £	2019 £
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Surplus for the year is stated after crediting:

Amortisation of capital grants	100,963	89,739
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and after charging:

Amortisation of intangible fixed assets (note 10)	4,294	13,075
Depreciation of housing properties (note 11) – owned assets	212,886	213,959
Depreciation of other tangible fixed assets (note 12) – owned assets	116,598	101,241
Auditor's remuneration (exc. of VAT)	15,000	14,100
Operating leases - plant and machinery	3,556	4,035
- other	163,262	171,284

4 DEFICIT ON DISPOSAL OF FIXED ASSETS

	2020 £	2019 £
Sale proceeds	-	955
Cost of disposal	(17,437)	(3,924)
Deficit on disposal	(17,437)	(2,969)

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

5	INTEREST RECEIVABLE AND SIMILAR INCOME	2020 £	2019 £
	Interest receivable	21,373	17,450
6	INTEREST PAYABLE AND SIMILAR CHARGES	2020 £	2019 £
	Loan interest	100,730	130,343
Loan interest for 2020 includes a credit on loan arrangement fee of £2,856 and amortisation of new loan fees of £8,576.			
7	STAFF COSTS	2020 £	2019 £
	Staff costs including directors:		
	Wages and salaries	4,043,637	3,649,576
	Social security costs	295,561	269,897
	Pension costs	146,527	121,010
		4,485,725	4,040,483
		Number	Number
	Average full-time equivalent staff employed	158	144
The calculation for full time equivalents is based on a full-time working week of 37 hours.			
	Absolute average number of staff employed	200	188
The number of staff whose emoluments fell within the following bands was:			
	£90,001 - £100,000	1	1

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

8	DIRECTORS' EMOLUMENTS	2020	2019
		£	£
	Emoluments of the Senior Management Team (inc pension contributions)	418,610	420,738

The highest paid director during the year received emoluments of £96,718 (2019: £91,920).

The Chief Executive is an ordinary member of the defined contribution scheme detailed in note 22 Brighter Futures contribute 4% of salary into the fund. No enhanced or special terms apply.

Expenses paid to Board Members during the year were nil (2019: NIL).

The Chair Person was paid under a contract of service during the year. Payments totalled £10,200 (2019: £10,533).

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

10 INTANGIBLE ASSETS

	Computer software £	Total £
Cost		
As at 1 April 2019	174,246	174,246
Additions	63,788	63,788
Disposals	-	-
As at 31 March 2020	238,034	238,034
Amortisation		
As at 1 April 2019	147,691	147,691
Charge for the year	4,295	4,295
Disposals	-	-
As at 31 March 2020	151,986	151,986
Net book value		
As at 31 March 2020	86,048	86,048
As at 31 March 2019	26,555	26,555

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

11	HOUSING PROPERTIES	Freehold properties	Leasehold properties	Assets in course of construction	Total
		£	£	£	£
	Cost				
	As at 1 April 2019	3,772,654	6,750,461	1,193,311	11,716,426
	Additions	3,160	108,172	19,547	130,879
	Reclassification	-	46,149	(46,149)	-
	Disposals	(3,363)	(43,203)	(308,591)	(355,157)
		<u>3,772,451</u>	<u>6,861,579</u>	<u>858,118</u>	<u>11,492,148</u>
	At 31 March 2020	<u>3,772,451</u>	<u>6,861,579</u>	<u>858,118</u>	<u>11,492,148</u>
	Depreciation				
	At 1 April 2019	496,729	1,012,068	-	1,508,797
	Charge for the year	23,161	189,725	-	212,886
	Disposals	(2,437)	(27,908)	-	(30,345)
		<u>517,453</u>	<u>1,173,885</u>	<u>-</u>	<u>1,691,338</u>
	As at 31 March 2020	<u>517,453</u>	<u>1,173,885</u>	<u>-</u>	<u>1,691,338</u>
	Net book value				
	At 31 March 2020	<u>3,254,998</u>	<u>5,687,694</u>	<u>858,118</u>	<u>9,800,810</u>
	At 31 March 2019	<u>3,275,925</u>	<u>5,738,394</u>	<u>1,193,311</u>	<u>10,207,630</u>

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

12 PROPERTY, PLANT AND EQUIPMENT - OTHER

	Motor vehicles	Office equipment	Furniture	Improve- ments to leasehold	Freehold properties	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	173,907	493,633	253,458	1,498,379	265,470	2,684,846
Additions	-	24,563	7,604	2,530	-	34,697
Disposals	-	(253,932)	-	-	-	(253,932)
At 31 March 2020	173,907	264,264	261,062	1,500,909	265,470	2,465,611
Depreciation						
At 1 April 2019	110,514	400,736	231,471	982,911	29,494	1,755,126
Charge for the year	19,416	45,728	5,381	41,721	4,354	116,598
Disposals	-	(252,718)	-	-	-	(252,718)
As at 31 March 2020	129,930	193,745	236,852	1,024,632	33,848	1,619,007
Net book value						
At 31 March 2020	43,977	70,517	24,210	476,277	231,621	846,604
At 1 April 2019	63,393	92,897	21,987	515,468	235,975	929,720

13	STOCK	2020 £	2019 £
	Replacement furniture and white goods	8,579	5,489

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

14	DEBTORS: Due within One Year	2020 £	2019 £
	Rent and service charges receivable	322,363	288,581
	Less provision for doubtful debts	(135,696)	(93,447)
		186,667	195,134
	Grants receivable	192,444	631,887
	Other debtors	22,983	78,540
	Prepayments and accrued income	188,596	202,690
	Brighter Futures Almshouse Trust Loan	16,509	15,709
		607,199	1,123,960

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	2020 £	2019 £
	Brighter Futures Almshouse Trust Loan (see note 26)	64,679	81,190

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

15	CREDITORS: Amounts falling due within one year	2020 £	2019 £
	Loan (see note 16)	-	-
	Trade creditors	210,046	240,578
	Rents prepaid	62,816	69,405
	Government grants (see note 16)	101,531	90,758
	Grants received in advance	19,024	29,107
	Other taxation and social security	71,520	70,561
	Other creditors	114,908	112,049
	Accruals	205,614	231,863
	Deferred income	746,164	1,477,448
		1,531,623	2,321,769

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

PAYMENTS TO CREDITORS

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

	2020 Number	2019 Number
Average number of days between receipt and payments of purchase invoices	52	38

16 CREDITORS: Amounts falling due after more than one year

	2020 £	2019 £
Government grants	4,091,314	4,168,399
Loan	1,831,712	1,819,824
	5,923,026	5,988,223

GOVERNMENT GRANTS

As at 1 April 2019	4,259,157	4,217,099
Grants receivable	34,651	131,797
Amortisation to Statement of Comprehensive Income	(100,963)	(89,739)
As at 31 March 2020	4,192,845	4,259,157
Due within one year	101,531	90,758
Due after one year	4,091,314	4,168,399

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.

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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	2020 £	2019 £
In one year or less, or on demand	-	-
Between one and two years	26,756	-
Between two and five years	173,300	139,633
In five years or more	1,799,944	1,860,367
	<u>2,000,000</u>	<u>2,000,000</u>

Unamortised arrangement fees associated with the above loans	168,288	180,176
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The new £5m 25-year term loan facility contains a 36-month capital repayment holiday period.

17 CALLED UP SHARE CAPITAL	2020 £	2019 £
At beginning of year	50	50
Share capital issued in the year	-	-
Share capital returned in the year	(1)	-
	<u>49</u>	<u>50</u>
At end of year		

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

18 FINANCIAL INSTRUMENTS

	2020 £	2019 £
Financial assets		
Measured at undiscounted amount receivable		
Cash held at bank	2,650,871	2,401,779
Rent arrears and other debtors	698,598	1,119,146
	<u>3,349,469</u>	<u>3,520,925</u>
Financial liabilities		
Measured at undiscounted amount payable		
Trade and other creditors	331,620	421,826
Loan payable	2,000,000	2,000,000
	<u>2,331,620</u>	<u>2,421,826</u>

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

19	RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES	2020 £	2019 £
	Surplus for the year	146,499	163,521
	Adjustment for non-cash items:		
	Depreciation of property, plant and equipment	329,484	315,200
	Amortisation of intangible assets	4,294	13,075
	Decrease/(Increase) in stocks	(3,091)	4,541
	Decrease/(Increase) in debtors	533,272	116,124
	Increase in creditors	(800,919)	204,420
	Adjustments for investing and financing activities:		
	Deficit on disposal of property, plant and equipment	17,437	2,969
	Abortive scheme fees	308,591	-
	Amortisation of loan fees	8,579	40,217
	Government grants utilised in the year	(100,963)	(89,739)
	Capital Reserve movement	(2,688)	(19,294)
	Interest payable	92,152	76,402
	Interest receivable	(21,373)	(17,450)
	Net cash generated by operating activities	511,274	809,986

20	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2020 £	2019 £
	Increase in cash in the year	249,092	1,218,570
	Cash (outflow)/inflow from change in debt	-	(769,231)
	Change in net cash resulting from cash flows	249,092	449,339
	Net surplus at start of year	401,779	(47,560)
	Net surplus at end of year	650,871	401,779

21	ANALYSIS OF CHANGES IN NET FUNDS				
		At 1 April 2019 £	Cash flows £	Other Movements £	At 31 March 2020 £
	Cash at bank and in hand	2,401,779	249,092	-	2,650,871
	Debt due in one year	-	-	-	-
	Debt due after one year	(2,000,000)	-	-	(2,000,000)
		401,779	249,092	-	650,871

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

22 PENSION OBLIGATION

The Association operates a group personal pension with Scottish Widows which is a defined contribution scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension cost represents contributions payable by the Association to the fund and amounted to £146,527 (2019: £121,010). Amounts awaiting to be paid at the year-end amounted to £nil (2019: £nil). The pension scheme is open to all salaried staff and currently 85% of staff are members. The Association's contribution to the scheme ranges from 4% to 6% of salary dependent upon the level of employee contribution and there are no additional costs.

23 CAPITAL COMMITMENTS	2020 £	2019 £
Capital expenditure contracted for but not provided for in the financial statements	67,772	13,500
Capital expenditure authorised but not yet contracted for in the financial statements	2,474,564	3,908,876

Capital commitments will be funded in part through the receipt of £360,000 of capital receipts from Stoke-on-Trent City Council.

24 OTHER FINANCIAL COMMITMENTS

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

	2020		2019	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases payments due:				
Within one year	126,427	3,394	126,427	1,595
Within one to two years	116,760	3,394	116,760	1,718
Within two to five years	248,285	2,760	318,718	859
After five years	-	-	47,080	-
	<u>491,472</u>	<u>9,548</u>	<u>608,985</u>	<u>4,172</u>

25 LEGISLATIVE PROVISIONS

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

Brighter Futures Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

26 RELATED PARTY TRANSACTIONS

Brighter Futures Housing Association is the corporate trustee of Brighter Futures Almshouse Trust. The Trust is a separate entity registered with the Charity Commission in England under charity number 216315. All transactions with the Trust are conducted on an arm's length basis and the Trust is under independent control and makes independent decisions. Brighter Futures Housing Association has charged housing management and accounting services to the Trust during the year to the value of £27,500 (2019: £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:

	£
Turnover	78,809
Operating costs	(57,114)
Interest and finance costs	(3,816)
Transfer to reserves	(4,605)
Net surplus	13,274

Statement of Financial Position:

	£
Fixed assets	197,394
Current assets	100,478
Creditors due within 1 year	(10,108)
Creditors due after 1 year	(96,938)
Net assets	190,826
 Reserves	 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 £4,553 (2019: £5,315). At the year end the balance outstanding was £81,188 (2019: £96,899).

