

ALTERNATIVE FUTURES GROUP LIMITED

England & Wales · Charity number 1008587

Details

Other names ALTERNATIVE FUTURES LIMITED

Status Registered

Legal form Charitable company

Company number [02679915](#)

Registered 1992-02-21

Register [View on the Charity Commission register](#)

Contact

Address 6th Floor
4 St Paul's Square
Liverpool
L3 9SJ

Phone 01514895501

Email ask@afgroup.org.uk

Website www.afgroup.org.uk

Activities

Objects: THE RELIEF OF PEOPLE WHO ARE IN NEED BY REASON OF ANY DISABILITY ARISING FROM ANY PHYSICAL OR MENTAL STATE, AGE, ACCIDENT OR AS A RESULT OF ANY DISEASE OR INFECTION OR WITH LEARNING DISABILITIES, MENTAL HEALTH AND ANY OTHER SPECIAL NEEDS, AND TO RELIEVE THE STRESSES AND FINANCIAL NEEDS EXPERIENCED BY THEIR FAMILIES AND CARERS THROUGH, BUT NOT LIMITED TO, THE PROVISION OF ACCOMMODATION, SUPPORT AND EDUCATION AND TRAINING.

Activities: The charity operates in the North West of England and provides services for people with disabilities including adults with severe and enduring mental health problems, learning disabilities, autism, complex needs and dementia.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** The Advancement Of Health Or Saving Of Lives, Disability, Accommodation/housing
- **Who:** Elderly/old People, People With Disabilities

Geography

- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£80,677,000	£76,744,000	£40,065,000	1638
2024-03-31	£72,405,000	£67,956,000	£35,978,000	1563
2023-03-31	£65,445,000	£60,933,000	£31,119,000	1471
2022-03-31	£61,354,000	£59,623,000	£27,058,000	1552
2021-03-31	£59,952,000	£57,966,000	£24,804,000	1663

Trustees

Name	Role	Appointed
Brian Martin walsh	Chair	2021-11-01
Alex Fox		2021-11-10
Andrew Kerr		2025-01-23
Beatrice Udeh		2022-04-29
Dr Tessa Sharon Myatt		2024-10-30
Janet Wilkinson		2018-01-19
Jean Henderson		2024-02-19
John McLuckie		2022-02-09
Lee Mooney		2024-02-19
Louise Marsden		2022-04-29

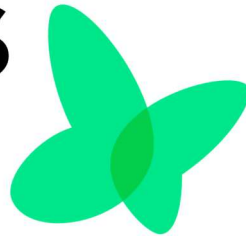
ALTERNATIVE FUTURES GROUP LIMITED

England & Wales - Charity number 1008587

Accounts

Company No: 02679915
Charity No: 1008587

Alternative Futures Group



ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE YEAR ENDING
31 MARCH 2025**

Alternative Futures Group Limited
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For the year ended 31 March 2025

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Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2025

It is with pride that I reflect on my fourth year as Chair of Alternative Futures Group Limited (AFG). The past twelve months have presented both fresh challenges and significant opportunities as we continued our mission to positively impact more lives through the provision of high-quality health and social care services.

The external environment remained challenging throughout 2024/25. The General Election in July 2024 resulted in a change of government, bringing renewed attention to public services, including social care. While it is too early to assess the long-term impact of this change, there are early signs of a more collaborative and integrated approach to health and social care funding and commissioning. We are cautiously optimistic that the pledges to reform and invest in the sector will translate into meaningful action over the coming years.

Inflationary pressures persisted through much of the financial year, though we began to see some easing in late 2024 and early 2025. The cost of living crisis remained a central issue for our workforce, many of whom continue to face real financial challenges. In response, and in line with our continued commitment to being a Real Living Wage (RLW) employer, the Board once again invested significantly to uplift front-line pay. From April 2025, we implemented a new RLW rate of £12.60 per hour – an investment made possible by careful financial management and a strategic use of our reserves.

Workforce pressures remained a concern across the sector, but I am proud to report that AFG continued to reduce vacancy rates and reduce reliance on agency during the year. This is following further investment in our employee value proposition and our continued focus on staff wellbeing, training, and career development.

Commissioner funding continues to be a mixed picture. While some Local Authorities and Integrated Care Boards have begun to respond more constructively to the rising costs of care, many still fall short of funding that enables providers to deliver sustainable, quality services. Negotiations remain challenging, but we continue to advocate robustly for the needs of the people we support and our staff.

In 2024/25, we made strong progress in delivering against our strategic plan. We continued to invest in our quality function and launched a new Quality Assurance Framework and Co-Production Strategy, we increased the number of people we support in both our supported living and mental health services, and we developed new service specifications and operating models in response to the evolving needs of commissioners.

We also made significant strides with our Environmental, Social and Governance (ESG) agenda, including agreeing clear plans and targets to reduce our environmental impact, and developing our approach to social value to ensure we are maximising the positive impact we have on the communities we operate in. Our digital transformation also gained momentum, with the development of new technologies that enhance both operational efficiency and outcomes for the people we support.

And last but not least I am proud to say that we achieved one of our key People aims during 2024/25 by receiving Great Place To Work accreditation.

I am pleased to report that the charity recorded its fifth consecutive year of surplus in 2024/25, a reflection of both operational discipline and a culture of continuous improvement. This strong financial position has enabled us to continue investing in staff, quality, infrastructure, and innovation, and places us in a strong position to be able to respond to the challenges in the sector that many providers are struggling with.

The composition of our Board evolved during the year, and we are fortunate to welcome new Trustees whose expertise and values align with our mission. We are also grateful to those Board members who concluded their terms of office, having contributed so much to AFG's progress.

Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2025

None of our achievements would be possible without the exceptional commitment and passion of our colleagues. From front-line workers to corporate teams, from managers to directors, every person plays a vital role in delivering our vision. The Board and I are immensely thankful for their dedication and resilience in what continues to be a demanding environment.

Looking forward, we remain focused on our work to Positively Impact More Lives. This will include continuing to invest in quality and personal outcomes, focusing on growing and developing the organisation, and increasing the reach of our brand and influence in the sector. We will also continue to invest in our people and culture, complete our digital transformation, and invest further in our ESG work.

To the people we support—thank you for inspiring us every day. Your voices and experiences are at the heart of everything we do and you remain at the forefront of our mission and vision for the future

And finally, thank you to my colleagues on the Board for your skill, experience, time and dedication, as we continue to ensure that AFG not only deals with the challenges ahead, but also seizes the exciting opportunities available to us.



Brian Walsh
Chair of Alternative Futures Group Limited

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors
For the year ended 31 March 2025

Reference and administration details

Trustees:

Trustee	Position	Changes in the Year
Brian Walsh	Chair	
Janet Wilkinson	Vice Chair and Chair of Remuneration Committee	
Linda Whalley	Trustee	Resigned 20 January 2025
Jane Macdonald	Chair of Quality and Safety Committee	
Peter Fieldsend	Trustee	Resigned 21 May 2024
John McLuckie	Chair of Finance and Performance Committee	
Alex Fox	Trustee	
Andrew Kerr	Chair of Audit and Risk Committee	Appointed 23 January 2025
Beatrice Udeh	Chair of The Appointments Committee	
Louise Marsden	Trustee	
Lee Mooney	Trustee	
Jean Henderson	Trustee	
Tessa Myatt	Trustee	Appointed 30 October 2024

Executive Officers:

Executive Officer	Position	Changes in the Year
Ian Pritchard	Chief Executive Officer	
Kirsty Murphy	Chief People Officer & Chief Operating Officer of Learning Disability	
Chris Stephens	Chief Financial Officer	
Christopher Hughes	Chief Quality Officer & Chief Operating Officer for Mental Health	
Andrew Kendall	Chief Commercial Officer	

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors
For the year ended 31 March 2025

Company Information and Advisors:

Company Registration Numbers:	02679915 Companies House 1008587 Charity Commission
Registered and Principal Office:	6 th Floor, 4 St Paul's Square, Liverpool, England, L3 9SJ
External Auditor:	RSM UK Audit LLP 20 Chapel Street Liverpool L3 9AG
Internal Auditor:	BDO 55 Baker Street London W1U 7EU
Investment Advisors:	Stanhope Consulting 35 Portman Square London W1H 6LR Appointed 28 February 2025 Rathbones Group Plc 30 Gresham Street London EC2V 7QN

Bankers:	HSBC Bank plc 99-101 Lord Street Liverpool L2 6PG	Barclays Unit 3 Riverside, 2 Campbell Road, Stoke on Trent, Staffordshire. ST4 4RJ	
Principal Solicitors:	DWF 1 Scott Place 2 Hardman Street Manchester M3 3AA	Pannone Corporate LLP 378-380 Deansgate Manchester M3 4LY	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL

Alternative Futures Group Limited Report of the Trustees and Strategic Report For the year ended 31 March 2025

The Trustees of Alternative Futures Group Limited (AFG) present their report and audited financial statements for the year ended 31 March 2025. The Trustees have prepared this report under the Charities Act 2011 and the Companies Act 2006, and in accordance with Financial Reporting Standard 102 (FRS 102) as applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102.

Legal status

Alternative Futures Limited was founded in 1992 and changed its name to Alternative Futures Group Limited (AFG) in 2007.

During the year the Group consisted of two legal entities:

- Alternative Futures Group Limited - a company limited by guarantee (Company Registration Number 02679915), a registered charity (Charity Commission Number 1008587), and a Public Benefit Entity. AFG is governed by its Articles of Association, which were last amended in March 2022.
- Red Hazels Developments Limited, a private limited company limited by shares (Company Registration Number 09498298), founded in 2015 as a wholly owned subsidiary of AFG to deliver commercial activities.

The Trustees are the Directors of the charitable company for the purposes of Company law. The Trustees who served throughout the year and up to the date of signing this report are listed on page 3.

Objectives and activities

Charitable Purpose

AFG's charitable purpose is to offer relief to people with learning disabilities, mental health or any other special needs, and to relieve the stresses and financial needs through, but not limited to, the provision of accommodation, support, education and training.

Each year, the Trustees lead a review of performance against our charitable objects, aims and objectives, using the results from that to inform and formulate our future plans and ensure that the Charity continues to deliver high quality services in line with its purpose.

Corporate Plan: Mission, Values and objectives

AFG (established 1992) is one of the leading charitable providers of learning disability and mental health support services in the North West of England, changing lives and creating independence for the people it supports. We are proud that our accommodation and services improve the quality of life and independence for nearly 1,000 people.

Our Vision:	A world where people control their lives	
Our Mission:	Together with our people and partners we will unlock skills, gifts and talents to support everyone's right to choose and achieve their aspirations	
Our Values:	We are one We raise the bar Every person matters We make a positive difference We take ownership	We succeed together with a shared purpose and vision. We learn from the past, are adaptive and excited by our future. We innovate and lead the way. We strive for best quality with least waste. Better never stops. We are people focused and value skills, gifts and potential. We listen. How people think and feel, matters. Everyone has a voice. We change lives. Our 'can do' attitude and passion enables people to be the best they can be. We do the right thing, are solution focused and get results. We are responsible for our behaviour and hold each other to account.

How we deliver our Mission and Vision is underpinned by our values. Our values act as our organisational compass — everybody within AFG strives to demonstrate these values every day, and in everything that we do.

Principal Activities

AFG is a charity that provides a broad range of care and support services for; (1) adults with complex needs that may include learning disabilities, autism, acquired brain injury and / or sensory impairment, physical disabilities, complex physical health needs and behaviours of concern; (2) adults with a mental health crisis, recovery or rehabilitation need. We also provide a number of associated ancillary services such as Appointeeship and Money Management Services. In 2024/25, we re-established a subsidiary organisation called Red Hazels Developments Limited (RHDL). RHDL acquires, develops and renovates a portfolio of modern homes, residential facilities and community hospitals for the people we support.

For the people we support with complex needs, learning disabilities, autism, acquired brain injury and/or sensory impairment, physical disabilities, complex physical health needs and behaviours of concern, our wide range of services include Supported Living, Extra Care, Adult Care Homes, and Outreach services. Using our extensive experience, underpinned by our clinical and technology expertise, we create environments where the people we support live their lives to the maximum level of independence, choice and control they can achieve.

For people we support with a long-term, chronic, mental health condition, our community hospital inpatient services range from short-term, acute crisis support to step down treatment, recovery and rehabilitation support. We also provide a wide range of Supported Living, Residential and Outreach services, which alongside our community hospitals, enable the people we support to move up and down an individualised treatment and recovery pathway (and setting) as their specific support needs change.

Unique to AFG is our independence focused, person-centred and strength-based approach. This is core to all our service models and support ethos. This means we co-produce with the people we support the independence goals they can/wish to achieve to fulfil their own independence aspirations, hopes and dreams for their future. Our personalised, asset-based support model encourages, coaches, and facilitates achievement of these goals to help people achieve their maximum level of independence and control. We continually flex our approach and support models as people supported needs and ambitions change during their lifetime.

All AFGs services are locally commissioned and funded by either Local Authorities and/or NHS Integrated Care Boards and Provider Trusts. We also have a small number of individuals who privately pay for our services. AFG does not receive any external grant funding or utilise personal donations to fund its core support activities.

Public Benefit

Alternative Futures Group is a Public Benefit Entity. In accordance with our objectives and activities for 2024/25, and with due regard to the Charity Commission's guidance on the operation of the public benefit requirement of the Charities Act 2011, the Trustees confirm that AFG has undertaken appropriate activities during the year which further our purpose for the public benefit, which are set out in the Principal Activities section above.

Governance: Structure and Management

The organisation operates under the regulations and guidance of both the Charity Commission and the Care Quality Commission.

The Board is led by the Chair and the support of up to a maximum of 12 voluntary Trustees. The Chair and Trustees bring a range of senior professional, public and private sector experience to the organisation.

The Board is responsible for determining and setting the strategic direction of the organisation as well as responsible for reviewing its operating and financial position. The Board is also responsible for establishing and overseeing the organisation's control and risk management frameworks and ensuring the organisation achieves its aims and objectives. The Board meets formally at least four times a year.

Under the Articles of Association, Trustees serve a term of up to three years and may be considered for a maximum of three terms. The Chair may serve a maximum of three terms of office. A skills analysis of Board Members has been undertaken, and each time a Board vacancy arises, consideration is given to the skills and competencies required to continue to manage the future risks and challenges that the organisation faces.

Trustee recruitment is led by the Appointments Committee, which is chaired by Janet Wilkinson. The Appointments Committee make recommendations to the Board on the appointment of Trustees, the formal appointment of Trustees being a power reserved to the Board. Trustee recruitment is supported by independent specialists where required. New Trustees receive an induction and training programme tailored to their needs, and regular Board development events are held to maintain skills.

The subsidiary, Red Hazels Developments Limited, had a maximum of three Board Members during the year. Ian Pritchard, John McLuckie and Lee Mooney were directors for the entirety of the year.

Board and Executive Officers Remuneration

The Chair of the Board receives remuneration from the organisation in the form of an honorarium, as well as reimbursement of expenses incurred. The remaining Trustees are not remunerated and receive only reimbursement of expenses incurred. The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee.

The remuneration of the Executive Officers including the Chief Executive is determined by the Board. Executive pay is subject to regular national and sector benchmarking undertaken by the Remuneration Committee.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2025

Board Committees

The Board delegates some of its responsibilities to the Committees; Audit & Risk Committee, Finance & Performance Committee, Quality & Safety Committee, Appointments Committee & Remuneration Committee.

Audit & Risk Committee

The Audit & Risk Committee met four times during the year and its work included:

- Reviewing the external auditor's plans for the audit of the Group's financial statements.
- Reviewing the external auditor's management report and audit highlights memorandum.
- Reviewing the financial statements for the year.
- Agreeing the internal audit plan for the year and reviewing reports from the internal auditors on the Group's system of internal control, monitoring and responding to those reports and compliance with recommendations.
- Reviewing the processes in place for monitoring, evaluating and managing the risks facing the Group, including deep-dive discussions relating to the Group's strategic risks.

Finance & Performance Committee

The Performance Committee met four times during the year and its work included gaining assurance on:

- All aspects of financial and operational performance, including monitoring performance against the Business Plan for the year.
- Project management office activities linked to investment and strategic business plan.
- Treasury management and investment performance.

Quality & Safety Committee

The Quality & Safety Committee met four times during the year and its work included gaining assurance on:

- All aspects of operational quality and safety within our services and estates.
- Regulatory compliance to Care Quality Commission and commissioner requirements.
- Serious events, complaints and whistleblowing incidents.

Appointments Committee

The Appointments Committee met on four occasions during the year, and is responsible for:

- Trustee succession planning and recruitment.
- Identifying, approving and appointing the Chair and Members for each committee.

Remuneration Committee

The Remuneration Committee met on four occasions during the year, and is responsible for:

- Recommending to the Board the organisation's pay framework.
- Recommending the terms and conditions of employment for the Chief Executive and the Executive Directors, and any salary review.
- Agreeing the Chair's honorarium

As part of the quarterly Board reporting cycle, reports outlining the latest operational and financial results compared to the target for the year, and statutory compliance reports, are presented, enabling the Board to maintain oversight of the Group's strategic performance and on-going compliance.

Salaries for Executives are benchmarked against comparative positions both within and outside of the sector.

Governance Code

The Board has adopted the principles of the Charity Commission Code of Governance.

Employees

Toward the end of this year, we received the fantastic news that Alternative Futures Group were officially a Great Place To Work®. The official accreditation is a result of many colleagues focusing on the employee journey and how we continually improve our employee experience. We recorded our highest ever response rate (88%) to an employee opinion survey up 10% from the previous year. The results, validated externally by independent experts, highlighted key strengths to celebrate and included:

- A high response rate – uniquely high for organisational size and industry.
- Strong Engagement Index, particularly employees' feelings of pride, meaning and fulfilment in the role.
- Communication – two-way communication with management generally perceived positively.
- Caring and welcoming culture.
- Training, learning and development opportunities perceived to be abundant across different roles.

Our People & Organisational Development Strategy has had real impact this year. The strategy recognises the importance and contribution of our employees to our on-going organisational success, and we recognise the achievements of our colleagues through our "Celebrate Success" awards and Values Awards.

New roles have been created that have really made a difference to how colleagues feel valued and included. The Employee Experience Manager, Employee Experience Officer and Equality, Diversity and Inclusion Lead are making a significant contribution here to our workplace culture.

We keep colleagues informed around how the organisation is performing with regular updates on our strategic objectives and monthly briefings from our Executive Leadership Team.

Other benefits delivered include a notable increase in staff retention, particularly among colleagues within their first year of employment, with retention rates improving by 10%. To further support the employee journey, we introduced structured onboarding and offboarding calls, which have helped ensure smoother transitions into and out of the organisation.

A key focus for our Employee Experience Team has been the development of Financial Wellbeing Initiatives. We launched a range of programmes designed to help colleagues make the most of their money, offering practical tools, resources, and support to enhance their financial wellbeing. We asked our colleagues about financial wellbeing and can report the following key findings:

- 41% needing to borrow money or use credit cards to cover essential living expenses such as food and bills (improved by 18% from 2023).
- 34% are concerned about their financial position (improved by 24% from 2023).
- 54% say that their money runs out before the next pay day.
- 46% (nearly half) are working overtime to top up their salary.
- 28% are unable to pay all their bills on time.
- 27% say that they will need to leave their role to secure better pay regularly before pay day.

In response to this feedback, we recognised the need to provide support to colleagues with their financial wellbeing. Since then, we have introduced several ways which provide support for colleagues to plan and manage their financial wellbeing. The evidence gathered from our financial wellbeing survey provided greater richness in articulating the difficulties our colleagues were facing to juggle their personal finances with our commissioners. We used this evidence in our rate negotiations to highlight these challenges and push for sufficient funding for the continued payment of real living wage for colleagues.

In partnership with Salary Finance, this year we launched a salary advance scheme to support colleagues with financial management. Since its introduction at AFG, a total of 3,049 advances have been provided to support our workforce. This year we formed collaboration with HSBC to support colleagues' financial wellbeing. All webinars have a different topic ensuring we are accommodating the needs of our colleagues. We have webinars planned for further development during the next financial year.

Following comprehensive market research, we introduced a new discount and benefits platform to ensure our colleagues have access to one of the most competitive offerings available. This platform has been instrumental in helping colleagues save on everyday purchases and better manage their finances, supporting their overall financial wellbeing.

Over 84% of AFG colleagues feel that their work has special meaning. It has been a key focus to ensure that we do our very best to look after our greatest asset, our people. Over 85% of AFG colleagues have a sense of pride in what they have accomplished, and this year has been a benchmark year for making our people feel valued.

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The organisation has detailed health and safety policies and a robust safety management system in place and provides training and education to all of our staff on health and safety matters appropriate to their role.

The Executive Team, led by the Chief Executive, are responsible for the day-to-day running of the business. The Executive Team work closely with the Board to develop and execute the organisation's strategic objectives. The members of the Executive Team are shown on page 3.

Equality and Diversity

As we enter Year 2 of our Equality, Diversity, and Inclusion (EDI) Strategy, we continue to build on the strength of our organisation - our people. Their quality, commitment, and contribution remain central to achieving our charitable purpose and vision.

In line with our evolving approach to employee engagement, we transitioned from the Employee Partnership Forum to establish the 'Every Person Matters' forum. This newly formed group is made up primarily of operational colleagues from across our geographical regions and was elected to reflect the diversity of our workforce. The purpose of the forum is to ensure that every voice is heard and that our engagement efforts are inclusive, representative, and meaningful.

In our first year, we made significant strides in advancing our Equality, Diversity, and Inclusion (EDI) Strategy. One of our key achievements was increasing EDI declaration rates by over 65%, enabling us to gain deeper insights into our workforce demographics. This improvement has allowed us to better understand the experiences of our colleagues, identify trends in recruitment and development, and take meaningful steps to enhance the overall employee experience. In addition, we have developed an Equality Impact Assessment (EIA) that is completed for all people policies.

To improve engagement and satisfaction, we created more opportunities for colleagues and the people we support to have a stronger voice. This included hosting regular listening sessions, celebrating and recognising key dates in the EDI calendar, and launching a dedicated EDI Hub. The hub serves as a central resource to support colleagues and leaders in fostering a culture of inclusion and belonging across the organisation.

Social Impact & Value

AFG takes an ethical, values-based and environmentally conscious approach to how we conduct our business, and we are committed to maximising the positive social impact that our activities have, both on the communities in which we operate and on wider society. As a charity providing support to people with disabilities, we are committed to being socially responsible.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2025

Our Charitable Purpose, alongside our Vision, Mission and Values, evidence our position as a values-led organisation and a responsible employer in the communities in which we work.

We continually engage our stakeholders, particularly our local communities, in the work we do. In each community we serve we consider the social value we bring: To the people we support; the employment and development opportunities for local people; and the positive impact we can bring to the wider community. Our social value commitments are specifically referenced in many of the contracts that we operate, and these often require us to monitor the social value that we deliver and evidence this to our commissioners.

During 2024/25, AFG commissioned an external Social Value consultancy to work with us to continue to improve our approach to social value. This work included the development of a clear Social Value statement, an action plan to further enhance our social value offer, and development of a tool to allow us measure and report on the social value that we deliver, both in the communities that we operate in and for wider society.

Streamlined Energy and Carbon Reporting

Under Statutory Instrument SI2018/1155, the Charity is required to report on energy usage and carbon emissions.

In discharging its duties under this requirement, the Charity engages the services of a third party to calculate its energy usage and carbon emissions. The calculation refers to all energy usage billed during the period, with the calculation including all months and all sites.

	31-Mar-25	31-Mar-24
Total energy usage (kWh)	2,356,034.90	2,337,890.05
Relating to:		
Gas (kWh)	1,886,990.95	1,782,671.13
Electricity (kWh)	414,599.40	496,906.00
Transport fuel (kWh)	54,444.55	58,312.92
Emissions:		
Gas (tCO2e)	345.13	326.10
fuel for transport (tCO2e)	134.09	147.19
Emissions from purchased electricity (tCO2e)	85.84	102.90
Intensity ratio	0.27 tonnes per staff member	0.23 tonnes per staff member

The 2019 UK Government Environmental Reporting Guidelines to include Streamlined Energy and Carbon Reporting Guidance have been used. The report has used the UK Government GHG Conversion Factors for Company Reporting (2024).

During the year AFG also submitted its Energy Saving Obligation Scheme (ESOS) Phase 3 Action Plan to the Environment Agency, setting out plans to save a potential 1,374,269kWh in energy during the ESOS Phase 3 compliance period.

AFG's carbon output for the year increased by 0.66 tonnes overall which is 0.15% more than the previous year's total. Consumption increased by 18,144 kWh represented a 1% increase in energy used. Gas consumption increased by 104,319kWh representing an increase of 5.85%.

However, seasonal temperatures were 9.4% colder than the previous year. So, despite the increase this would suggest that consumption of heating fuel decreased for the period by 3.24% based on like for like temperatures.

Electric consumption decreased 82,306kWh for the period. Company Vehicle consumption decreased by 6.57% for the period. Carbon intensity ratios (that is, the amount of CO₂e per kWh) only marginally decreased for this period.

Overall, recognising the colder seasonal temperatures compared to the previous reporting period, the average output per degree day decreased by 0.02 tonne.

During 2024/25, the charity engaged the services of a third party to establish AFG's carbon baseline and to support the organisation to develop carbon reduction plans and targets, and a long-term Net Zero Carbon roadmap. Using 2023/24 as the baseline year, it was calculated that AFG's baseline emissions were 475 tCO₂e for Scopes 1 and 2.

To continue the charity's progress towards achieving Net Zero, a carbon reduction target of 46 tCO₂e by 2045 has been adopted, which equates to a reduction of 90% and aligns with UK national reduction models.

Related Parties and Co-Operation with Other Organisations

Other than the Chair, the Trustees do not receive remuneration from their work with AFG. Remuneration for the Chair was agreed with the Charity Commission in 2011. The remuneration of the Chair is considered regularly by the Remuneration Committee. Details of the Chair's remuneration are set out in Note 8. There were no other transactions with Trustees, and no connections between Trustees and Senior Managers have been disclosed during the year. Therefore, no related party transactions with trustees have been reported.

Engaging with the People We Support

At AFG we deliver amazing, personalised support that creates independence and value. One of the many benefits of this approach is that as people become more independent, they can become more involved in how we run AFG helping us to make better decisions.

In previous years we have seen the success of this approach when we have enabled people to be involved in the interviewing of their own support staff. This year we have further embedded this approach into our project management adopting co-production wherever possible. People we support have been involved in the production of content for our radio station due to launch this October and have made valuable input into the decision making around this project by helping to recruit our radio station manager.

We also launched AFG Live this year, our internal communications broadcast that comes live from our independent hospitals and people's homes and provides the opportunity for the people we support and AFG colleagues to engage around the independence journeys people are making.

Our listening programme continues to incorporate Umatter walkabouts from the board and senior leaders and every year we run an annual survey of the people we support to understand what is working well and what can be improved.

This year the survey benefitted from the introduction of Accessible Surveys a new technology platform that helps surveys become more inclusive and drive higher response rates. This year we have seen a 69% increase in the number of responses to the People We Support survey.

The Operational teams are very proud of the work they do for the people we support, and this has been reflected in the survey results.

- 100% of friends and family saying they are happy with the support that AFG provides to their loved one, this is up from 75% last year.
- 86% of the people we support would describe AFG as 'good' to their friends and family, this is up from 80% last year.
- 100% of patients in our Independent Hospitals reports that staff treated them with dignity, kindness and respect, this is up from 93% last year.

Our CQC inspections now rate over 80% of our services as good and alongside our survey results, we are confident that we are making significant progress towards our mission of delivering amazing and personalised support that creates independence and value.

Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. This responsibility applies to all the organisations within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within the day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of the risks to which the Group is exposed.

A process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the year up to the date of the approval of the annual report and financial statements. The Audit & Risk Committee regularly receives and considers reports from the Group's senior leadership and its auditors about risk management and internal control arrangements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, are set out below.

Corporate Planning and Budgeting

The Business Plan and Budget processes are used to set objectives, agree action plans and allocate resources. The Group's progress towards meeting the strategic and annual objectives is monitored monthly by the Executive Team and quarterly by the Finance and Performance Committee and the Board.

The Group's annual budget for 2025/26 financial year was approved by the Board at the end of 2024/25 financial year.

Audit & Risk Committee

The Audit & Risk Committee reports to the Board on internal controls and alerts them to any emerging issues. The Audit & Risk Committee ensures that corrective action is taken in relation to any significant control issues highlighted by the internal and external auditors. As part of its review of the organisation's internal control system, the Committee oversees the performance of the internal and external auditors. The Audit and Risk Committee provides advice to the Board and provides an annual review to them, through the internal auditors, which focusses on the effectiveness of the internal control system, including the Group's systems for managing risk.

Internal Audit Programme

Internal Audit is an important element of the internal controls process. Internal Audit is responsible for the annual review of the effectiveness of the internal control system within the organisation.

The internal audit programme for 2024/25 provided both assurance and advisory support to the Trustees and the Executive team and has helped improve the internal control environment within the organisation.

External Audit

External Audit provides feedback to the Board on any observations on the operation of the internal financial controls as part of the annual audit of the year-end accounts and financial statements. Each year, after the year-end audit, a management letter is presented to the Board.

Engagement with suppliers, customers and others in a business relationship

Included within the strategic report on page 21 is the Section 172 statement that includes further details regarding how the Charity fosters relationships with suppliers, customers, service users and others with whom it has a business relationship.

STRATEGIC REPORT

Achievements and objectives

2024/25 has been a transitional year for the organisation.



Our 3-year “Positively Impact More Lives” strategy aims to deliver over 1000+ co-produced independence goals by March 2027 (i.e. “Positive Impact”). Similarly, it aims to grow the number of people we support to over 1000+ by the same period (i.e. “More Lives”). To achieve this, we have set six strategic objectives or pillars that will support the necessary organisational changes to strengthen, modernise, develop and grow AFGs capability. This strategy is supported by a significant 3-year investment plan approved by the AFG Board of Trustee in 2024.

We recognise that our 3-year plan is extremely ambitious in the context of a continually challenging financial and operational climate for both health and social care. However, the AFG Board of Trustees believe that AFG has both the financial stability, infrastructure, colleague expertise, and quality of provision to deliver such a strategy. The strategy is consistent with our charitable purpose, organisational vision and mission. It is also fully aligned with supporting the challenges faced by the wider health and social care system in which we believe we can make a positive impact upon within our geographical footprint.

Strategy Progress - 2024/25

Against our strategic objectives, we saw a net growth in the number of people we support of +28 in the year meaning we finished 2024/25 at 879 people currently supported. The actual number of people we support across a financial year is much higher than this due to the transient nature of our service provision especially in our hospital services.

In independence goals achieved, 2024/25 saw us complete phase 1 development of our new care management system (we call this our Digital Support Record or DSR). When deployed in 2025/26, the DSR will set a new quality standard for how we will capture and measure the delivery of our key strategic objective of 1000+ co-produced independence goals. This objective will therefore be fully measured across years 2 and 3 of our strategy.

Financially, we continued to perform extremely well delivering our fifth sequential year of positive surplus (see financial results). This was a significant achievement against the continuing provider challenges of rising costs, increased regulation, and the continued central and local underfunding of social care.

Our strong financial performance from previous years allowed us to again re-invest a significant proportion of our surplus directly into frontline colleague pay and benefits. We firmly believe that colleague reward and recognition is a fundamental component to ensuring a familiar, consistent and high-quality service provision to the people we support.

In People and Culture, we achieved top 50 Great Place to Work status within the year and also continued significant investment in our leadership development programmes across all tiers of our management structures.

In Quality, our organisation and its colleagues continued to be recognised with several awards in the year including a Third Sector award for Financial Excellence. CQC scores in the main remained "good" across all our community services, and "good" in all our hospital services. In our hospitals, our internal safety thermometer score remained at a minor risk rating throughout the year, demonstrating the benefit of a strong operational and quality focus in this area.

In technology, we continued our working relationship with our tech-partner MyEcosystems to create tech-enabled homes to improve independence, choice and control for the people we support. A number of homes and schemes are now benefiting from the MyEcosystems technology with several more planned for 2025/26.

In wider public benefit, we continue to be one of the larger employers within the North West region employing over 2000 staff. We continue to prioritise our spending choices on local suppliers and contractors and continue to support wider community events across the region that cover disability awareness, mental health support, and equality rights. In all our people support services, we deliver improved social integration, independence and citizenship outcomes, alongside additional social value benefits such as giving opportunities to young people and providing employment to those from disadvantaged populations.

Financial stability

An overview of the financial performance of the individual entities is provided below:

- Alternative Futures Group Limited achieved Net Income Before Other Recognised Gains and Losses of £4.3m (2024: £5.1m), including Investment Income of £0.7m (2024: £0.5m) and Investment Realised/Unrealised gain of £0.4m (2024: £0.3m);
- The cash position of the Charity reflects the agreed investments in systems, infrastructure and staff due to the strong trading performance of the Charity in previous financial years.
- The increase in the Trade Debtors balance at the end of the financial year, is primarily attributable to the double billing periods for three commissioners in March.
- Red Hazels Developments Limited reported a deficit of £13k (2024: £10k), the additional £2.0m capitalisation of RHDL by AFG has strengthened the Balance Sheet, which has supported the purchase of three properties as part of the group's improved service offerings as part of the wider growth strategy;
- Overall, the funds of the Group amount to £40.1m (2024: £36.0m).

The amounts in the remainder of this section relate to the consolidated Group position only.

Operating performance

The Group's net income of £4.3m (2024: £5.1m) for the year is 5.3% (2024: 7.0%) of income. The charitable income of the Group of £80.0m (2024: £71.9m) reflects the increase in commissioner rates driven by National Living Wage/Real Living Wage. Due to the low margin nature of the sector, it is critical that the costs of the Group are controlled tightly. Current year total expenditure as a proportion of Total Income of 95%, compares to 94% in the previous year.

The Group and the wider sector continue to operate in a challenging economic environment, with systemic under funding providing ongoing financial challenges to organisations such as ourselves.

The key challenges the Trustees have faced during the year include:

- Maintaining income from our commissioners at a level which enables us to continue to realise our ambition of being a Real Living Wage provider;
- Financial challenges associated with the continuing impact of the cost-of-living pressures; and
- Work-force challenges facing the sector.

To help mitigate the impact of these issues the Executives/Trustees:

- Hold ongoing discussions with commissioners to ensure the rates we receive are optimal.
- Seek to look for opportunities to both deliver operational cost savings and to ensure capital assets no longer required are disposed of efficiently at market value.
- Have an ongoing process to monitor the viability of contracts with our commissioners; and
- Continue to operate a variable sleep-in rate model for staff so the amounts we pay staff for sleep in shifts are commensurate with the levels of income we receive from our commissioners.

The Group continued to pay Real Living Wage to its support workers. The Executive and Trustees team continue to work closely with our commissioners to ensure the Group receives appropriate levels of funding. However, the operational divisions of the organisation all provided positive financial contribution this year, even with the ongoing challenges regarding funding levels in several areas across our commissioner base.

Business Development and Growth

During the year we delivered strong business growth, significantly increasing the number of people we support, and generating additional revenue and contribution.

We made good progress in filling voids (vacant bedrooms) and the occupancy levels in our six independent hospitals were high throughout the year demonstrating strong demand.

We won several tenders during the year some of which came on stream during the year, and another complex package will go live in 2026/27. We also secured several new properties either for new people (people that AFG hadn't previously supported) or people leaving our hospitals needing their own home and support.

During the year we have strengthened the business development team including appointments at Director level. We have clear growth plans in place for the next two financial years to build on the achievements in 2024/25.

Financial Review

An overview of the financial performance of the Group is included within the financial stability section above.

Defined Benefit Pension Funds

The Greater Manchester Pension Fund Defined Benefit Scheme reported a pension asset of £1,074k as at 31 March 2025 (2024: £860k). The Lancashire County Pension Fund Defined Benefit scheme reported an asset of £4,018k (2024: 3,517k). Since the charity can only recognise the lower of the FRS102 valuation, and the actuarial valuation of future service costs, a portion of this has not been recognised. The actuarial gain from the two schemes of £513k (2024: £366k) and the adverse movement in the derecognised asset of £728k (2024: £625k adverse) are both shown through other gains and losses on the face of the consolidated statement of financial activities.

Treasury Management

Surplus cash is invested across a diversified portfolio of investments. At the end of the year the total value of the portfolio assets amounted to £14.301m (2024: £13.900m). Funds held in investments are used to further the purpose of the Charity.

The Trustees are satisfied that the investment assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

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Cash flows

Cash inflows and outflows for the year are set out in the cash flow statement. Net cash inflows from operating activities are from the delivery of our core services and amounted to £2.450m (2024: £5.443m). The most significant cash flows arise from the acquisition and disposal of investments. The Group's cash balance at the end of the financial year was £9.045m (2024: £10.118m). The Group ended the year with net current assets of £13.847m (2024: £12.572m).

Property Impairment

The Trustees have reviewed the properties held on the balance sheet and have concluded that there is no requirement to impair any of the properties held in the financial statements in the current year as they are all generating a positive contribution.

Cash

As at 31 March 2025, the Charity reports a cash balance of £9.045m (2024: £10.118m).

Achievement against 2024/25 Financial Key Performance Indicators

The key financial performance indicators for the year and targets for 2024/25 are set out below:

End of Year KPIs	Target - FY202-25	Actual as at 31/3/24	Actual as at 31/3/25	Commentary
Debtor Days - gross	< 30	39 days	52 days	Unlike FY24, a double billing period in P12 and material levels of backdated invoices raised in Q3 & Q4 for value >£1m. Commissioners payments delayed.
Creditor Days	>30	48 days	33 days	Improved year-on-year, but approval delays impacted target
Investment Return % - Rathbones Balanced Fund	CPI +2.0%	N/A	2.7%	Change in investment firms in year resulting in portfolio change reported from December 2024.
Investment Return % - Rathbones Income Fund	Deposit Rate +1%	N/A	1.5%	Change in investment firms in year resulting in portfolio change reported from December 2024.
Investment Return % - Thesis Property Fund	N/A	N/A	4.8%	This disaggregated fund was finally transferred post year-end (July 2025).

Achievement against Non-Financial Key Performance Indicators

In April 2022, we agreed a new set of Key Performance Indicators that align to our five strategic objectives. The table below summarises performance against several of our key targets:

Key Performance indicator	Target	Actual
Number of Butterfly Moments	1,322	2,121
Employee Engagement Score	75%	88%
CQC ratings ≥ "Good"	11	10*

*One site was reassessed as "good" post year-end.

Butterfly Moments

Every Butterfly Moment is an amazing event, where a person we support achieves a goal, ambition, milestone, or life-changing moment on their journey to greater independence, choice and control of their lives. These events are amazing no matter how big, small, significant or insignificant, with both their world and ours positively changing forever.

Funds held as custodian

At 31 March 2025, AFG held funds of £29,168 (2024: £26,473) in its HSBC Bank Account, on behalf of people that we support.

AFG has no title to this money. Additionally, AFG has corporate appointee-ship responsibility for administering the personal funds of people that we support. The appointee-ship enables AFG to assist the people that we support with their financial planning and budgeting, supporting them to plan their own spending and living expenses, and helping them to claim the state benefits to which they are entitled.

These funds are not reported within the Financial Statements of the Group.

Investments Policy and Performance

Under the Memorandum and Articles of Association, investment decisions are made within the parameters of the Statement of Investment Principles. The Statement of Investment Principles requires investments to be made considering best practice in terms of corporate governance and socially responsible investing. The Trustees appoint a qualified investment advisor to support their investment decisions, and the Performance Committee reviews the Group's Investment Policy on a periodic basis.

Following a full tender process the investment portfolio transferred from Stanhope Consulting to Rathbones Investment Management. This was completed late in Quarter 3, with only the 'Charities Property Fund', due to the Fund Director exercising their right to defer redemption in accordance with the scheme particulars delayed. This remaining investment was finally transferred 4th July 2025.

The Finance & Performance Committee have restricted investment, and do not allow investment into private equities or commodities/diversifiers to minimise risk. The assessment of the organisation risk tolerance produced a level 3 (medium) tolerance to risk, with '6' being the highest tolerance. The portfolio is split between Equities (58%), Government and Corporate bonds (31%), Cash (1%) and Fixed Income investments (10%).

The broad objective for the investment portfolio is capital preservation combined with a growing income and capital growth: the total nominal annual return objective for the portfolios is: 'Balanced Fund' (Capital and Income) CPI +2.0%; and 'Income Fund' Deposit Rate +1%.

The Trustees were satisfied with the performance of the portfolio during the period. All investments have been made within the agreed policy.

Reserves Policy and Performance

Total group funds held amount to £40.065k (2024: £35,978k) of which £1,093k is restricted (2024: £1,116k), with the remaining £38,972k unrestricted (2024: £34,862). To establish an appropriate level of working capital, and to protect the future operations of the organisation from the effects of any unforeseen variations, the Board holds free reserves in its unrestricted funds. The level of reserves is monitored by the Trustees throughout the year, and the Trustees review the Group's Reserves Policy annually.

The revised Reserves Policy was approved by Audit and Risk Committee (14/05/25) and set a minimum target of free reserves of £7.5m (2024: £6.5m), with the available level of reserves being £10.6m. The minimum target of free reserves is based on the Board's assessment of the level of reserves required to off-set significant payment delays from commissioners, and the potential loss of a significant contract.

The level of reserve headroom was £3.1m (calculated as the difference between unrestricted funds adjusted for fixed assets (excluding investments), budgeted capital expenditure and a self-insurance provision, compared to the minimum target) at the end of the year which the Trustees consider to be satisfactory.

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This headroom is required to be held to support any future under funding to the Charity, see the Going Concern accounting policy.

Principal Risks and Uncertainties

The main factors and influences that will have an effect on the future performance of the Group are considered regularly by the Executive Team and the Board. Those events or risks that could prevent the strategic objectives from being achieved are recorded and monitored for each area of the business and summarised in our Business Assurance Framework (BAF).

The key controls required to manage each risk, together with mitigating actions and responsible person are recorded. Risks are assessed against the Board's risk appetite and graded according to the probability and likelihood of the risk occurring and the potential impact to the organisation. Some of the high scoring key risks monitored by the Board during the year are shown below:

Strategic Risk	Mitigating Actions being taken
IF AFG is not a financially sustainable organisation THEN this will adversely impact AFG's ability to operate and deliver its charitable objectives.	• Annual Budget Setting • Quarterly Reforecasting • Monthly financial Performance Review • Recovery of legacy debt
IF AFG does not have effective corporate governance systems and processes in place THEN this could lead to regulatory compliance and legal/financial challenges.	• Regular review of Board Assurance Framework • Develop new Compliance Framework • Mandatory Data protection training for all employees
IF AFG does not deliver safe care due to ineffective quality governance arrangements THEN this will have adverse reputational, commercial and regulatory compliance impacts.	• Embed new quality assurance framework • Implement co-production & outcomes framework • Recruitment of a new Director of Quality Improvement
IF AFG does not create the conditions for a positive and effective organisational culture THEN this could adversely affect staff performance and delivery against strategic objectives.	• Delivery of Culture Development programme • Maintaining Real Living Wage commitment • Maintaining Great Place to Work accreditation • Implementation of EDI strategy • Delivery of Leadership Development Programmes • Enhanced Employee Value Proposition
IF AFG's digital systems and equipment are not developed, maintained or sufficiently resilient THEN this will impact AFG's ability to deliver safe care and operate efficiently.	• Transition to new Care Management Software with customised, future proof solution. • Enhancing use of Microsoft tools • Completion of additional cyber/penetration testing

Fraud

The Group has a clear anti-fraud policy that has been approved by the Board. The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit and Risk Committee.

Directors' and Officers' Liability Insurance

The Group has insurance policies in place which indemnify its Board members and Executive Officers against liability when acting on behalf of the Group.

Section 172 Statement

Section 172 of the Companies Act 2006 outlines how the Trustees have a duty to promote the success of the Charitable Group to achieve its Charitable purpose. The Trustees of the Charitable Group should perform this duty having regard to:

- The likely consequence of any decision in the long term;
- The interests of the Charitable Group's employees;
- The need to foster the Charitable Group's relationships with suppliers, customers and others;
- The impact of the Charitable Group's operations on the community and the environment;
- The desirability of the Charitable Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly between beneficiaries of the Charitable Group.

In discharging our Section 172 duties we have given due regard to the matters set out above. In addition, we also give regard to other factors which we consider relevant to the decisions being made. Those factors for example include our relationships with our regulators and government agencies.

In discharging our duties, the following should be noted:

The likely consequence of any decision in the long term

Social Care continues to be underfunded year on year by the UK Government, putting significant strain on the provider sector. To maintain a level of control against these significant market challenges, the Charity is operating under our "Positively Impact More Lives" three-year strategy. During the year, decision making of the Trustees has been made against the backdrop of this strategy. The Charity aims to retain control of its own survival and future despite the uncertainties and difficulties the market presents us. The strategy adopted outlines the plan for this and informs the Trustees future decision making framework.

The interests of the Charity's employees

The ability of the organisation to deliver against its overall Strategy, Annual Business Plan and Budget, as well as our commitments to our customers and the people we support lies in the quality, commitment, and contribution of our employees. We undertake an annual Employee Engagement Survey and use the feedback received to influence decision-making and shape future workforce priorities. We communicate regularly with our employees through team meetings, property visits, Executive briefings, and our internal social network platform. AFG's Vision and Values were developed by our employees, and our employees are intrinsic to generating the positive and capable culture we have at AFG. We hold an annual staff awards event in which we recognise and reward employees that have gone above and beyond in their duties. We have a "Credit Where Credit is Due" employee recognition scheme, and we provide an employee discount platform amongst other employee benefits. The work we do with our employees has resulted in the organisation being officially accredited as a Great Place to Work during the year.

The need to foster the Charity's relationships with suppliers, customers, service users, and others

During the period both the Trustees and Executive continued to engage in both physical and virtual "Walkabouts" at our properties, to meet both the people supported and staff, and to help enable a strong understanding of what is working well and where there are opportunities for improvement. The Executive and the wider Senior Leadership team maintain strong relationships with all those who commission our services (whether that be local authorities, Integrated Care Boards (ICBs) or private individuals). AFG's work is all about working with people collaboratively so building strong relationships with our commissioners, partners and suppliers, and is seen as vitally important to the long-term success and sustainability of the Charity. Where issues are raised by our commissioners or partners, the organisation looks to resolve these issues promptly. The Executive Team continue to work closely with our regulators, The Charity Commission, and the Care Quality Commission. AFG are part of the CQC Market Oversight scheme with whom we have developed excellent relationships.

The impact of the Charity's operations on the community and the environment

AFG is a community-based charity providing care and supported living services for adults with learning disabilities, autism and acquired brain injury, as well as adults with mental health and rehabilitation need. As an integral part of our services, we encourage the people we support to actively participate in community activities and promote the benefits of the community to support their independent living. Our community services hold regular community events that invite the community to get involved with supporting and promoting our services within the community. This helps the people we support to access their community more, to forge new relationships and to build their confidence and independence. Equally, it helps to promote a greater degree of awareness to the community of our services and the positive impact of the people we support, our staff and the Charity's purpose. AFG are committed to being a socially responsible organisation and delivering significant social value to communities and society. AFG are also an environmentally focused organisation fully aware of our responsibilities and carbon footprint and have a Net Zero strategy. We are moving towards being a fully digital and paperless organisation in the future. We have home-working policies that reduce travel requirements, and we have significantly downsized our corporate headquarters. We recycle most of our office waste and we recycle and donate IT equipment, furniture and other goods to other charities and the local community. The Charity acknowledges its reporting requirements under the Companies Act 2006 regarding energy use and carbon emissions and is looking at measures to further reduce its carbon footprint (see Streamline Energy and Carbon Reporting section of Report of the Trustees).

The desirability of the Charity maintaining a reputation for high standards of business conduct

The Charity operates under the strict regulation of both the Charity Commission and the Care Quality Commission (including Market Oversight). The Charity engages the services of an internal audit provider to ensure the control environment within which the organisation operates is robust. Additionally, the Audit & Risk Committee of the Charity works closely with the Executive Team to ensure strategic risks are identified, the potential impact of these risks is understood, with appropriate action taken to mitigate. The Charity also operates a Finance and Performance Committee and a Quality & Compliance Committee, providing the Trustees with detailed oversight in these areas. The Charity has "whistleblowing" arrangements in operation which provide appropriate channels for concerns to be reported. The Trustees are custodians of the Charity and the above enables the Charity to be operated within a strong governance framework, thus ensuring risk is identified and mitigated and the decision-making process is robust and subject to appropriate oversight and scrutiny.

The need to act fairly between beneficiaries of the Charity

The engagement of the people we support is critical to the successful operation and long-term future of the Charity. Engagement with people supported is led by our local managers, supported by the Executive Team and Trustees. We continue to actively work with the people we support to increase their involvement in the activities of the Charity.

Future Plans - Our 2025/26 Objectives

For year 1 of our strategy, we plan to continue our progress with the following in-year objectives:

- To ensure all the people we support have at least 2 co-produced independence goals they wish to achieve within the year. We also aim to achieve at least 400 of these goals over the year.
- To grow the number of people we support by +56 in the year through organic growth in our current services, introduction of a new support service line for people living in their own homes with complex health needs, and expansion of our independent hospital beds.
- To improve our CQC domain ratings by launching a new Quality Outcomes Framework, Inspection-ready toolkit and Everyday quality organisational ethos.
- To deliver a planned deficit budget. As we continue to invest in the development, quality and growth of the organisation, we expect to deliver a planned deficit budget in 2025/26. This is a consequence of the increased costs of Employer NI and Real Living Wage increases introduced in April 2025. We expect a return to in-year surplus as funding returns to more sustainable levels in future years.
- To deliver year-2 of our culture development programme and maintain our GPTW top 50 status. As well as become the leading health & social care organisation in other GPTW categories.

- To continue year-2 of our leadership development programmes for each tier of AFG management.
- To complete the expansion of one of our Greater Manchester based hospitals adding an additional 7 bedsits for use in mental health crisis/rehabilitation. Furthermore, we will seek to produce a new, modern, therapeutic blueprint for each of our hospitals that will set a design and plan for an upgrade of our hospital estate during 2026/27.
- Complete the purchase/lease, renovation and mobilisation of several new tech-enabled homes/services for people with complex needs who currently remain in long-stay hospital services or inappropriate settings.
- Deliver six assistive technology programmes across our services to enable the people we support to benefit from improved independence, choice and control in their lives.
- Implement year 1 of our Net Zero Carbon strategy.

Auditor

The Group has conducted a tender process for the appointment of auditors and has decided to appoint a different auditor for the financial accounting period that will end in March 2026.

Going Concern

Accounting standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

The Charity continues to navigate well through the various financial challenges it faces, most notably the ongoing funding challenges in the sector. Notwithstanding these challenges the Charity has delivered a strong financial performance and has a healthy Balance Sheet, which provides the organisation with financial resilience given some of the challenges it faces in the sector.

In considering the appropriateness of the going concern assumption, income and expenditure, cash-flow and reserves head-room projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning these financial statements. Since 31 March 2025 trading performance is positive and ahead of Budget.

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Post balance sheet events

Red Hazels Developments Limited, a wholly owned subsidiary of Alternative Futures Group Limited, is now used exclusively as a vehicle through which property will be acquired.

As at 31 March 2025, the Board approved £2.0m of funding from Alternative Futures Group Limited to Red Hazels Developments Limited.

As a consequence of the plans of the group in this area, further funding of £0.5m and £1.25m has been approved by the Board (21st May 2025 and 19th November 2025 respectively).

Statement of Trustees' Responsibilities

The Trustees, as the Directors of AFG, are responsible for preparing the Trustees' Annual Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure of the group for that period.

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In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity and Group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees which also contains a directors' report as required by company law and the incorporated Strategic Report was approved on 19 November 2025 and signed on its behalf by:



Brian Walsh

Chair – Alternative Futures Group Limited
03 December 2025

Opinion

We have audited the financial statements of Alternative Futures Group Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including 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 Companies Act 2006.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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 trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees 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 Report of the Trustees, and Strategic Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees, and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

Alternative Futures Group Limited
Independent Auditor's Report to the
Members of Alternative Futures Group Limited

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the Pension Schemes Act 2021, and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Report of the Trustees, and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission (CQC) regulations, the UK General Data Protection Regulations (UK GDPR), the Care Act 2014, the Safeguarding Vulnerable Groups Act 2006, the Protection of Freedoms Bill and the Health and Social Care Act 2022. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations, reviewed board minutes for evidence of any regulatory discussions, and inspected correspondence during the year with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

**Alternative Futures Group Limited
Independent Auditor's Report to the
Members of Alternative Futures Group Limited**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

Date: 03 December 2025

Alternative Futures Group Limited
Consolidated Statement of Financial Activities (including Consolidated Income & Expenditure Account)
For the year ended 31 March 2025

	Note	Unrestricted funds £000	Restricted funds £000	Total 2025 £000	Unrestricted funds £000	Restricted funds £000	Total 2024 £000
Income							
Charitable activities	2	80,008	-	80,008	71,856	-	71,856
Investments	3	669	-	669	549	-	549
Total income		80,677	-	80,677	72,405	-	72,405
Expenditure on:							
Charitable activities	4 & 5	76,721	23	76,744	67,933	23	67,956
Total expenditure		76,721	23	76,744	67,933	23	67,956
Net gain on investments	13	369	-	369	669	-	669
Net income / (expenditure) before other recognised gains and losses	7	4,325	(23)	4,302	5,141	(23)	5,118
Other recognised Gains							
Actuarial loss on defined benefit pension scheme	21	(215)	-	(215)	(259)	-	(259)
Total other recognised losses		(215)	-	(215)	(259)	-	(259)
Net movement in funds		4,110	(23)	4,087	4,882	(23)	4,859
Reconciliation of funds							
Total funds brought forward	17	34,862	1,116	35,978	29,980	1,139	31,119
Total funds carried forward	17	38,972	1,093	40,065	34,862	1,116	35,978

There were no new or discontinued operations undertaken during the year.
There are no recognised gains or losses, other than those included in the Statement of Financial Activities.

Alternative Futures Group Limited
Consolidated Balance Sheet
As at 31 March 2025

Company No: 02679915
Charity No: 1008587

	Note	2025 £000	£000	2024 £000	£000
Fixed assets					
Intangible assets	10		1,461		322
Tangible assets	11		10,512		9,167
Investments	13		14,301		13,900
			<u>26,274</u>		<u>23,389</u>
Current assets					
Debtors	14	11,243		7,616	
Cash at bank and in hand		<u>9,045</u>		<u>10,118</u>	
		20,288		17,734	
Current liabilities					
Creditors: amounts falling due within one year	15	<u>(6,497)</u>		<u>(5,162)</u>	
Net current assets			<u>13,791</u>		<u>12,572</u>
Total assets less current liabilities			<u>40,065</u>		<u>35,961</u>
Defined benefit pension scheme asset	21		-		17
Total net assets			<u>40,065</u>		<u>35,978</u>
Funds:					
Unrestricted funds	18		38,972		34,862
Restricted funds	18		<u>1,093</u>		<u>1,116</u>
			<u>40,065</u>		<u>35,978</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 19 November 2025, and signed on their behalf by:



Brian Walsh – Chair
03 December 2025

Alternative Futures Group Limited
Company Balance Sheet
As at 31 March 2025

Company No: 02679915
Charity No: 1008587

	Note	2025 £000	£000	2024 £000	£000
Fixed assets					
Intangible assets	10		1,461		322
Tangible assets	11		9,905		9,167
Investments in subsidiary	12		2,000		-
Investments	13		14,301		13,900
			<u>27,667</u>		<u>23,389</u>
Current assets					
Debtors	14	11,343		7,695	
Cash at bank and in hand		7,643		10,118	
		<u>18,986</u>		<u>17,813</u>	
Creditors: amounts falling due within one year	15	<u>(6,450)</u>		<u>(5,096)</u>	
Net current assets			<u>12,536</u>		<u>12,717</u>
Total assets less current liabilities			<u>40,203</u>		<u>36,106</u>
Defined benefit pension scheme asset	21		-		17
Total net assets			<u>40,203</u>		<u>36,123</u>
Funds:					
Unrestricted funds	18		39,110		35,007
Restricted funds	18		1,093		1,116
			<u>40,203</u>		<u>36,123</u>

The entity has taken the exemption from presenting its unconsolidated income and expenditure account under section 408 of the Companies Act 2006. The net movement in funds of the company for the year was £4,080,000 (2024: £4,938,000) and net income was £4,295,000 (2024: £5,197,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 19 November 2025, and signed on their behalf by:



Brian Walsh – Chair

03 December 2025

Alternative Futures Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Cash flows generated from operating activities	19	2,506	5,443
Investing activities			
Purchase of fixed assets (tangible and intangible)		(3,547)	(385)
Purchase of investments		(13,665)	(645)
Proceeds from sale of investments		13,633	650
Net cash used in investing activities		<u>(3,579)</u>	<u>(380)</u>
Net (decrease)/increase in cash and cash equivalents		(1,073)	5,063
Cash and cash equivalents at beginning of year		<u>10,118</u>	<u>5,055</u>
Cash and cash equivalents at end of year		<u>9,045</u>	<u>10,118</u>
Relating to			
Cash at bank and in hand		<u>9,045</u>	<u>10,118</u>

Analysis of changes in net funds

	At 1 April 2024 £000	Cashflows £000	At 31 March 2025 £000
Cash and cash equivalents			
Cash	10,118	(1,073)	9,045
Total	10,118	(1,073)	9,045

ACCOUNTING POLICIES

General Information

Alternative Futures Group Limited is a private company, limited by guarantee, incorporated and registered in England and Wales, and a registered charity.

The address of the registered office and principal place of business is: 4, St. Paul's Square, Liverpool, L3 9SJ.

The company and the group's principal activities are stated in The Report of the Trustees on page 6.

Basis of Preparation

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Monetary amounts in the financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced Disclosure Exemption

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are provided on a consolidated basis:

- Section 7 Statement of Cash Flows – presentation of a statement of cashflow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going Concern

Accounting Standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

As noted previously, the Charity continues to navigate well through the various financial challenges it faces, most notably the ongoing funding challenges in the sector. Notwithstanding these challenges the Charity has delivered a strong financial performance and has a healthy Balance Sheet.

In considering the appropriateness of the Going Concern assumption, income and expenditure, cash-flow and reserve head-room projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning these financial statements. As at 31 March 2025, the Charity reports a cash balance of £9.0m (2024: £10.12m) and liquid investments of £14.30m (2024: £13.90m).

Since 31 March 2025, trading performance is positive and ahead of Budget.

ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate those of Alternative Futures Group Limited and of its subsidiary, Red Hazels Developments Limited (ie entity that the Group controls through its power to govern the financial and operating policies, so as to obtain economic benefits). All financial statements are made up to 31 March 2025.

All intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The investment in the subsidiary undertaking is stated at cost.

Income

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Income is recognised in the period in which the service is provided.

Where there is doubt regarding the accuracy of the invoicing / recoverability of the debt, the organisation has in place a Credit Note provisioning policy.

Income from Charitable activities

Income from charitable activities represents the total amount receivable by the Charity, after determination by outside agencies and consideration of an individual's entitlement.

Investment income

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure. Expenditure is recognised when, and to the extent that, a liability is incurred or increases without a commensurate increase in recognised assets or decrease in liabilities. All expenditure is accounted for on an accruals basis and is classified under appropriate headings that aggregate all costs relating to the category. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated to such activities and those costs of an indirect nature necessary to support them.

ACCOUNTING POLICIES (CONTINUED)

Support costs

Support costs include both central and governance functions and have been allocated to activity cost categories in proportion to the income of each category.

Employee benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Other expenditure

Other expenditure represents those items not falling into any other heading.

Intangible Fixed Assets Including Goodwill and Software

Goodwill relates to contracts acquired in 2013 and is stated at cost, net of amortisation and impairment. Goodwill has been amortised over 3 years, representing the life of the contract, and has been fully amortised in previous years.

Intangible assets also include acquired software costs together with capitalised development expenditure in relation to time costs of individuals working on the design configuration and testing of new software systems. They are amortised over 5 years once the software is available for its intended use, which is the expected useful life of the software. AFG capitalises development expenditure as an intangible asset when it can demonstrate the following:

- the technical feasibility of completing the development, so the intangible asset will be available for use;
- the intention to complete the development and use the intangible asset;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- its ability to measure reliably the expenditure attributable to the intangible asset during development.

Where these criteria are not met, expenditure is charged to the Statement of Financial Activities as research costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment.

Tangible fixed assets comprise freehold land and buildings, office furniture and equipment, vehicles, and property furniture and furnishings. Property furniture and fittings for new schemes are capitalised as tangible fixed assets for AFG's own use, whilst replacement items are capitalised if their value as a single item or as a group of items purchased together, is £300 or more.

Depreciation is provided so as to write off the cost of the assets, other than freehold land, on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are:

Freehold properties	10 - 50 years
Furniture & Equipment	3 - 10 years

Assets under the course of construction are depreciated only at the time the asset become available for use.

ACCOUNTING POLICIES (CONTINUED)

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset. Shortfalls between the carrying value of the fixed assets and their recoverable amounts, being the higher of the fair value less costs to sell and value in use are recognised as impairment losses and recognised as an expense within the Statement of Financial Activities.

Investments

Investments, excluding the investment in the subsidiary, are stated at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Listed investments held are stated at the quoted market price. In the separate accounts of the charity, the investment in the subsidiary is initially measured at cost, and subsequently measured at cost less any accumulated impairment losses.

Where cash is held within the Investment Portfolio, this is invested when the advisors consider market conditions to be suitable.

Financial Instruments

AFG's Financial Instruments are considered as Basic Financial Instruments in accordance with Section 11 of FRS102. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for listed investments which are valued at fair value through profit or loss.

Debtors

Trade and other debtors and the intercompany debtor are recognised at the amount invoiced, with the Charity carrying a credit note provision, the provision being based on the age of the debt. The value of the credit note provision is formally reviewed annually as part of the Statutory Accounts process, with an ongoing monthly review of the overall Trade Debtors position. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and In Hand

Cash at bank and in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where AFG has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Retirement Benefits - Pension Schemes

Contributions are made by AFG to the four pension schemes that are in operation, as follows:

The National Health Service (NHS) Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury. The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme; the amount charged against profits represents the contributions to the scheme.

ACCOUNTING POLICIES (CONTINUED)

Retirement Benefits - Pension Schemes (continued)

A stakeholder pension scheme, for certain senior members of staff, at a contribution rate of up to 14% of annual basic pay. The amount charged to the Statement of Financial Activities 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 balance sheet.

Two defined benefit pension schemes in respect of admissions of staff as a result of TUPE transfers are funded by the participating employees and employers in the scheme. Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the income and expenditure account. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the Statement of Financial Activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the Statement of Financial Activities as other finance costs or income. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the Statement of Financial Activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme surpluses (to the extent that they can be recovered) or deficits are recognised in full on the Balance Sheet.

The assets of these schemes are administered, by Trustees, in funds independent from those of the Charity.

Leasing Commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities over the life of the lease on a straight-line basis.

Fund Accounting

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds

Restricted funds are subject to specific restrictive conditions imposed by the donor or grant making body. All restricted funds are accounted for as restricted income and expenditure for the purposes charged to the fund, together with a fair allocation of overheads and support costs.

ACCOUNTING POLICIES (CONTINUED)

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key accounting estimates and area of judgement applied by Alternative Futures Group Limited are as follows:

- Given the ageing of the trade debtors of the Charity, management continue to carry a credit note provision. The provision in place arises as a consequence of invoicing errors, such errors dating back a number of years. Management continue to review the appropriateness of the provision, with the provision made being estimated based on the aging of the balance. The Charity will continue to work closely with its commissioners to ensure the resolution of issues and the optimisation of recovery.
- The present value of the defined benefit pension asset depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions asset / liability at 31 March 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset of £Nil (2024: £17k).

As at 31 March 2025, no defined benefit plan asset has been recognised within the financial statements. The asset amount has been restricted to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This has been determined by recognising the lower of the defined benefit asset and the actuarial valuation of the future service cost over the expected life of the plan.

2 CHARITABLE ACTIVITIES INCOME

	2025 £000	2024 £000
Community and Adult Care Homes	64,523	58,286
Independent Hospitals	<u>15,485</u>	<u>13,570</u>
	<u>80,008</u>	<u>71,856</u>

All income in the current and prior year was unrestricted.

3 INVESTMENT INCOME

	2025 £000	2024 £000
Dividends – UK equity	118	66
Dividends – Overseas equities	39	52
Dividends – Other	14	27
Interest – UK fixed interest securities	74	53
Interest on cash deposits	424	351
	<u>669</u>	<u>549</u>

All current and prior year income was unrestricted.

4 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct staff costs £000	Direct non- staff costs £000	Operational Service Support costs £000	Corporate Support costs £000	2025 £000	2024 £000
Provision of support and care						
Community and Adult Care Homes	52,786	1,132	3,253	7,058	64,229	57,345
Independent Hospitals	5,866	4,122	781	1,746	12,515	10,611
	<u>58,652</u>	<u>5,254</u>	<u>4,034</u>	<u>8,804</u>	<u>76,744</u>	<u>67,956</u>
Total charitable activities						

	Unrestricted £000	Restricted £000	2025 £000	Unrestricted £000	Restricted £000	2024 £000
Provision of support and care						
Community and Adult Care Homes	64,229	-	64,229	57,345	-	57,345
Independent Hospitals	12,492	23	12,515	10,588	23	10,611
	<u>76,721</u>	<u>23</u>	<u>76,744</u>	<u>67,933</u>	<u>23</u>	<u>67,956</u>
Total charitable activities						

5 EXCEPTIONAL ITEMS

	2025 £000	2024 £000
Staff Costs, including redundancy, taxes and pensions	<u>91</u>	<u>98</u>
	<u>91</u>	<u>98</u>

6 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	2025 £000	2024 £000
OPERATIONAL SERVICE SUPPORT COSTS		
Operational Support / CQC Registered Addresses / Regional Offices	208	175
Operational Management / Workforce Planning / Rostering	1,339	634
Operational Services ICT Infrastructure	571	551
Operational Services Learning & Development Costs	1,336	1,291
Operational Services Quality Support Costs	580	420
	<u>4,034</u>	<u>3,071</u>
CORPORATE SUPPORT COSTS		
Financial, Transaction & Reporting, Banking & Audit Costs	864	1,757
HR & Recruitment Costs	2,880	1,798
ICT, Software Licencing, Depreciation and Support Desk	2,582	2,385
Insurance Costs	634	680
Governance & Administration	1,640	641
Premises Running Costs	28	27
Legal Fees	108	124
Interest on defined benefit pension	(214)	(186)
Chief Executive Department	282	291
	<u>8,804</u>	<u>7,517</u>

During the year, the organisation has continued to review its cost base to ensure support costs are appropriately reported as either Operational or Corporate costs.

Governance costs include internal audit fees of £97,754 (2024: £47,237), services from external auditors of £181,881 (2024: £137,946) and Trustee development £Nil (2024: £Nil). Trustee indemnity insurance £Nil (2024: £Nil) is not individually identified but contained within the overall Social Care Insurance Premium.

Staff costs included within support costs amount to £8,222,161 (2024: £6,340,080).

7 NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2025 £000	2024 £000
Operating lease rentals	182	423
Interest on defined benefit pension	(214)	(186)
Depreciation and amortisation:		
Intangible fixed assets, owned (see note 10)	134	275
Tangible fixed assets, owned (see note 11)	929	723
Auditor's remuneration:		
- audit fees	182	138
- accountancy fees	21	19

8 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL

Staff costs during the year were as follows:

	2025	2024
Group and company	£000	£000
Wages and salaries	60,734	54,436
Social security costs	4,683	4,124
Employer pension costs – operating (income)/cost in respect of DB Schemes	16	16
Employer pension costs – costs of contributions paid to DC and DB schemes	1,350	1,147
Redundancy payments	91	98
	<u>66,874</u>	<u>59,821</u>

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

	Number of employees	
	2025	2024
£60,001 to £70,000	6	7
£80,001 to £90,000	1	2
£90,001 to £100,000	4	-
£130,001 to £140,000	4	4
£190,001 to £200,000	-	1
£200,001 to £210,000	1	-
	<u>16</u>	<u>14</u>

The key management personnel of the charity comprise the executive team. Total cost for employee benefits of the key management personnel of the Group and Charity was £1,600,360 (2024: £1,303,721).

During the year, the following amounts were paid to pension schemes:

	2025 £000	2024 £000
Pension contributions to money purchase schemes	1,049	876
Pension contributions to defined benefit schemes	301	271
	<u>1,350</u>	<u>1,147</u>

Pension contributions are allocated to unrestricted funds. Costs are allocated to activity cost categories in proportion to the income generated by each activity.

The numbers of staff to whom retirement benefits are accruing are as follows:

	Number of employees	
	2025	2024
Money Purchase Schemes	1,540	1,557
Defined Benefit Schemes	<u>48</u>	<u>54</u>
	<u>1,588</u>	<u>1,611</u>

During the year, twelve higher paid employees (2024: eleven) participated in a money purchase pension scheme. Employer contributions for the higher paid employees were £105,200 (2024: £86,944)

The Chair of the Board of Trustees, Brian Walsh, received remuneration in the year of £21,250 (2024: £21,250), as allowed in the Memorandum and Articles of Association and agreement from the Charity Commission received in June 2011. The Chair received £Nil pension contributions during the year (2024: £Nil). The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee. During the year, the Chair will attend quarterly Board meetings, if required extra-ordinary Board meetings and various workshops. Additionally, the Chair works closely with the Chief Executive Officer in the development of the strategy of the Charity.

No other Trustees, or persons with a family or business connection with a Trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity. The trustees received no pension contributions. Three Trustees (2024: One) received £1,129 reimbursement for travelling and accommodation expenses in the current year (2024: £137).

9 STAFF NUMBERS

Group

The average number of employees during the year was as follows:

	No of employees	
	2025	2024
Management and Operational Care and Support Staff	1,852	1,764
Governance and administration of the charity	<u>12</u>	<u>12</u>
	<u>1,864</u>	<u>1,776</u>

The average number of employees on a full-time equivalent basis during the year was as follows:

	No of employees	
	2025	2024
Management and Operational Care and Support Staff	1,626	1,551
Governance and administration of the charity	<u>12</u>	<u>12</u>
	<u>1,638</u>	<u>1,563</u>

Red Hazels Developments Ltd did not have any employees in either year.

10 INTANGIBLE ASSETS
Group

	Capitalised development costs £000	Software £000	Goodwill £000	Total £000
Cost				
As at 1 April 2024	478	1,536	1,300	3,314
Additions	<u>1,139</u>	<u>134</u>	<u>-</u>	<u>1,273</u>
As at 31 March 2025	<u>1,617</u>	<u>1,670</u>	<u>1,300</u>	<u>4,587</u>
Amortisation				
As at 1 April 2024	156	1,536	1,300	2,992
Provided in the year	<u>-</u>	<u>134</u>	<u>-</u>	<u>134</u>
As at 31 March 2025	<u>156</u>	<u>1,670</u>	<u>1,300</u>	<u>3,126</u>
Net book amount at 31 March 2025	<u>1,461</u>	<u>-</u>	<u>-</u>	<u>1,461</u>
Net book amount at 31 March 2024	<u>322</u>	<u>-</u>	<u>-</u>	<u>322</u>
Company	Capitalised development costs £000	Software £000	Goodwill £000	Total £000
Cost				
As at 1 April 2024	478	1,536	1,300	3,314
Additions	<u>1,139</u>	<u>134</u>	<u>-</u>	<u>1,273</u>
As at 31 March 2025	<u>1,617</u>	<u>1,670</u>	<u>1,300</u>	<u>4,587</u>
Amortisation				
As at 1 April 2024	156	1,536	1,300	2,992
Provided in the year	<u>-</u>	<u>134</u>	<u>-</u>	<u>134</u>
As at 31 March 2025	<u>156</u>	<u>1,670</u>	<u>1,300</u>	<u>3,126</u>
Net book amount at 31 March 2025	<u>1,461</u>	<u>-</u>	<u>-</u>	<u>1,461</u>
Net book amount at 31 March 2024	<u>322</u>	<u>-</u>	<u>-</u>	<u>322</u>

Capitalised development costs relate to the development of the new Finance & Procurement system (go live commenced in the previous financial year), and the new Care Management system (expected to go live 2025/26 financial year). Amortisation relating to these assets will only be charged when they are available for use.

Amortisation charged in the year on software has been recognised within charitable activities expenditure.

11 TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings £000	Assets under construction £000	Furniture and equipment £000	Total £000
Cost				
As at 1 April 2024	13,065	-	6,371	19,436
Additions	994	607	673	2,274
As at 31 March 2025	<u>14,059</u>	<u>607</u>	<u>7,044</u>	<u>21,710</u>
Depreciation and Impairment				
As at 1 April 2024	5,747	-	4,522	10,269
Provided in the year	455	-	474	929
As at 31 March 2025	<u>6,202</u>	<u>-</u>	<u>4,996</u>	<u>11,198</u>
Net book amount at 31 March 2025	<u>7,857</u>	<u>607</u>	<u>2,048</u>	<u>10,512</u>
Net book amount at 31 March 2024	<u>7,318</u>	<u>-</u>	<u>1,849</u>	<u>9,167</u>

Company

	Freehold land and buildings £000	Furniture and equipment £000	Total £000
Cost			
As at 1 April 2024	13,065	6,371	19,436
Additions	994	673	1,667
As at 31 March 2025	<u>14,059</u>	<u>7,044</u>	<u>21,103</u>
Depreciation and Impairment			
As at 1 April 2024	5,747	4,522	10,269
Provided in the year	455	474	929
As at 31 March 2025	<u>6,202</u>	<u>4,996</u>	<u>11,198</u>
Net book amount at 31 March 2025	<u>7,857</u>	<u>2,048</u>	<u>9,905</u>
Net book amount at 31 March 2024	<u>7,318</u>	<u>1,849</u>	<u>9,167</u>

The cost of land held within freehold land and buildings amounts to £2,394,307 (2024: £2,394,307) and is not depreciated. HSBC Bank Plc hold a fixed and floating charge over the undertaking and all its assets and property, both present and future.

12 INVESTMENTS IN SUBSIDIARY

Company	Registered office	Principal activity	Shares held Class	%
Red Hazels Developments Limited (Company number 09498298)	6 th Floor St Paul's Square, Liverpool, England, L3 9SJ	Property development	Ordinary	100

The charity holds 200,010 of £10 shares in its wholly owned trading subsidiary company Red Hazels Developments Limited. These are the only shares allotted, called up and fully paid.

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
As at 1 April	-	-	-	-
Increase in investment	-	-	2,000	-
As at 31 March	-	-	2,000	-

The amounts included within the consolidated accounts for the subsidiary company are:

	2025 £000	2024 £000
Turnover	-	-
Expenditure, including Interest paid and received	(13)	(10)
Loss for the financial year	(13)	(10)
Total Assets	2,008	-
Total Liabilities	(147)	(145)
Equity at end of year	1,861	(145)

13 FIXED ASSET INVESTMENTS

Movement in fixed assets investments

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Fixed asset investments held for return:				
Listed investments	14,301	13,900	14,301	13,900
	14,301	13,900	14,301	13,900

13 FIXED ASSET INVESTMENTS (CONTINUED)

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Listed investments				
Fair value brought forward	13,900	13,236	13,900	13,236
Additions to investments at cost	13,665	645	13,665	645
Disposal at carrying value	(13,633)	(650)	(13,625)	(650)
Changes in fair value	369	669	361	669
Fair value carried forward	<u>14,301</u>	<u>13,900</u>	<u>14,301</u>	<u>13,900</u>

Listed investments at fair value comprised:

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Equities – UK	352	1,753	352	1,753
Equities – Overseas	916	3,220	916	3,220
Fixed interest securities – UK	11,500	2,445	11,500	2,445
Property – UK	242	239	242	239
Cash held for investments	112	337	112	337
Cash equivalents	1,179	5,906	1,179	5,906
Fair value carried forward	<u>14,301</u>	<u>13,900</u>	<u>14,301</u>	<u>13,900</u>

The following holdings each constituted more than 5% of the year end fair value of the portfolio:

	2025	2024
	£'000	£'000
UK Conventional Government Bonds	4,558	-
UK Index Linked Government Bonds	806	-
Active Mgd Fixed Inc – Liquid	1,188	-
iShares Index Linked	-	925
Rathbone Ethical Bond	-	575
Trojan “S”	-	497
Baillie Gifford Strategic Bond	-	517
Baillie Gifford International	-	455
Evenlode Income	-	527
Artemis Income	-	562
M&G Charifund	-	352
iShares Corporate Bond ETF	-	428
Artisan Global Value	-	406
JPM Global Growth and Income	-	424
Federated Hermes Gbl	-	415
iShares MSCI World ETF	-	401

14 DEBTORS

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade debtors	6,721	2,905	6,721	2,905
Intercompany debtor	-	-	100	79
Prepayments	421	104	421	104
Accrued income	4,080	4,446	4,080	4,446
Other debtors	21	161	21	161
	<u>11,243</u>	<u>7,616</u>	<u>11,343</u>	<u>7,695</u>

Trade debtors are stated after a credit note provision of £2,180,000 (2024: £2,180,000).

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade creditors	1,655	1,052	1,654	1,052
Accruals and deferred income	3,015	2,330	2,969	2,264
Social security and other taxes	1,166	976	1,166	976
Other creditors	661	804	661	804
	<u>6,497</u>	<u>5,162</u>	<u>6,450</u>	<u>5,096</u>

Included in other creditors is an amount of £252,296 (2024: £212,023) due to pension schemes which was paid subsequent to the year end.

Deferred Income at the end of the year was £59,470 (2024: £Nil), of which £59,470 (2024: £Nil) related to invoices and payments in query, where monies received from commissioners do not match the amounts invoiced under the care-plans.

	2025	2024
	£000	£000
Deferred income at 1 April	-	831
Release of deferred income	-	(831)
Amounts deferred in the year	59	-
Deferred income at 31 March	<u>59</u>	<u>-</u>

16 GROUP FINANCIAL INSTRUMENTS

	2025	2024
	£000	£000
Financial assets:		
Instruments measured at fair value through profit or loss	<u>14,301</u>	<u>13,900</u>

17 MOVEMENT IN FUNDS

GROUP

	At 1 April 2024	Income	Expenditure	Gain on investment assets	Pension	At 31 March 2025
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	34,862	80,677	(76,721)	369	(215)	38,972
Restricted funds: gifted properties	<u>1,116</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,093</u>
Total funds	<u>35,978</u>	<u>80,677</u>	<u>(76,744)</u>	<u>369</u>	<u>(215)</u>	<u>40,065</u>

COMPANY

	At 1 April 2024	Income	Expenditure	Gain on investment assets	Pension	At 31 March 2025
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	35,007	80,677	(76,728)	369	(215)	39,110
Restricted funds: gifted properties	<u>1,116</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,093</u>
Total funds	<u>36,123</u>	<u>80,677</u>	<u>(76,751)</u>	<u>369</u>	<u>(215)</u>	<u>40,203</u>

Purpose of Restricted Fund

Restricted funds represent the book value of properties held which were gifted for use as treatment centres within Alternative Futures Group Limited. The properties can only be used for this purpose. Any proposed change of use, including ceasing activities at the properties or a sale of the properties would require permission from the donor.

Purpose of Unrestricted Fund

Unrestricted funds are for the use of Alternative Futures Group Limited's charitable objectives.

17 MOVEMENT IN FUNDS (CONTINUED)

PRIOR YEAR MOVEMENT IN FUNDS

GROUP

	At 1 April 2023	Income	Expenditure	Loss on investment assets	Pension	At 31 March 2024
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	29,980	72,405	(67,933)	669	(259)	34,862
Restricted funds: gifted properties	<u>1,139</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,116</u>
Total funds	<u>31,119</u>	<u>72,405</u>	<u>(67,956)</u>	<u>669</u>	<u>(259)</u>	<u>35,978</u>

COMPANY

	At 1 April 2023	Income	Expenditure	Loss on investment assets	Pension	At 31 March 2024
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	30,046	72,405	(67,854)	669	(259)	35,007
Restricted funds: gifted properties	<u>1,139</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,116</u>
Total funds	<u>31,185</u>	<u>72,405</u>	<u>(67,877)</u>	<u>669</u>	<u>(259)</u>	<u>36,123</u>

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2025 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2025 £000
Intangible fixed assets	1,461	-	1,461
Tangible fixed assets	9,419	1,093	10,512
Investments	14,301	-	14,301
Current assets	20,288	-	20,288
Current liabilities	(6,497)	-	(6,497)
Pension	-	-	-
Net assets	<u>38,972</u>	<u>1,093</u>	<u>40,065</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2025 £000
Intangible fixed assets	1,461	-	1,461
Tangible fixed assets	8,812	1,093	9,905
Investments	16,301	-	16,301
Current assets	18,986	-	18,986
Current liabilities	(6,450)	-	(6,450)
Pension	-	-	-
Net assets	<u>39,110</u>	<u>1,093</u>	<u>40,203</u>

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Fund balances at 31 March 2024 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2024 £000
Intangible fixed assets	322	-	322
Tangible fixed assets	8,051	1,116	9,167
Investments	13,900	-	13,900
Current assets	17,734	-	17,734
Current liabilities	(5,162)	-	(5,162)
Pension	17	-	17
Net assets	<u>34,862</u>	<u>1,116</u>	<u>35,978</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2024 £000
Intangible fixed assets	322	-	322
Tangible fixed assets	8,051	1,116	9,167
Investments	13,900	-	13,900
Current assets	17,813	-	17,813
Current liabilities	(5,096)	-	(5,096)
Pension	17	-	17
Net assets	<u>35,007</u>	<u>1,116</u>	<u>36,123</u>

19 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM CONSOLIDATED OPERATING ACTIVITIES

	2025 £000	2024 £000
Net Income	<u>4,302</u>	<u>5,118</u>
Adjustments for:		
Gain on investments	(369)	(669)
Amortisation charges	134	275
Depreciation charges	929	723
DB Scheme costs less contributions payable	16	16
DB Scheme net finance expense	<u>(214)</u>	<u>(186)</u>
	4,798	5,277
Movements in working capital:		
(Increase)/decrease in debtors	(3,627)	638
Increase/(decrease) in creditors	<u>1,335</u>	<u>(472)</u>
Net cash generated from operating activities	<u><u>2,506</u></u>	<u><u>5,443</u></u>

20 CAPITAL COMMITMENTS

The group and charity had total capital commitments of £1,082,161 at 31 March 2025 (2024: £Nil). Capital commitments in respect of intangible assets were £1,065,783 (2024: £Nil). Capital commitments in respect of tangible assets were £16,378 (2024: £Nil).

21 RETIREMENT BENEFITS

Contributions are made to the four pension schemes that are in operation, as follows:

- The NHS Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury.

The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the amount charged against profits represents the contributions payable to the scheme.

- Stakeholder pension scheme with banded contributions up to 14% depending on grade are available to all staff.
- Two defined benefit schemes (as noted below) as a result of staff joining the company by means of TUPE transfer.

The assets of these schemes are administered, by Trustees, in funds independent from those of the group.

Defined benefit plans

Lancashire County Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced 10 November 2008. The figures cover the period from 1 April 2024 to 31 March 2025 and all the data items relate to the same period.

Greater Manchester Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced in June 2007.

The Balance Sheet and other disclosures as at 2025 are based on the last full actuarial valuations as at 31 March 2019 and updated to 31 March 2025, and include the pension schemes in aggregate.

Overall assumptions:

	Total of pension schemes 2025 %	Total of pension schemes 2024 %
Key assumptions used:		
Discount rate	5.80	4.85
Rate of inflation	2.75	2.80
Expected rate of salary increases	3.85	3.90
Future pension increases	2.78	2.80

21 RETIREMENT BENEFITS (CONTINUED)

The average life expectancy for a current pensioner on the balance sheet date is:

	Total of pension schemes 2025 Years	Total of pension schemes 2024 Years
Male	19.9	20.0
Female	23.2	23.2

The average life expectancy for a future pensioner retiring at 65 aged at the balance sheet date:

	Total of pension schemes 2025 Years	Total of pension schemes 2024 Years
Male	21.6	21.7
Female	24.6	24.6

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Amounts recognised in the statement of financial activities in respect of these defined benefit schemes are as follows:

	Total of pension schemes 2025 £000	Total of pension schemes 2024 £000
Current service cost	16	16
Interest cost	222	219
Interest income	(436)	(405)
	<u>(198)</u>	<u>(170)</u>

Actuarial gains and losses are reported in the statement of financial activities. The loss recognised in 2025 was £215,000 (2024: £259,000).

The actual return on scheme assets was £232,000 (2024: £542,000) for Lancashire County Pension Fund and £78,000 (2024: £143,000) for Greater Manchester Pension Fund.

21 RETIREMENT BENEFITS (CONTINUED)

The amount included in the Balance Sheet arising from the Group's obligation in respect of defined benefit retirement schemes is as follows:

	Total 2025 £000	Total 2024 £000
Fair value of scheme assets	9,145	9,046
Present value of defined benefit obligations	<u>(4,053)</u>	<u>(4,669)</u>
Asset in scheme	5,092	4,377
Limit on asset in Greater Manchester scheme	(1,074)	(843)
Limit on asset in Lancashire scheme	<u>(4,018)</u>	<u>(3,517)</u>
Recognised in balance sheet	<u>-</u>	<u>17</u>

The value of the Group's share of net assets of the schemes has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other recognised gains and losses in the period.

Movements in the present value of defined benefit obligations in the current period were as follows:

	Total 2025 £000	Total 2024 £000
At start of period	4,669	4,707
Current service cost	21	25
Interest cost	222	219
Actuarial gains	(639)	(86)
Contributions by plan participants	6	7
Benefits paid	<u>(226)</u>	<u>(203)</u>
At the end of the period	<u>4,053</u>	<u>4,669</u>

Movements in the fair value in the share of scheme assets in the current period were as follows:

	Total 2025 £000	Total 2024 £000
At start of period	9,046	8,548
Interest income	436	405
Return on plan assets less amounts included in net interest	(122)	280
Employer contributions	5	9
Members contributions	6	7
Benefits paid	<u>(226)</u>	<u>(203)</u>
At the end of the period	<u>9,145</u>	<u>9,046</u>

21 RETIREMENT BENEFITS (CONTINUED)

The analysis of the scheme assets at the balance sheet date were as follows:

Lancashire County Pension Fund

	Total of pension schemes Fair value assets 2025 £000	Total of pension schemes Fair value assets 2024 £000
Equity Instruments	7	7
Property	85	91
Cash / liquidity	106	126
Other assets	6,867	6,791
	<u>7,065</u>	<u>7,015</u>

Greater Manchester Pension Fund:

	Total of pension schemes Fair value assets 2025 £000	Total of pension schemes Fair value assets 2024 £000
Equity Instruments	1,310	1,401
Government bonds	374	305
Property	187	163
Cash / liquidity	209	162
	<u>2,080</u>	<u>2,031</u>

The amounts of contributions expected to be paid to the schemes during the financial period ending 31 March 2025 are £Nil (2024: £Nil) in respect of Lancashire County Pension Fund and £5,000 (2024: 9,000) in respect of Greater Manchester Pension Fund.

Alternative Futures Group is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the Scheme Trustees being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmations, the Trustees do not expect the valuation of the scheme liabilities to change.

22 LEASING COMMITMENTS

At the reporting end date, the Group and Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Within one year	199	150	199	150
Between two and five years	539	100	539	100
	<u>738</u>	<u>250</u>	<u>738</u>	<u>250</u>

23 TAXATION

Alternative Futures Group Limited as a registered charity is exempt from Corporation Tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

24 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee incorporated within the United Kingdom and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

As at 31 March 2025, the company had 11 members (2024: 10).

25 CONTINGENT LIABILITIES

The Group provides a Death in Service benefit for all staff however the insurance policy does not provide the benefit to any staff aged over 75. The Directors are aware of a small cohort of eight staff who are aged over 75, and the estimated death in service benefit relating to those staff if it were to arise would be £118k.

The group is unaware of any other material liabilities for which provision has not been made in these financial statements.

26 RELATED PARTY TRANSACTIONS

There have been no related party transactions in the period other than trustee remuneration and expenses, as disclosed in Note 8, and transactions with the subsidiary Red Hazels Developments Limited disclosed below:

	2025 £	2024 £
Amounts paid on behalf of Red Hazels	20,469	-
Monies transferred to Red Hazels to pay creditors	-	10,000
Amounts owed from Red Hazels at 31 March	<u>99,686</u>	<u>79,217</u>

26 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, Red Hazels Developments Limited issued additional share capital amounting to £2m. The entire issuance was subscribed to by the charity, which now holds the newly issued shares as an investment.

27 POST BALANCE SHEET EVENTS

Red Hazels Developments Limited, a wholly owned subsidiary of Alternative Futures Group Limited, is now used exclusively as a vehicle through which property will be acquired.

As at 31 March 2025, the Board approved £2.0m of funding from Alternative Futures Group Limited to Red Hazels Developments Limited.

As a consequence of the plans of the group in this area, further funding of £0.5m and £1.25m has been approved by the Board (21st May 2025 and 19th November 2025 respectively).

ALTERNATIVE FUTURES GROUP LIMITED

England & Wales - Charity number 1008587

Accounts

Company No: 02679915
Charity No: 1008587



ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE YEAR ENDING
31 MARCH 2024**

Alternative Futures Group Limited
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Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2024

Following my third year as Chair of Alternative Futures Group Limited (AFG), this report provides an opportunity to reflect on some of the charity's key achievements during 2023/24 and to talk about some of the challenges that we faced as an organisation during this period.

It has been a year of transition for AFG as we successfully completed a period of financial turnaround over the past several years and launched an exciting new strategy focussed on growing the organisation and positively impacting more lives. It has been necessary during this year to ensure we have the right skills, culture, systems and processes in place to enable us to deliver our ambitious new strategy, and so during 2023/24 we have invested in a number of areas to help set the charity up to achieve our objectives over the coming years.

While some of the focus has quite rightfully been on putting the building blocks in place to deliver the new strategy, we have still made significant progress against our five strategic aims during our first year, successfully completing a number of important deliverables in our Annual Business Plan.

During the year, we also developed and launched a sixth, cost-cutting strategic aim focussed on Environmental, Social and Governance (ESG) to signal the Board's commitment to operating in an environmentally responsible way and maximise the social value that we deliver through AFG's activities.

We have continued to focus on the areas of our expertise during 2023/24, supporting people with a Learning Disability, Autism or complex behavioural needs on behalf of our Local Authority commissioners, as well as providing Mental Health Services on behalf of our ICB (Integrated Care Board) commissioners and the NHS. During the year, we have commenced work to develop our service offers in both of these important areas to allow us to meet the evolving needs of our commissioners and grow the number of people we support.

In respect of the external environment, we continued to feel the impact of a number of significant economic and political challenges during the year, including high inflation rates and an ongoing cost of living crisis. Post-pandemic workforce issues and Brexit policy also created significant workforce pressures for the health and social care sector. Despite this we managed to make significant progress during this year in bringing down our vacancy rate and reducing our use of temporary, agency staff through significant investment in our recruitment team and a sustained focus throughout the year on recruitment activity.

In early 2024, the Government announced that it would increase National Living Wage by 9.8% to £11.44 per hour from April 2024. While this was one of the largest annual increases on record, it still failed to recognise the current inflationary and cost of living pressures staff were under, as well as the rising costs of care provision for providers.

In response to this challenge, I am proud to say that our Board continued our commitment to being a Real Living Wage (RLW) employer by investing a significant amount of the charity's reserves to improve front line pay to RLW levels at £12.00 per hour. This investment is key to retaining and attracting staff, and also offers valuable financial support to our front line colleagues during the ongoing cost of living crisis.

Commissioner funding also continued to be a challenge during 2023/24. While one or two Local Authority social care commissioners recognised the workforce issues faced by providers and offered an increased rate to support a Real Living Wage, unfortunately the majority gave below the National Living Wage increase. For our NHS ICB commissioners, rate increases also failed to keep pace with inflation and it was necessary for us to enter into protracted negotiations to achieve increases which went some way to recognising the significant increase in both pay and non-pay costs for our hospital services. Despite these challenges, the increased rates were welcome to offset the Board's subsidisation of Real Living Wage for our front line colleagues.

Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2024

The Board and I remained extremely disappointed that the Government again did not provide the leadership and funding required to give the sector the support and investment it badly needed. Despite the rhetoric around the need to invest in health and social care, the Government again failed to respond with any adequate short or long term investment solutions. Despite this, staff working in the sector continue to remain committed to what they do, especially those providing front line care and support, and the Board of AFG remains immensely grateful and appreciative to all our hard working colleagues for their ongoing commitment to the organisation and the people we support.

On a positive note, I am delighted to report that the charity reported a fourth successive year of positive operational surplus for the year ending 31 March 2024, largely driven by a continued focus on identifying efficiencies and performance improvements across the organisation. Alongside this, we have continued to invest in our quality and safety during this period. The CEO, Chief Executive Officer and wider Senior Leadership Team deserve great credit for delivering a financial performance significantly ahead of our planned target while continuing to develop and grow the organisation.

In the year, we have seen no changes to our excellent, highly respected Executive Team, and we have also recruited several new Directors at the level below this to support the delivery of our ambitious strategy. During this period, we have also said farewell to some fantastic Board Members who have served the charity faithfully over the past several years, and welcomed new Members who will provide fresh perspectives and experience to help guide the organisation through the next key strategic phase.

Having laid strong foundations for the delivery of the strategy during this year, in 2024/25 AFG will continue with our work to Positively Impact More Lives. This will include growing and developing the organisation, expanding our reach and supporting more people, and continuing work to develop our service offers. We will also continue to increase our brand awareness and influence in the sector, invest in developing our people and culture, and continue work to establish our place as a sector leader in quality and personal outcomes. We will make further investment in becoming a digitally empowered organisation, enhance our use of data, and develop technology enhanced support models. Finally, we will underpin all of this by being environmentally and socially responsible in everything we do and investing further in our ESG work.

In summary, 2023/24 has been a challenging but positive year and AFG remains a fantastic organisation to be a part of, where amazing people do amazing things every day. The Board and I remain immensely grateful for all the incredible hard work and commitment of staff during a difficult economic time. We continue to be proud and humbled by the ongoing stories of staff going the extra mile to help the people we support achieve their independence goals.

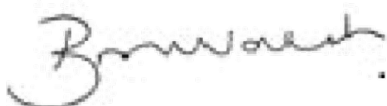
Looking ahead, I have no doubt that the organisation will be equipped to navigate its significant challenges and obstacles and continue its success. We will continue to make the necessary decisions to ensure AFG provides only the very best care and support to the people we are very privileged to support.

My special thanks to the amazing people we support. They continue to be our inspiration, at the heart of everything we do and remain at the forefront of our mission and vision for the future.

My thanks also to all front-line colleagues, operational managers, and corporate staff for the fantastic professional and dedicated work you do for our beneficiaries, as well as to our Senior Leadership team at AFG for their excellent leadership and management of the organisation.

And finally, thank you to all my colleagues on the Board, whose skill, experience, time and dedication will ensure we continue to lead this amazing organisation through its current and future challenges.

Brian Walsh
Chair of Alternative Futures Group Limited



Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors
For the year ended 31 March 2024

Reference and administration details

Trustees:

Trustee	Position	Changes in the Year
Brian Walsh	Chair	
Janet Wilkinson	Chair of Trustee Appointments and Remuneration Committee	
Linda Whalley	Vice Chair	
Jane Macdonald	Chair of Quality and Safety Committee	
Peter Fieldsend	Chair of Audit and Risk Committee	Resigned 21 May 2024
John McLuckie	Chair of Finance and Performance Committee	
Alex Fox	Trustee	
Helen Bellairs	Trustee	Resigned 13 March 2024
Beatrice Udeh	Chair of The Appointments Committee	
Louise Marsden	Trustee	
Julie Chadwick	Trustee	Resigned 13 March 2024
Nicola Cook	Trustee	Resigned 2 August 2023
Lee Mooney	Trustee	Appointed 19 February 2024
Jean Henderson	Trustee	Appointed 19 February 2024
Tessa Myatt	Trustee	Appointed 30 October 2024

Executive Officers:

Executive Officer	Position	Changes in the Year
Ian Pritchard	Chief Executive Officer	
Kirsty Murphy	Chief People Officer & Chief Operating Officer of Learning Disability	
Chris Stephens	Chief Financial Officer	
Christopher Hughes	Chief Quality Officer & Chief Operating Officer for Mental Health	
Andrew Kendall	Chief Commercial Officer	

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors
For the year ended 31 March 2024

Company Information and Advisors:

Company Registration Numbers:	02679915 Companies House 1008587 Charity Commission
Registered and Principal Office:	Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP
External Auditor:	RSM UK Audit LLP 20 Chapel Street Liverpool L3 9AG
Internal Auditor:	Beever & Struthers One express, 1 George Leigh St Ancoats Manchester M4 5DL Appointed 1 April 2024 BDO 55 Baker Street London W1U 7EU
Investment Advisors:	Stanhope Consulting 35 Portman Square London W1H 6LR

Bankers:	HSBC Bank plc 99-101 Lord Street Liverpool L2 6PG	Barclays Unit 3 Riverside, 2 Campbell Road, Stoke on Trent, Staffordshire. ST4 4RJ	
Principal Solicitors:	DWF 1 Scott Place 2 Hardman Street Manchester M3 3AA	Pannone Corporate LLP 378-380 Deansgate Manchester M3 4LY	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2024

The Trustees of Alternative Futures Group Limited (AFG) present their report and audited financial statements for the year ended 31 March 2024. The Trustees have prepared this report under the Charities Act 2011 and the Companies Act 2006, and in accordance with Financial Reporting Standard 102 (FRS 102) as applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102.

Legal status

Alternative Futures Limited was founded in 1992 and changed its name to Alternative Futures Group Limited (AFG) in 2007.

During the year the Group consisted of two legal entities:

- Alternative Futures Group Limited - a company limited by guarantee (Company Registration Number 02679915), a registered charity (Charity Commission Number 1008587), and a Public Benefit Entity. AFG is governed by its Articles of Association, which were last amended in March 2022.
- Red Hazels Developments Limited, a private limited company limited by shares (Company Registration Number 09498298), founded in 2015 as a wholly owned subsidiary of AFG to deliver commercial activities.

The Trustees of AFG are its Directors of the charitable company for the purposes of Company law. The Trustees who served throughout the year and up to the date of signing this report are listed on page 4.

Objectives and activities

Charitable Purpose

AFG's charitable purpose is to offer relief to people with learning disabilities, mental health or any other special needs, and to relieve the stresses and financial needs through, but not limited to, the provision of accommodation, support, education and training.

Each year, the Trustees lead a review of performance against our charitable objects, aims and objectives, using the results from that to inform and formulate our future plans and ensure that the Charity continues to deliver high quality services in line with its purpose.

Corporate Plan: Mission, Values and objectives

AFG (established 1992) is one of the leading charitable providers of learning disability and mental health support services in the North West of England, changing lives and creating independence for the people it supports. We are proud that our accommodation and services improve the quality of life and independence for nearly 1,000 people.

Our Vision:	A world where people control their lives	
Our Mission:	Together with our people and partners we will unlock skills, gifts and talents to support everyone's right to choose and achieve their aspirations	
Our Values:	We are one We raise the bar Every person matters We make a positive difference We take ownership	We succeed together with a shared purpose and vision. We learn from the past, are adaptive and excited by our future. We innovate and lead the way. We strive for best quality with least waste. Better never stops. We are people focused and value skills, gifts and potential. We listen. How people think and feel, matters. Everyone has a voice. We change lives. Our 'can do' attitude and passion enables people to be the best they can be. We do the right thing, are solution focused and get results. We are responsible for our behaviour and hold each other to account.

How we deliver our Mission and Vision is underpinned by our values. Our values act as our organisational compass — everybody within AFG strives to demonstrate these values every day, and in everything that we do.

Principal Activities

AFG is a not-for-profit, trading charity that provides a broad range of care and support services for; (1) adults with learning disabilities, autism, acquired brain injury and behaviours that challenge; (2) adults with a mental health treatment and rehabilitation need.

For learning disabilities, autism, acquired brain injury, and behaviours that challenge, our services cover a wide-range of supported living, adult care home, and outreach services to enable the people we support to live their lives to the maximum levels of independence and control they can achieve.

For mental health, our services extend from short-term clinical rehabilitation support to people with long-term mental health issues in our six independent hospitals, through to supported living and outreach services, which enable people to move up and down that pathway as their support needs change. Our offer enables us to provide a wide-ranging service through a number of interventions on that pathway and a range of other community models.

Person-centred, strengths based care and positive behavioural support is at the core of our work. As such, we provide personalised support services appropriate to the individual aspirations, hopes, and ambitions for the people we support. Our personalised support continues to evolve over time alongside the changing support needs and aspirations of the people we support and their families.

During 2023/2024, all our residential and non-residential activity was funded through contracts with either Local Authorities or the NHS. AFG do not receive any funding to cover the costs of our core services or other activities via grants or donations. We are solely a trading charity.

Public Benefit

Alternative Futures Group is a Public Benefit Entity. In accordance with our objectives and activities for 2023/24, and with due regard to the Charity Commission's guidance on the operation of the public benefit requirement of the Charities Act 2011, the Trustees confirm that AFG has undertaken appropriate activities during the year which further our purpose for the public benefit, which are set out in the Principal Activities section above.

Structure, Governance and Management

The organisation operates under the regulations and guidance of both the Charity Commission and the Care Quality Commission.

The Board is led by the Chair and the support of up to 12 voluntary Trustees. The Chair and Trustees bring a range of senior professional, public and private sector experience to the organisation.

The Board is responsible for determining and setting the strategic direction of the organisation as well as responsible for reviewing its operating and financial position. The Board is also responsible for establishing and overseeing the organisations control and risk management frameworks and ensuring the organisation achieves its aims and objectives. The Board meets formally at least four times a year.

Under the Articles of Association, Trustees serve a term of up to three years, and may be considered for a maximum of three terms. The Chair may serve a maximum of three terms of office. A skills analysis of Board Members has been undertaken, and each time a Board vacancy arises, consideration is given to the skills and competencies required to continue to manage the future risks and challenges that the organisation faces.

Trustee recruitment is led by the Appointments Committee, which is chaired by Janet Wilkinson. The Appointments Committee make recommendations to the Board on the appointment of Trustees, the formal appointment of Trustees being a power reserved to the Board. Trustee recruitment is supported by independent specialists where required. New Trustees receive an induction and training programme tailored to their needs, and regular Board development events are held to maintain skills.

The subsidiary, Red Hazels Developments Limited, had a maximum of three Board Members during the year. Ian Pritchard was a director for the entirety of the year, with Linda Whalley resigning on 8 November 2023, and Helen Bellairs and Julie Chadwick being appointed on the same date. Helen Bellairs and Julie Chadwick both resigned on 15 March 2024, with John McLuckie and Lee Mooney being appointed on the same date.

Board and Executive Officers Remuneration

The Chair of the Board receives remuneration from the organisation in the form of an honorarium, as well as reimbursement of expenses incurred. The remaining Trustees are not remunerated and receive only reimbursement of expenses incurred. The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee.

The remuneration of the Executive Officers including the Chief Executive is determined by the Board. Executive pay is subject to regular national and sector benchmarking undertaken by the Remuneration Committee.

Board Committees

The Board delegates some of its responsibilities to the Committees; Audit & Risk Committee, Finance & Performance Committee, Quality & Safety Committee, Appointments Committee & Remuneration Committee.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2024

Audit & Risk Committee

The Audit & Risk Committee met four times during the year and its work included:

- reviewing the external auditor's plans for the audit of the Group's financial statements.
- reviewing the external auditor's management report and audit highlights memorandum.
- reviewing the financial statements for the year.
- agreeing the internal audit plan for the year and reviewing reports from the internal auditors on the Group's system of internal control, monitoring and responding to those reports and compliance with recommendations.
- reviewing the processes in place for monitoring, evaluating and managing the risks facing the Group, including deep-dive discussions relating to the Group's strategic risks.

Finance & Performance Committee

The Performance Committee met four times during the year and its work included gaining assurance on:

- all aspects of financial and operational performance, including monitoring performance against the Business Plan for the year.
- project management office activities linked to investment and strategic business plan.
- treasury management and investment performance.

Quality & Safety Committee

The Quality & Safety Committee met four times during the year and its work included gaining assurance on:

- all aspects of operational quality and safety within our services and estates.
- regulatory compliance to Care Quality Commission and commissioner requirements.
- serious events, complaints and whistleblowing incidents.

Appointments Committee

The Appointments Committee met on four occasions during the year, and is responsible for:

- Trustee succession planning and recruitment.
- identifying, approving and appointing the Chair and Members for each committee.

Remuneration Committee

The Remuneration Committee met on four occasions during the year, and is responsible for:

- recommending to the Board the organisation's pay framework.
- recommending the terms and conditions of employment for the Chief Executive and the Executive Directors, and any salary review.
- Agreeing the Chair's honorarium

As part of the quarterly Board reporting cycle, reports outlining the latest operational and financial results compared to the target for the year, and statutory compliance reports, are presented, enabling the Board to maintain oversight of the Group's strategic performance and on-going compliance.

Salaries for Executives are benchmarked against comparative positions both within and outside of the sector.

Governance Code

The Board has adopted the principles of the Charity Commission Code of Governance.

Employees

The strength of the organisation, and its ability to meet its charitable purpose and vision lies in the quality, commitment and contribution of its employees. We have reviewed our approaches to employee engagement and developed our first Equality, Diversity, and Inclusion strategy. We disestablished our Employee Partnership Forum and developed a new staff group named *The Every Person Matters Forum* to help us positively engage with our employee. The *Every Person Matters Forum* is a representative body of our workforce which is made up primarily of operational colleagues from across each of our geographical locations, it was elected to with an aim to ensure that it represents the diversity of our workforce to ensure everyone has a voice.

To enhance our employee experience, we strengthened our People Culture Specialist Team and introduced the following roles, Employee Experience Manager, Employee Experience Officer, Equality, Diversity and Inclusion Lead. This capability and focus on enhancing the experience of our staff will enable us to create a vibrant, diverse and inclusive culture that creates belonging and to make AFG a Great Place to Work.

We provide information to our employees throughout the year on AFG's objectives, progress and activities through regular team meetings, and monthly briefings from the Chief Executive and the Executive Team. We have a People & Organisational Development Strategy in place, which recognises the importance and contribution of the employees to the on-going success of the Group, and we recognise the achievements of our employees through our "Celebrate Success" awards and Credit Where Credits Due.

This year's Employee Opinion Survey (EOS) took place in November 2023, the return was 78% (increase of 3%). The engagement score had increased to 85% positive from 80% the previous year. As part of this survey we undertook our Financial Wellbeing Survey. The headline result is that nearly three out of four employees (72%) run out of money regularly before pay day.

Other key findings included:

- 51% needing to borrow money or use credit cards to cover essential living expenses such as food and bills.
- 56% are concerned about their financial position.
- 72% say that their money runs out before the next pay day
- 57% are working overtime to top up their salary.
- 37% are unable to pay all their bills on time.
- 39% (nearly half) say that they will need to leave their role to secure better pay regularly before pay day.

In response to the feedback received from our 2023 Employee Opinion Survey, we recognised the need to provide support to colleagues with their financial wellbeing. Since then, we have introduced a number of ways which provides support for colleagues to plan and manage their financial wellbeing. The evidence gathered from our financial wellbeing survey provided greater richness in articulating the difficulties our colleagues were facing to juggle their personal finances with our commissioners. We used this evidence in our rate negotiations to highlight these challenges and push for sufficient funding for the continued payment of real living wage for colleagues

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The organisation has detailed health and safety policies and a robust safety management system in place and provides training and education to all of our staff on health and safety matters appropriate to their role.

The Executive Team, led by the Chief Executive, are responsible for the day-to-day running of the business. The Executive Team work closely with the Board to develop and execute the organisation's strategic objectives. The members of the Executive Team are shown on page 4.

Equality and Diversity

AFG has a vision to create a world where people control their lives. We value difference and believe we can only truly make a positive difference to the lives of the people we support with a culture that is inclusive, rich in diversity, and values all our people. We have a deep sense of pride in what we do, and we know through experience that the different ideas, life experiences and backgrounds of our people create a stronger, richer, more creative, and inclusive environment that creates better outcomes for us all. We strive to create a culture where our staff and the people we support can be their true self, are empowered to share their experiences and ideas, and to achieve their aspirations and goals.

The organisation is committed to equality of opportunity for all employees, and to having a diverse workforce that reflects the communities within which we operate. We are also committed to supporting disabled people, both in recruitment and in retention of employees who become disabled whilst employed by the organisation. The organisation ensures that staff recruitment, discipline and development issues are dealt with equally and that all employees are treated in the same way.

Social Impact & Value

AFG takes an ethical, values-based and environmentally conscious approach to how we conduct our business, and we are committed to maximising the positive social impact that our activities have, both on the communities in which we operate and on wider society. As a charity providing support to people with disabilities, we are committed to being socially responsible. Our Charitable Purpose, alongside our Vision, Mission and Values, evidence our position as a values-led organisation and a responsible employer in the communities in which we work.

We continually engage our stakeholders, particularly our local communities, in the work we do. In each community we serve we consider the social value we bring: To the people we support; the employment and development opportunities for local people; and the positive impact we can bring to the wider community. Our social value commitments are specifically referenced in many of the contracts that we operate, and these often require us to monitor the social value that we deliver and evidence this to our commissioners.

In 2023/24, AFG commissioned an external ESG consultancy to work with us to develop a new strategic aim around ESG to help us further develop our approach to social value. This strategic aim was approved by our Board of Trustees in March 2024 and provides AFG with a clear roadmap on how we will develop our social value strategy and offer during 2024/25.

Streamlined Energy and Carbon Reporting

Under Statutory Instrument SI2018/1155, the Charity is required to report on energy usage and carbon emissions.

In discharging its duties under this requirement, the Charity engages the services of a third party to calculate its energy usage and carbon emissions. The calculation refers to all energy usage billed during the period, with the calculation including all months and all sites.

	31-Mar-24	31-Mar-23
Total energy usage (kWh)	2,337,890.05	2,965,790.00
Relating to:		
Gas (kWh)	1,782,671.13	2,441,741.00
Electricity (kWh)	496,906.00	475,828.00
Transport fuel (kWh)	58,312.92	48,221.00
Emissions:		

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Gas (tCO2e)	326.10	445.72
fuel for transport (tCO2e)	147.19	123.40
Emissions from purchased electricity (tCO2e)	102.90	92.00
Intensity ratio	0.23 tons per staff member	0.28 tons per staff member

The 2019 UK Government Environmental Reporting Guidelines to include Streamlined Energy and Carbon Reporting Guidance have been adopted. UK Government GHG Conversion Factors for Company Reporting (2021) have been adopted.

We continue to develop plans to achieve Net Zero Carbon status which will be ahead of 2050. During 2020/21 financial year, the organisation changed the working arrangements for its Corporate staff, with staff moving to a home based working arrangement. We have seen the environmental benefit of this decision in both of the last two years, and this working practice will continue in operation for the foreseeable future, helping the Charity to reduce its carbon footprint. In the forthcoming years, the organisation will continue to review areas where opportunities potentially exist to reduce the carbon footprint of the organisation, e.g. ways of working in our Treatment and Recovery centres, the introduction of solar panels as an energy source, replacement of gas boilers with electric heat pumps and reviewing both the size of and the energy efficiency of the vehicle fleet. Where relevant, the timing of these decisions will take account of the useful economic life of existing assets.

Related Parties and Co-Operation with Other Organisations

Other than the Chair, the Trustees do not receive remuneration from their work with AFG. Remuneration for the Chair was agreed with the Charity Commission in 2011. The remuneration of the Chair is considered annually by the Remuneration Committee. Details of the Chair's remuneration are set out in note 9. There were no other transactions with Trustees, and no connections between Trustees and Senior Managers have been disclosed during the year. Therefore, no related party transactions with trustees have been reported.

Engaging with the People We Support

The people we support are at the heart of everything we do at AFG. They have continued to be involved in recruiting and interviewing new support staff. Being confident to give an opinion and be part of the decision-making process about who supports them results in better outcomes for all.

We commenced a co-produced project in our East Lancashire locality looking at outcomes and what is important to the people we support to promote and evidence goals and progress. This work will continue into the following year and be used to refine and improve our support model and measure the value that the charity provides.

We capture and celebrate our amazing 'Butterfly Moments' and stories. Those positive moments in life where someone we support has achieved something important in their day-to-day life or achieved a personal goal that now gives them greater independence. We build on these moments and look at the future possibilities we can achieve together.

We continue to seek feedback from the people we support through conversation, feedback groups and an annual survey. This helps us to continuously improve both individual support plans and the way our local services are delivered.

85% of people supported in all services would recommend AFG to a friend or family member. We also achieved an 84% positive satisfaction rate for how satisfied family and carers are in the service provided by AFG to their loved one.

The Board and Senior Leaders engage regularly at our uMatter Walkabout visits. These are monthly events where Trustees, Executives and Senior Managers attend service visits to meet the people we support and ensure the organisation is meeting their needs.

We also have many of the people we support attend our regular monthly town hall broadcasts on what is happening within AFG. This last year we have begun (with consent) to host some of these broadcasts from services and the homes of the people we support.

We started work this year on developing a brand-new co-production strategy with the support of a national co-production agency. This exciting project will ensure we achieve our ambition that people with lived experience will be involved in imagining, creating and communicating their own futures. Again, this is a multi-year commitment to creating lasting, meaningful improvements in the organisation.

Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. This responsibility applies to all of the organisations within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within the day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of the risks to which the Group is exposed.

A process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the year up to the date of the approval of the annual report and financial statements. The Audit & Risk Committee regularly receives and considers reports from the Group's senior leadership and its auditors about risk management and internal control arrangements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, are set out below.

Corporate Planning and Budgeting

The Business Plan and Budget processes are used to set objectives, agree action plans and allocate resources. The Group's progress towards meeting the strategic and annual objectives is monitored monthly by the Executive Team and quarterly by the Finance and Performance Committee and the Board.

The Group's annual budget for 2024/25 financial year was approved by the Board at the end of 2023/24 financial year.

Audit & Risk Committee

The Audit & Risk Committee reports to the Board on internal controls and alerts them to any emerging issues. The Audit & Risk Committee ensures that corrective action is taken in relation to any significant control issues highlighted by the internal and external auditors. As part of its review of the organisation's internal control system, the Committee oversees the performance of the internal and external auditors. The Audit and Risk Committee provides advice to the Board and provides an annual review to them, through the internal auditors, which focusses on the effectiveness of the internal control system, including the Group's systems for managing risk.

Internal Audit Programme

Internal Audit is an important element of the internal controls process. Internal Audit is responsible for the annual review of the effectiveness of the internal control system within the organisation.

The internal audit programme for 2023/24 provided both assurance and advisory support to the Trustees and the Executive team and has helped improve the internal control environment within the organisation.

External Audit

External Audit provides feedback to the Board on any observations on the operation of the internal financial controls as part of the annual audit of the year-end accounts and financial statements. Each year, after the year-end audit, a management letter is presented to the Board.

Engagement with suppliers, customers and others in a business relationship

Included within the strategic report on pages 19-20 is the Section 172 statement that includes further details regarding how the Charity fosters relationships with suppliers, customers, service users and others with whom it has a business relationship.

STRATEGIC REPORT

Achievements and objectives

2023/24 has been a transitional year for the organisation. Earlier this year the Board of Trustees launched our Positively Impact More Lives strategy to strengthen, develop and grow the organisation to support over 1,000 people by 2027. This is an ambitious 3 year plan but in order to achieve it we recognised the need to first transform the organisations mindset and capability to that centre on growth. 2023/24 has therefore been a transitional year in order for us to do that and become growth ready.

We have undertaken significant engagement activity with colleagues at all levels to communicate our ambition and roadmap for the organisation over the next 3-4 years. This has created a wave of positive enthusiasm within and about the organisation. We have also invested this year in a number of new roles to help strengthen the organisation in readiness for growth. We have seen significant attraction of new colleagues from both within the sector and outside the sector – this has helped bring in new experiences, skills and relationships. In addition, we have re-shaped a number of corporate teams to help prepare them for the new functional activities we will be undertaking as part of our growth plan. We have also invested in our operational management and quality functions in order to maintain a strict focus on the quality and outcomes of our services.

In the year, we continued to perform extremely well financially delivering our fourth sequential year of positive surplus (see financial results). Despite the challenges of rising costs and continued poor funding in health and social care, we were pleased that many local authority and NHS commissioners responded supportively to the ongoing economic challenges during the year by providing significant service fee increases. This gave the organisation the financial security it required to further invest in the pay of front line colleagues and we paid the Real Living Wage for a second year running (a 10.1% increase on 22/23 pay). Non-hourly paid staff, managers and corporate colleagues also received a significant but below inflation increase.

As part of the commencement of our growth agenda we began a programme of acquisition. This resulted in the shortlist of a number of targets of which we continue to progress at the end of the year. We also won a number of new commissions in the year enabling us to regain a stronger foothold in the GM area within location of Stockport and Trafford. In response to strong occupancy levels in our hospitals we also commenced an expansion programme for several of our hospitals. This expansion will realise increased capacity and flexibility in our mental health rehab offer for 2025 onwards.

In 2023/24 we also completed a brand refresh for the organisation. This included a brand new website and content to support our growing on-line and social media presence. We also grew our marketing team capability to support this with colleague recruitment and also developing our case studies of the amazing achievements of the people we support and the role AFG colleagues play.

Continuing our development of the organisations culture, we invested in development programmes for both our senior leaders and middle managers during the year. This will be followed up with a first line manager programme in 2024/25. This year we also launched our Equality, Diversity and Inclusion strategy and our Nurse Associate Programme. Our colleague engagement improved again during the year with an employee engagement score of 85% on a 77% response rate (previous year 80% on a 73% return rate).

In Quality, we won several awards in the year including a Great British Care Regional Winners award. CQC scores in the main remained “good” across all our services. In our supported living services we commenced a programme of devolving our CQC registered manager responsibilities closer to service delivery. In our hospitals, our internal safety thermometer score remained at a minor risk rating throughout the year, demonstrating the benefit of a strong operational and quality focus in this area.

In technology, we completed the launch of our tech lending library which gives the people we support access to hundreds of different items of technology that can support them in their daily lives.

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We also completed implementation of our Access Financials System, and commenced scoping of our next major system upgrade which will be our Care Management System. We also completed our MS365 upgrade in the year and commenced audits on wi-fi and hardware within our services ahead of major IT capital investments and upgrades in 2024/25.

In public benefit, we continue to be a large employer within the North West region employing over 2000 staff. We also continue to provide essential support to 842 people with a learning disability, autism or brain injury. We have also successfully provided mental health rehabilitation services to over 120 mental health patients within the year. In all our services, we deliver improved social integration, independence and citizenship outcomes, alongside addition social value benefits such as giving opportunities to young people and employment to those from disadvantaged populations.

Financial stability

An overview of the financial performance of the individual entities is provided below:

- Alternative Futures Group Limited achieved Net Income Before Other Recognised Gains and Losses of £5.1m (2023: £4.3m), including Investment Income of £0.5m (2023: £0.2m) and Investment Realised/Unrealised loss of £0.3m (2023: £0.2m);
- The improved cash position of the Charity reflects the strong trading performance of the Charity and the improved Trade Debtors position.
- The high Trade Debtors figure at the end of the previous financial year, attributable to the implementation of a new financial system and the resultant slow-down in cash collection processes, has now reduced with new ways of working embedded.
- Red Hazels Developments Limited reported a deficit of £10k (2023: £1k);
- Overall, the funds of the Group amount to £36.0m (2023: £31.1m)

The amounts in the remainder of this section relate to the consolidated Group position only.

Operating performance

The Group's net income of £5.1m (2023: £4.3m) for the year is 7.0% (2023: 6.5%) of income. The charitable income of the Group of £71.9m (2023: £65.2m) reflects the increase in commissioner rates driven by National Living Wage/Real Living Wage. Due to the low margin nature of the sector, it is critical that the costs of the Group are controlled tightly. Current year total expenditure as a proportion of Total Income of 94%, compares to 93% in the previous year.

The Group and the wider sector continue to operate in a challenging economic environment, with systemic under funding providing ongoing financial challenges to organisations such as ourselves. The key challenges the Trustees have faced during the year include:

- maintaining income from our commissioners at a level which enables us to realise our ambition of being a Real Living Wage provider;
- financial challenges associated with the impact of the cost of living crisis; and
- work-force challenges facing the sector.

To help mitigate the impact of these issues the Trustees:

- hold ongoing discussions with commissioners to ensure the rates we receive are optimal;
- seek to look for opportunities to both deliver operational cost savings and to ensure capital assets no longer required are disposed of efficiently at market value;
- have an ongoing process to monitor the viability of contracts with our commissioners; and
- continue to operate a variable sleep-in rate model for staff so the amounts we pay staff for sleep in shifts are commensurate with the levels of income we receive from our commissioners.

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The Group continued to pay Real Living Wage to its support workers. The Trustees and Executive team continue to work closely with our commissioners to ensure the Group receives appropriate levels of funding. As reported in previous years, and due to ongoing challenges re. funding levels in a number of areas across our commissioner base, the underlying operating performance of the Supported Living part of the business continues to require close attention.

Business Development and Growth

During the year we were delighted to win a major tender in Trafford, a new area for the charity, as part of our plans to increase our footprint in Greater Manchester. This builds upon the win in Stockport in the previous financial year.

We have introduced a new referrals & assessment team who will work to increase occupancy levels across our Community & Care Home provision.

During the year we have been successful in finding high-quality homes for some of the people moving out of our independent hospitals. By doing this we have been able to continue supporting people in the community and deliver net business growth.

The charity has a goal of supporting 1,000 people by 2027 which represents an increase of 150 people. We have clear annual targets to deliver this and the charity has a strong pipeline of business opportunities.

Financial Review

An overview of the financial performance of the Group is included within the financial stability section above.

Defined Benefit Pension Funds

The Greater Manchester Pension Fund Defined Benefit Scheme reported a pension asset of £860k as at 31 March 2024 (2023: £754k). The Lancashire County Pension Fund Defined Benefit scheme reported an asset of £3,517k (2023: 3,087k). Since the charity can only recognise the lower of the FRS102 valuation, and the actuarial valuation of future service costs, a portion of this has not been recognised. The actuarial gain from the two schemes of £366k (2023: £2,149k) and the adverse movement in the derecognised asset of £625k (2023: £2,355k adverse) are both shown through other gains and losses on the face of the consolidated statement of financial activities.

Treasury Management

Surplus cash is invested across a diversified portfolio of investments. At the end of the year the total value of the portfolio assets amounted to £13.900m (2023: £13.236m). Funds held in investments are used to further the purpose of the Charity.

The Trustees are satisfied that the investment assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Cash flows

Cash inflows and outflows for the year are set out in the cash flow statement. Net cash inflows from operating activities are from the delivery of our core services and amounted to £5.443m (2023: £0.949m). The most significant cash flows arise from the acquisition and disposal of investments. The Group's cash balance at the end of the financial year was £10.118m (2023: £5.055m). The Group ended the year with net current assets of £12.572m (2023: £7.675m).

Property Impairment

The Trustees have reviewed the properties held on the balance sheet and have concluded that there is no requirement to impair any of the properties held in the financial statements in the current year as they are all generating a positive contribution.

Cash

As at 31 March 2024, the Charity reports a cash balance of £10.118m (2023: £5.055m).

Achievement against 2023/24 Financial Key Performance Indicators

The key financial performance indicators for the year and targets for 2023/24 are set out below:

End of Year KPIs	Target - FY202-24	Actual as at 31/3/23	Actual as at 31/3/24	Commentary
Debtor Days - gross	< 30	48 days	39 days	High at the end of the previous financial year due to implementation of new financial system.
Creditor Days	>30	44 days	38 days	Implementation of new financial system has resulted in improved controls in procurement processes.
Investment Income - Return %	3.% p.a.	2.00%	2.60%	Income improving as a consequence of improving financial market conditions.
Investment Income - Growth %	3% p.a.	-7.60%	4.7%	Improved financial markets driving overall improvement.
Gearing %	<35%	0.00%	0.00%	

Achievement against Non-Financial Key Performance Indicators

In April 2022, we agreed a new set of Key Performance Indicators that align to our five strategic objectives. The table below summarises performance against several of our key targets:

Key Performance indicator	Target	Actual
Number of Butterfly Moments	1,280	2,436
Employee Engagement Score	80%	80%
CQC ratings ≥ "Good"	11	10

Butterfly Moments

Every Butterfly Moment is an amazing event, where a person we support achieves a goal, ambition, milestone, or life-changing moment on their journey to greater independence, choice and control of their lives. These events are amazing no matter how big, small, significant or insignificant, with both their world and ours positively changing forever.

Funds held as custodian

At 31 March 2024, AFG held funds of £26,473 (2023: £27,213) in its HSBC Bank Account, on behalf of people that we support, included in the Balance Sheet as both an asset and a liability. AFG has no title to this money.

Additionally, AFG has corporate appointee-ship responsibility for administering the personal funds of a number of people that we support. The appointee-ship enables AFG to assist the people that we support with their financial planning and budgeting, supporting them to plan their own spending and living expenses, and helping them to claim the state benefits to which they are entitled.

These funds are not reported within the Financial Statements of the Group.

Investments Policy and Performance

Under the Memorandum and Articles of Association, investment decisions are made within the parameters of the Statement of Investment Principles. The Statement of Investment Principles requires investments to be made considering best practice in terms of corporate governance and socially responsible investing. The Trustees appoint a qualified investment advisor to support their investment decisions, and the Performance Committee reviews the Group's Investment Policy on a periodic basis.

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The Performance Committee have restricted investment into property and hedge funds each to 6% of the portfolio, and do not allow investment into private equities or commodities to minimise risk. The portfolio is split between Equities (56%), Government and Corporate bonds (32%), Cash (1%) and Other including alternatives and property (11%).

The broad objective for the investment portfolio is capital preservation combined with a growing income and capital growth: the total nominal return objective for the portfolio, including income, is 6.5-7.0% p.a. assuming RPI inflation of 3% p.a.

The Trustees were satisfied with the performance of the portfolio during the period. All investments have been made within the agreed policy.

Reserves Policy and Performance

Total group funds held amount to £35,978k (2023: £31,119k) of which £1,116k is restricted (2023: £1,139k), with the remaining £34,862k unrestricted (2023: £29,980k). To establish an appropriate level of working capital, and to protect the future operations of the organisation from the effects of any unforeseen variations, the Board holds free reserves in its unrestricted funds. The level of reserves is monitored by the Trustees throughout the year, and the Trustees review the Group's Reserves Policy annually.

The Reserves Policy sets a minimum target of free reserves of £6.5m (2023: £5.5m), with the available level of reserves being £8.6m. The minimum target of free reserves is based on the Board's assessment of the level of reserves required to off-set significant payment delays from commissioners, and the potential loss of a significant contract. The level of reserve headroom was £2.1m (calculated as the difference between unrestricted funds adjusted for fixed assets (excluding investments), budgeted capital expenditure and a self-insurance provision, compared to the minimum target) at the end of the year which the Trustees consider to be satisfactory. This headroom is required to be held to support any future under funding to the Charity, see the Going Concern accounting policy.

Principal Risks and Uncertainties

The main factors and influences that will have an effect on the future performance of the Group are considered regularly by the Executive Team and the Board. Those events or risks that could prevent the strategic objectives from being achieved are recorded and monitored for each area of the business and summarised in our Business Assurance Framework (BAF).

The key controls required to manage each risk, together with mitigating actions and responsible person are recorded. Risks are assessed against the Board's risk appetite and graded according to the probability and likelihood of the risk occurring and the potential impact to the organisation. Some of the high scoring key risks monitored by the Board during the year are shown below:

Strategic Risk	Mitigating Actions being taken
IF Government Social Care policy does not provide adequate funding to Local Authorities or Local Authorities do not prioritise funding for our services THEN AFG may become unviable as a Social Care provider organisation.	• Local authorities / ICBs regularly reminded of the requirement for appropriate funding to ensure viability, quality and safety of services. • Political lobbying of council leaders and members of the risks of underfunding of adult social care. • The organisation continues to identify areas for cost reduction, especially in areas where costs are not funded within commissioners' fees. • The organisation continues to closely monitor the financial viability of all commissioner contracts and will take appropriate actions as required including contract hand back.
IF AFG fails to attract (recruit) and retain people with the right skills and values THEN business continuity and growth could be detrimentally impacted.	• Extension of investment from charitable reserves to pay Real Living Wage for front line staff. • Additional investment in recruitment initiatives to minimise vacancies and reduce use of agency.

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Strategic Risk	Mitigating Actions being taken
	• Improved Employee Value Proposition to improve staff retention.
IF AFG do not deliver safe care and fail to have effective quality governance arrangements in place THEN this could lead to harm to individuals, regulatory & legal enforcement action, and reputational damage.	• Change in Registered Manager position to bring accountability closer to service delivery. • Revision of Quality Assurance Framework. • Recruitment of a new Director of Quality Improvement.
IF AFG does not meet its statutory and/or regulatory obligations THEN this could lead to regulatory compliance challenges, legal & financial challenges, and reputational damage.	• Expansion of Company Secretary role to that of Director Governance, Risk and Compliance. • Revised Safeguarding completed by all employees. • Change in insurers and policy terms. • Revised data protection policy and process improvements including new 3rd party vendor for paper archiving.
IF AFG fails to exploit new IT/digital technology to improve operational effectiveness, efficiency and safety THEN this could lead to increased costs, ineffective controls, decreased productivity and data risks.	• Replacement of Care Management Software in progress with customised, futureproof solution. • Additional cyber/penetration testing completed. • Data protection training completed by all employees.

Fraud

The Group has a clear anti-fraud policy that has been approved by the Board. The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit and Risk Committee.

Directors' and Officers' Liability Insurance

The Group has insurance policies in place which indemnify its Board members and Executive Officers against liability when acting on behalf of the Group.

Section 172 Statement

Section 172 of the Companies Act 2006 outlines how the Trustees have a duty to promote the success of the Charitable Group to achieve its Charitable purpose. The Trustees of the Charitable Group should perform this duty having regard to:

- The likely consequence of any decision in the long term;
- The interests of the Charitable Group's employees;
- The need to foster the Charitable Group's relationships with suppliers, customers and others;
- The impact of the Charitable Group's operations on the community and the environment;
- The desirability of the Charitable Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly between beneficiaries of the Charitable Group.

In discharging our Section 172 duties we have given due regard to the matters set out above. In addition, we also give regard to other factors which we consider relevant to the decisions being made. Those factors for example include our relationships with our regulators and government agencies.

In discharging our duties, the following should be noted:

The likely consequence of any decision in the long term

Social Care continues to be underfunded year on year by the UK Government which puts significant strain on the provider sector. To maintain a level of control against these significant market challenges, exacerbated by significant inflationary pressure being seen at present, the Charity has been operating against a five-year strategy which was launched by the organisation in 2020. During the year the decision making of the Trustees has been made against the back-drop of this strategy.

The Charity aims to retain control of its own survival and future despite the uncertainties and difficulties the market presents us. The strategy adopted outlines the plan for this and informs the Trustees future decision making framework.

The interests of the Charity's employees

The ability of the organisation to deliver against its overall Strategy, Annual Business Plan and Budget, as well as our commitments to our customers and the people we support lies in the quality, commitment, and contribution of our employees. We continue to actively encourage the involvement of employees in our decision-making process, and in this regard, we have an Employee Partnership Forum (EPF), which is jointly chaired by the Chief Executive Officer and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters. We undertake an annual Employee Engagement Survey and use the feedback received to influence decision-making and shape future workforce priorities. We communicate regularly with our employees through team meetings, service visits, Executive briefings, and our internal social network platform.

AFG's Vision and Values were developed by our employees and our employees are intrinsic to generating the positive and capable culture we have at AFG. AFG has a specific People & Organisational Development Strategy that aims to attract, develop, and engage our workforce. We hold an annual staff awards event called "Celebrate Success" in which we recognise and reward employees that have gone above and beyond in their duties. We have a "Credit Where Credit is Due" employee recognition scheme, and we provide an employee discount platform amongst other employee benefits.

The need to foster the Charity's relationships with suppliers, customers, service users and others

During the period both the Trustees and Executive continued to engage in virtual service "Walkabouts" to meet service users and staff, thus fostering a good understanding of what is working well and where there are opportunities for improvement.

The Executive and Senior Leadership team have strong relationships with all those who commission our services (whether that be local authorities, clinical commissioning groups or private individuals).

AFG's work is all about working with people collaboratively so building strong relationships with our commissioners, partners and suppliers is seen as vitally important to the long-term success and sustainability of the Charity. Where issues are raised by our commissioners or partners, the organisation looks to resolve these issues promptly. The Executive Team continue to work closely with our regulators, The Charity Commission, and the Care Quality Commission. AFG are part of the CQC Market Oversight scheme in which we have developed excellent relationships and understanding (see also the "Engaging with the People we Support" section of the Strategic Report).

The impact of the Charity's operations on the community and the environment

AFG is a community-based charity providing care and supported living services for adults with learning disabilities, autism and acquired brain injury, as well as adults with mental health and rehabilitation need. As an integral part of our services, we encourage the people we support to actively participate in community activities and promote the benefits of the community to support their independent living. Our community services hold regular community events that invite the community to get involved with supporting and promoting our services within the community. This helps the people we support to access their community more, to forge new relationships and to build their confidence and independence. Equally, it helps to promote a greater degree of awareness to the community of our services and the positive impact of the people we support, our staff and the Charity's purpose.

AFG are committed to being a socially responsible organisation and delivering significant social value to communities and society.

AFG are also an environmentally focused organisation fully aware of our responsibilities and carbon footprint. We are moving towards being a fully digital and paperless organisation in the future. We have home-working policies that reduce travel requirements and we have significantly downsized our corporate headquarters during the prior year. We recycle most of our office waste and we recycle and donate IT equipment, furniture and other goods to other charities and the local community. The

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Charity acknowledges its reporting requirements under Companies Act 2006 regarding energy use and carbon emissions and is looking at measures to further reduce its carbon footprint (see Streamline Energy and Carbon Reporting section of Report of the Trustees on page 10).

The desirability of the Charity maintaining a reputation for high standards of business conduct

The Charity operates under the strict regulation of both the Charity Commission and the Care Quality Commission (including Market Oversight).

The Charity engages the services of an internal audit provider to ensure the control environment within which the organisation operates is robust. Additionally, the Audit & Risk Committee of the Charity works closely with the Executive Team to ensure strategic risks are identified, the potential impact of these risks are understood with appropriate action taken to mitigate. The Charity also operates a Finance Committee and Quality & Compliance Committee, providing the Executive Team with a more detailed level of oversight in these areas.

The Charity operates a "whistle-blower" hotline (the service being provided by our internal auditor) which provides an appropriate and independent channel for concerns to be reported.

The Trustees are custodians of the Charity and the above enables the Charity to be operated within a strong governance framework, thus ensuring that risk is identified and mitigated and that the decision making process is robust and subject to appropriate oversight and scrutiny.

The need to act fairly between beneficiaries of the Charity

The engagement of the people we support is critical to the successful operation of the Charity. Service User engagement is led by our local managers, who seek advice from local groups on how to increase their involvement and as well as exploring new methods of seeking feedback.

Future Plans - Our 2024/25 Objectives

AFG's new strategic framework focuses on **Positively Impacting More Lives** with the strategic goal of supporting more than 1000 people by the end of FY2027. This means AFG and its amazing colleagues helping more people we support to achieve their aspirations, hopes and dreams and live more independent lives. It also means delivering superior outcomes and value to all our commissioners in the work they trust us to do on their behalf.

This strategy now completely aligns with the charities purpose, vision and mission.

The key strategic aims and 2024/25 objectives that make up the new framework are as follows:

- **A Growing and Sustainable Organisation** – To increase the number of people we support. To work with commissioners who pay a "fair cost of care" that allows us to deliver safe, high quality, effective services, and, return a financial surplus to maintain our long-term financial sustainability. To acquire or collaborate with like-minded organisations that mirror our charitable purpose.
Objectives:
 1. Acquire and/or collaborate with like-minded organisations.
 2. Deliver the year 1 growth plan (in terms of new people supported).
 3. Embed an Account Management ethos within the organisation.
- **A Recognised, Trusted and Influential Health & Social Care Brand** – To become the go-to organisation in our region for the services we provide. That the people we support, their families, and the people who commission us trust us and seek to collaborate and work with us.
Objectives:
 1. Develop and broaden our sector influence.
 2. Continue to shape our brand identity through our amazing stories.
 3. Implement growth-centric marketing plans.

- **A Great Place to Work** – To build a diverse and inclusive culture, that puts people first and rewards amazing colleagues for the work they do. That creates inspirational leaders who inspire, empower and promote the organisation and its purpose.
Objectives:
 1. Implement cultural development programme.
 2. Achieve great place to work accreditation.
 3. Launch first line manager development programme.
- **A Sector Leader in Quality, Value and Personal Outcomes** – To maintain our reputation as a safe, high quality provider but equally continue to build on our ability to deliver amazing outcomes for the people we support and deliver outstanding value to our payors and the public.
Objectives:
 1. Launch our new quality assurance framework (QAF).
 2. Develop and implement new outcomes reporting framework.
 3. Develop and implement a new co-production strategy.
- **A Digitally-Empowered Organisation** – To move to a fully integrated, cloud-based infrastructure that supports an “information is knowledge” led organisation. To also enhance our service models with technology that enriches the lives of the people we support and increases their independence.
Objectives:
 1. Develop and launch phase 1 of new care management system.
 2. Maximise the use of MS tools and improve our connectivity.
 3. Implement customer relationship management system.

Auditor

A resolution to reappoint RSM UK Audit LLP as the Group’s external auditors for 2024/25 was proposed and agreed at the Board Meeting 17 December 2024.

Going Concern

Accounting standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity’s financial statements.

The Charity continues to navigate well through the various financial challenges it faces, most notably the ongoing funding challenges in the sector. Notwithstanding these challenges the Charity has delivered a strong financial performance and has a healthy Balance Sheet, which provide the organisation with financial resilience given some of the challenges it faces in the sector.

In considering the appropriateness of the going concern assumption, income and expenditure, cash-flow and reserves head-room projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning these financial statements. Since 31 March 2024 trading performance is positive and ahead of Budget.

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Post balance sheet events

Following a period during which Red Hazels Developments Limited, a wholly owned subsidiary of Alternative Futures Group Limited, has largely remained dormant, a decision has been made to use this entity as a vehicle through which property will be acquired. In August 2024, the company was re-capitalised with a £1.5m equity investment by Alternative Futures Group Limited, with a further £0.5m equity investment being approved in November 2024.

In September 2024, Red Hazels Developments Limited acquired two properties in Knowsley for £0.3m.

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Statement of Trustees' Responsibilities

The Trustees, as the Directors of AFG, are responsible for preparing the Trustees' Annual Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity and Group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

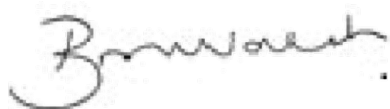
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees which also contains a directors' report as required by company law and the incorporated Strategic Report was approved on 17 December 2024 and signed on its behalf by:

Brian Walsh

Chair – Alternative Futures Group Limited
17 December 2024



Alternative Futures Group Limited

Independent Auditor's Report to the Members of Alternative Futures Group Limited

Opinion

We have audited the financial statements of Alternative Futures Group Limited (the 'parent charitable company') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, including 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 Companies Act 2006.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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 trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees 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 Report of the Trustees, and Strategic Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees, and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Alternative Futures Group Limited
Independent Auditor's Report to the Members of Alternative Futures Group Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

Alternative Futures Group Limited

Independent Auditor's Report to the Members of Alternative Futures Group Limited

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the Pension Schemes Act 2021, and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Report of the Trustees, and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission (CQC) regulations, the UK General Data Protection Regulations (UK GDPR), the Care Act 2014, the Safeguarding Vulnerable Groups Act 2006, the Protection of Freedoms Bill and the Health and Social Care Act 2022. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations, reviewed board minutes for evidence of any regulatory discussions, and inspected correspondence during the year with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Alternative Futures Group Limited
Independent Auditor's Report to the Members of Alternative Futures Group Limited

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

Date: 18/12/24

Alternative Futures Group Limited
Consolidated Statement of Financial Activities (including Consolidated Income & Expenditure Account)
For the year ended 31 March 2024

	Note	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
		£000	£000	2024	£000	£000	2023
				£000			£000
Income							
Charitable activities	2	71,856	-	71,856	65,230	-	65,230
Investments	3	549	-	549	208	-	208
Government Grants	4	-	-	-	7	-	7
Total income		72,405	-	72,405	65,445	-	65,445
Expenditure on:							
Charitable activities (including exceptional cost amounting to £98,000 (2023: £74,000))	5 & 6	67,933	23	67,956	60,910	23	60,933
Total expenditure		67,933	23	67,956	60,910	23	60,933
Net gain/(loss) on investments	14	669	-	669	(245)	-	(245)
Net income / (expenditure) before other recognised gains and losses	8	5,141	(23)	5,118	4,290	(23)	4,267
Other recognised Gains							
Actuarial (loss)/gain on defined benefit pension scheme	22	(259)	-	(259)	(206)	-	(206)
Total other recognised gains/(losses)		(259)	-	(259)	(206)	-	(206)
Net movement in funds		4,882	(23)	4,859	4,084	(23)	4,061
Reconciliation of funds							
Total funds brought forward	18	29,980	1,139	31,119	25,896	1,162	27,058
Total funds carried forward	18	34,862	1,116	35,978	29,980	1,139	31,119

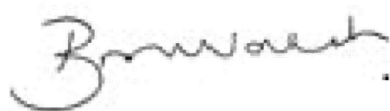
There were no new or discontinued operations undertaken during the year.
There are no recognised gains or losses, other than those included in the Statement of Financial Activities.

Alternative Futures Group Limited
Consolidated Balance Sheet
As at 31 March 2024

Company No: 02679915
Charity No: 1008587

	Note	2024 £000	£000	2023 £000	£000
Fixed assets					
Intangible assets	11		322		772
Tangible assets	12		9,167		9,330
Investments	14		13,900		13,236
			23,389		23,338
Current assets					
Debtors	15	7,616		8,254	
Cash at bank and in hand		10,118		5,055	
		17,734		13,309	
Current liabilities					
Creditors: amounts falling due within one year	16	(5,162)		(5,634)	
Net current assets			12,572		7,675
Total assets less current liabilities			35,961		31,013
Defined benefit pension scheme asset	22		17		106
Total net assets			35,978		31,119
Funds:					
Unrestricted funds	18		34,862		29,980
Restricted funds	18		1,116		1,139
			35,978		31,119

The financial statements were approved and authorised for issue by the Board of Trustees on 17 December 2024, and signed on their behalf by:

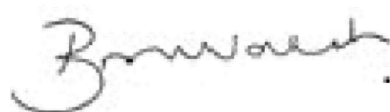


Brian Walsh – Chair

	Note	2024 £000	£000	2023 £000	£000
Fixed assets					
Intangible assets	11		322		772
Tangible assets	12		9,167		9,330
Investments in subsidiary	13		-		-
Investments	14		13,900		13,236
			23,389		23,338
Current assets					
Debtors	15	7,695		8,254	
Cash at bank and in hand		10,118		5,055	
		17,813		13,309	
Creditors: amounts falling due within one year	16	(5,096)		(5,568)	
Net current assets			12,717		7,741
Total assets less current liabilities			36,106		31,079
Defined benefit pension scheme asset	22		17		106
Total net assets			36,123		31,185
Funds:					
Unrestricted funds	18		35,007		30,046
Restricted funds	18		1,116		1,139
			36,123		31,185

The entity has taken the exemption from presenting its unconsolidated income and expenditure account under section 408 of the Companies Act 2006. The net movement in funds of the company for the year was £4,938,000 (2023: £4,061,000) and net income was £5,197,000 (2023: £4,267,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 17 December 2024, and signed on their behalf by:



Brian Walsh – Chair

Alternative Futures Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Cash flows generated from operating activities	20	5,443	949
Investing activities			
Purchase of fixed assets (tangible and intangible)		(385)	(744)
Purchase of investments		(645)	(1,669)
Proceeds from sale of investments		650	1,680
Net cash used in investing activities		(633)	(733)
Net increase in cash and cash equivalents		5,063	216
Cash and cash equivalents at beginning of year		5,055	4,839
Cash and cash equivalents at end of year		10,118	5,055
Relating to			
Cash at bank and in hand		10,118	5,055

Analysis of changes in net debt

	At 1 April 2023 £000	Cashflows £000	At 31 March 2024 £000
Cash and cash equivalents			
Cash	5,055	5,063	10,118
Total	5,055	5,063	10,118

ACCOUNTING POLICIES

General Information

Alternative Futures Group Limited is a private company, limited by guarantee, incorporated and registered in England and Wales, and a registered charity.

The address of the registered office and principal place of business is: Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP.

The company and the group's principal activities are stated in The Report of the Trustees on page 6.

Basis of Preparation

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Monetary amounts in the financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced Disclosure Exemption

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are provided on a consolidated basis:

- Section 7 Statement of Cash Flows – presentation of a statement of cashflow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going Concern

Accounting Standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

As noted previously, the Charity continues to navigate well through the various financial challenges it faces, most notably the ongoing funding challenges in the sector. Notwithstanding these challenges the Charity has delivered a strong financial performance and has a healthy Balance Sheet.

In considering the appropriateness of the Going Concern assumption, income and expenditure, cash-flow and reserve head-room projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning these financial statements. As at 31 March 2024, the Charity reports a cash balance of £10.12m (2023: £5.06m) and liquid investments of £13.90m (2023: £13.24m).

Since 31 March 2024, trading performance is positive and ahead of Budget.

ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate those of Alternative Futures Group Limited and of its subsidiary, Red Hazels Developments Limited (ie entity that the Group controls through its power to govern the financial and operating policies, so as to obtain economic benefits). All financial statements are made up to 31 March 2024.

All intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The investment in the subsidiary undertaking is stated at cost.

Income

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Income is recognised in the period in which the service is provided.

Where there is doubt regarding the accuracy of the invoicing / recoverability of the debt, the organisation has in place a Credit Note provisioning policy.

Income from Charitable activities

Income from charitable activities represents the total amount receivable by the Charity, after determination by outside agencies and consideration of an individual's entitlement.

Government Grants

Government grants received are recognised in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income, when the amount can be quantified with reasonable accuracy and when the amount is likely to be received. During the prior period, the Charity recognised monies in the SOFA relating to Covid Infection Control Monies (Note 4).

Investment income

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure. Expenditure is recognised when, and to the extent that, a liability is incurred or increases without a commensurate increase in recognised assets or decrease in liabilities. All expenditure is accounted for on an accruals basis and is classified under appropriate headings that aggregate all costs relating to the category. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated to such activities and those costs of an indirect nature necessary to support them.

ACCOUNTING POLICIES (CONTINUED)

Support costs

Support costs include both central and governance functions and have been allocated to activity cost categories in proportion to the income of each category.

Employee benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Other expenditure

Other expenditure represents those items not falling into any other heading.

Intangible Fixed Assets Including Goodwill and Software

Goodwill relates to contracts acquired in 2013 and is stated at cost, net of amortisation and impairment. Goodwill has been amortised over 3 years, representing the life of the contract, and has been fully amortised in previous years.

Intangible assets also include acquired software costs together with capitalised development expenditure in relation to time costs of individuals working on the design configuration and testing of new software systems. They are amortised over 5 years once the software is available for its intended use, which is the expected useful life of the software. AFG capitalises development expenditure as an intangible asset when it can demonstrate the following:

- the technical feasibility of completing the development, so the intangible asset will be available for use;
- the intention to complete the development and use the intangible asset;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- its ability to measure reliably the expenditure attributable to the intangible asset during development.

Where these criteria are not met, expenditure is charged to the Statement of Financial Activities as research costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment.

Tangible fixed assets comprise freehold land and buildings, office furniture and equipment, vehicles, and property furniture and furnishings. Property furniture and fittings for new schemes are capitalised as tangible fixed assets for AFG's own use, whilst replacement items are capitalised if their value as a single item or as a group of items purchased together, is £300 or more.

Depreciation is provided so as to write off the cost of the assets, other than freehold land, on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are:

Freehold properties	10-50 years
Furniture & Equipment	3 - 10 years

ACCOUNTING POLICIES (CONTINUED)

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset. Shortfalls between the carrying value of the fixed assets and their recoverable amounts, being the higher of the fair value less costs to sell and value in use are recognised as impairment losses and recognised as an expense within the Statement of Financial Activities.

Investments

Investments, excluding the investment in the subsidiary, are stated at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Listed investments held are stated at the quoted market price. In the separate accounts of the charity, the investment in the subsidiary is initially measured at cost, and subsequently measured at cost less any accumulated impairment losses.

Where cash is held within the Investment Portfolio, this is invested when the advisors consider market conditions to be suitable.

Financial Instruments

AFG's Financial Instruments are considered as Basic Financial Instruments in accordance with Section 11 of FRS102. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for listed investments which are valued at fair value through profit or loss.

Debtors

Trade and other debtors and the intercompany debtor are recognised at the amount invoiced, with the Charity carrying a credit note provision, the provision being based on the age of the debt. The value of the credit note provision is formally reviewed annually as part of the Statutory Accounts process, with an ongoing monthly review of the overall Trade Debtors position. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and In Hand

Cash at bank and in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where AFG has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Retirement Benefits - Pension Schemes

Contributions are made by AFG to the four pension schemes that are in operation, as follows:

The National Health Service (NHS) Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury. The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme; the amount charged against profits represents the contributions to the scheme.

ACCOUNTING POLICIES (CONTINUED)

Retirement Benefits - Pension Schemes (continued)

A stakeholder pension scheme, for certain senior members of staff, at a contribution rate of up to 14% of annual basic pay. The amount charged to the Statement of Financial Activities 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 balance sheet.

Two defined benefit pension schemes in respect of admissions of staff as a result of TUPE transfers are funded by the participating employees and employers in the scheme. Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the income and expenditure account. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the Statement of Financial Activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the Statement of Financial Activities as other finance costs or income. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the Statement of Financial Activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme surpluses (to the extent that they can be recovered) or deficits are recognised in full on the Balance Sheet.

The assets of these schemes are administered, by Trustees, in funds independent from those of the Charity.

Leasing Commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities over the life of the lease on a straight-line basis.

Fund Accounting

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds

Restricted funds are subject to specific restrictive conditions imposed by the donor or grant making body. All restricted funds are accounted for as restricted income and expenditure for the purposes charged to the fund, together with a fair allocation of overheads and support costs.

ACCOUNTING POLICIES (CONTINUED)

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key accounting estimates and area of judgement applied by Alternative Futures Group Limited are as follows:

- Given the ageing of the trade debtors of the Charity, management continue to carry a credit note provision. The provision in place arises as a consequence of invoicing errors, such errors dating back a number of years. Management continue to review the appropriateness of the provision, with the provision made being estimated based on the aging of the balance. The Charity will continue to work closely with its commissioners to ensure the resolution of issues and the optimisation of recovery.
- The present value of the defined benefit pension asset depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions asset / liability at 31 March 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset of £17k (2023: £106k).

As at 31 March 2024, a defined benefit plan asset has been recognised within the financial statements. The amount recognised as an asset has been restricted to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This has been determined by recognising the lower of the defined benefit asset and the actuarial valuation of the future service cost over the expected life of the plan.

2 CHARITABLE ACTIVITIES INCOME

	2024 £000	2023 £000
Community and Adult Care Homes	58,286	52,981
Independent Hospitals	<u>13,570</u>	<u>12,249</u>
	<u>71,856</u>	<u>65,230</u>

All income in the current and prior year was unrestricted.

3 INVESTMENT INCOME

	2024 £000	2023 £000
Dividends – UK equity	66	36
Dividends – Overseas equities	52	30
Dividends – Other	27	12
Interest – UK fixed interest securities	53	18
Interest on cash deposits	351	112
	<u>549</u>	<u>208</u>

All current and prior year income was unrestricted.

4 GOVERNMENT AND LOCAL AUTHORITY GRANTS

	2024 £000	2023 £000
Infection Control income from Local Authorities	-	7
	<u>-</u>	<u>7</u>

All income in the current and prior year was unrestricted.

5 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct staff costs £000	Direct non-staff costs £000	Operational Service Support costs £000	Corporate Support costs £000	2024 £000	2023 £000
Provision of support and care						
Community and Adult Care Homes	48,368	424	2,491	6,062	57,345	51,656
Independent Hospitals	5,113	3,463	580	1,455	10,611	9,277
	<u>53,481</u>	<u>3,887</u>	<u>3,071</u>	<u>7,517</u>	<u>67,956</u>	<u>60,933</u>
Total charitable activities						

5 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	Unrestricted	Restricted	2024	Unrestricted	Restricted	2023
	£000	£000	£000	£000	£000	£000
Provision of support and care						
Community and Adult Care Homes	57,345	-	57,345	51,656	-	51,656
Independent Hospitals	10,588	23	10,611	9,254	23	9,277
Total charitable activities	<u>67,933</u>	<u>23</u>	<u>67,956</u>	<u>60,910</u>	<u>23</u>	<u>60,933</u>

6 EXCEPTIONAL ITEMS

	2024 £000	2023 £000
Staff Costs, including redundancy, taxes and pensions	<u>98</u>	<u>74</u>
	<u>98</u>	<u>74</u>

7 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	2024 £000	2023 £000
OPERATIONAL SERVICE SUPPORT COSTS		
Operational Support / CQC Registered Addresses / Regional Offices	175	146
Operational Management / Workforce Planning / Rostering	634	472
Operational Services ICT Infrastructure	551	381
Operational Services Learning & Development Costs	1,291	912
Operational Services Quality Support Costs	<u>420</u>	<u>333</u>
	<u>3,071</u>	<u>2,244</u>

7 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS (CONTINUED)

	2024 £000	2023 £000
CORPORATE SUPPORT COSTS		
Financial, Transaction & Reporting, Banking & Audit Costs	1,757	1,524
HR & Recruitment Costs	1,798	1,708
ICT, Software Licencing, Depreciation and Support Desk	2,385	1,888
Insurance Costs	680	516
Governance & Administration	641	736
Risk & Assurance	-	1
Premises Running Costs	27	40
Legal Fees	124	29
Interest on defined benefit pension	(186)	50
Chief Executive Department	291	310
	<u>7,517</u>	<u>6,802</u>

During the year, the organisation has continued to review its cost base to ensure support costs are appropriately reported as either Operational or Corporate costs.

Governance costs include internal audit fees of £47,237 (2023: £37,915), services from external auditors of £137,946 (2023: £107,000) and Trustee development £Nil (2023: £Nil). Trustee indemnity insurance £Nil (2023: £Nil) is not individually identified, but contained within the overall Social Care Insurance Premium.

Staff costs included within support costs amount to £6,340,080 (2023: £5,664,089).

8 NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2024 £000	2023 £000
Operating lease rentals	423	201
Interest on defined benefit pension	(186)	50
Depreciation and amortisation:		
Intangible fixed assets, owned (see note 11)	275	49
Tangible fixed assets, owned (see note 12)	723	694
Auditor's remuneration:		
- audit fees	119	93
- accountancy fees	19	14

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL

Staff costs during the year were as follows:

	2024	2023
Group and company	£000	£000
Wages and salaries	54,436	49,089
Social security costs	4,124	3,927
Employer pension costs – operating (income)/cost in respect of DB Schemes	16	(32)
Employer pension costs – costs of contributions paid to DC and DB schemes	1,147	692
Redundancy payments	98	74
	<u>59,821</u>	<u>53,750</u>

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

	Number of employees	
	2024	2023
£60,001 to £70,000	7	9
£80,001 to £90,000	2	-
£120,001 to £130,000	-	4
£130,001 to £140,000	4	-
£170,001 to £180,000	-	1
£190,001 to £200,000	1	-
	<u>14</u>	<u>14</u>

The key management personnel of the charity comprise the executive team. Total cost for employee benefits of the key management personnel of the Group and Charity was £1,303,721 (2023: £945,878).

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL (CONTINUED)

During the year, the following amounts were paid to pension schemes:

	2024 £000	2023 £000
Pension contributions to money purchase schemes	876	426
Pension contributions to defined benefit schemes	271	266
	<u>1,147</u>	<u>692</u>

Pension contributions are allocated to unrestricted funds. Costs are allocated to activity cost categories in proportion to the income generated by each activity.

The numbers of staff to whom retirement benefits are accruing are as follows:

	Number of employees	
	2024	2023
Money Purchase Schemes	1,557	1,480
Defined Benefit Schemes	<u>54</u>	<u>59</u>
	<u>1,611</u>	<u>1,539</u>

During the year, eleven higher paid employees (2023: eight) participated in a money purchase pension scheme. Employer contributions for the higher paid employees were £86,944 (2023: £66,748).

The Chair of the Board of Trustees, Brian Walsh, received remuneration in the year of £21,250 (2023: £15,000), as allowed in the Memorandum and Articles of Association and agreement from the Charity Commission received in June 2011. The Chair received £Nil pension contributions during the year (2023: £Nil). The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee. During the year, the Chair will attend quarterly Board meetings, if required extra-ordinary Board meetings and various workshops. Additionally, the Chair works closely with the Chief Executive Officer in the development of the strategy of the Charity.

No other Trustees, or persons with a family or business connection with a Trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity. The trustees received no pension contributions. One Trustee (2023: Three) received £137 reimbursement for travelling and accommodation expenses in the current year (2023: £1,036).

10 STAFF NUMBERS

Group

The average number of employees during the year was as follows:

	No of employees	
	2024	2023
Management and Operational Care and Support Staff	1,764	1,659
Governance and administration of the charity	<u>12</u>	<u>12</u>
	<u>1,776</u>	<u>1,671</u>

The average number of employees on a full-time equivalent basis during the year was as follows:

	No of employees	
	2024	2023
Management and Operational Care and Support Staff	1,551	1,459
Governance and administration of the charity	<u>12</u>	<u>12</u>
	<u>1,563</u>	<u>1,471</u>

Red Hazels Developments Ltd did not have any employees in either year.

11 INTANGIBLE ASSETS
Group and Company

	Capitalised development costs £000	Software £000	Goodwill £000	Total £000
Cost				
As at 1 April 2023	413	1,523	1,300	3,236
Additions	<u>65</u>	<u>13</u>	<u>-</u>	<u>78</u>
As at 31 March 2024	<u>478</u>	<u>1,536</u>	<u>1,300</u>	<u>3,314</u>
Amortisation				
As at 1 April 2023	-	1,164	1,300	2,464
Provided in the year	<u>156</u>	<u>372</u>	<u>-</u>	<u>528</u>
As at 31 March 2024	<u>156</u>	<u>1,536</u>	<u>1,300</u>	<u>2,992</u>
Net book amount at 31 March 2024	<u>322</u>	<u>-</u>	<u>-</u>	<u>322</u>
Net book amount at 31 March 2023	<u>413</u>	<u>359</u>	<u>-</u>	<u>772</u>

Capitalised development costs relate to the development of the new Finance & Procurement system (go live commenced in 2023/24 financial year), and the new Care Management system (expected to go live 2025/26 financial year). Amortisation relating to these assets will only be charged when they are available for use.

Amortisation charged in the year on software has been recognised within charitable activities expenditure.

12 TANGIBLE FIXED ASSETS
Group and Company

	Freehold land and buildings £000	Furniture and equipment £000	Total £000
Cost			
As at 1 April 2023	12,843	6,033	18,876
Additions	<u>222</u>	<u>338</u>	<u>560</u>
As at 31 March 2024	<u>13,065</u>	<u>6,371</u>	<u>19,436</u>
Depreciation and Impairment			
As at 1 April 2023	5,306	4,240	9,546
Provided in the year	<u>441</u>	<u>282</u>	<u>723</u>
As at 31 March 2024	<u>5,747</u>	<u>4,522</u>	<u>10,269</u>
Net book amount at 31 March 2024	<u>7,318</u>	<u>1,849</u>	<u>9,167</u>
Net book amount at 31 March 2023	<u>7,537</u>	<u>1,793</u>	<u>9,330</u>

The cost of land held within freehold land and buildings amounts to £2,394,307 (2023: £2,394,307) and is not depreciated. HSBC Bank Plc hold a fixed and floating charge over the undertaking and all its assets and property, both present and future.

13 INVESTMENTS IN SUBSIDIARY

Company	Registered office	Principal activity	Shares held Class	%
Red Hazels Developments Limited (Company number 09498298)	Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP	Property development	Ordinary	100

The charity holds one share of £10 in its wholly owned trading subsidiary company Red Hazels Developments Limited. This is the only share allotted, called up and fully paid.

The amounts included within the consolidated accounts for the subsidiary company are:

	2024 £000	2023 £000
Turnover	-	-
Expenditure, including Interest paid and received	(10)	(1)
Loss for the financial year	(10)	(1)
Total Assets	-	-
Total Liabilities	(145)	(135)
Equity at end of year	(145)	(135)

14 FIXED ASSET INVESTMENTS

Movement in fixed assets investments

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Fixed asset investments held for return:				
Listed investments	13,900	13,236	13,900	13,236
	<u>13,900</u>	<u>13,236</u>	<u>13,900</u>	<u>13,236</u>

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Listed investments				
Fair value brought forward	13,236	13,492	13,236	13,492
Additions to investments at cost	645	9,869	645	9,869
Disposal at carrying value	(650)	(1,681)	(650)	(1,681)
Disposal – cash withdrawals to BlackRock	-	(8,199)	-	(8,199)
Changes in fair value	669	(245)	669	(245)
Fair value carried forward	<u>13,900</u>	<u>13,236</u>	<u>13,900</u>	<u>13,236</u>

14 FIXED ASSET INVESTMENTS (CONTINUED)

Listed investments at fair value comprised:

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Equities – UK	1,753	1,579	1,753	1,579
Equities – Overseas	3,220	2,959	3,220	2,959
Fixed interest securities – UK	2,445	1,887	2,445	1,887
Property – UK	239	205	239	205
Cash held for investments	337	500	337	500
Cash equivalents	5,906	6,106	5,906	6,106
	<u>13,900</u>	<u>13,236</u>	<u>13,900</u>	<u>13,236</u>
Fair value carried forward	13,900	13,236	13,900	13,236

The following holdings each constituted more than 5% of the year end fair value of the portfolio:

	2024	2023
	£'000	£'000
iShares Index Linked	925	578
Rathbone Ethical Bond	575	495
Troy Trojan	-	637
Trojan "S"	497	-
Baillie Gifford Strategic Bond	517	445
Baillie Gifford International	455	382
Evenlode Income	527	465
Artemis Income	562	469
M&G Charifund	352	333
iShares Corporate Bond ETF	428	369
Hermes Emerging Markets	-	378
Artisan Global Value	406	332
JPM Global Growth and Income	424	346
BNY Mellon Global Income	-	317
Federated Hermes Gbl	415	-
iShares MSCI World ETF	401	332

15 DEBTORS

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade debtors	2,905	6,210	2,905	6,210
Intercompany debtor	-	69	79	69
Prepayments	104	167	104	167
Accrued income	4,446	1,795	4,446	1,795
Other debtors	161	13	161	13
	<u>7,616</u>	<u>8,254</u>	<u>7,695</u>	<u>8,254</u>

Trade debtors are stated after a credit note provision of £2,180,000 (2023: £2,084,000).

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade creditors	1,052	1,029	1,052	1,029
Accruals and deferred income	2,330	3,582	2,264	3,517
Social security and other taxes	976	851	976	851
Other creditors	804	172	804	171
	<u>5,162</u>	<u>5,634</u>	<u>5,096</u>	<u>5,568</u>

Included in other creditors is an amount of £212,023 (2023: £171,955) due to pension schemes which was paid subsequent to the year end.

Deferred Income at the end of the year was £Nil (2023: £831,393), of which £Nil (2023: £52,851) related to timing of invoices raised around year-end, £Nil (2023: £113,169) related to Covid Infection control support, and the remaining £Nil (2023: £665,373) related to invoices and payments in query, where monies received from commissioners do not match the amounts invoiced under the care-plans.

	2024	2023
	£000	£000
Deferred income at 1 April	831	1,185
Release of deferred income	(831)	(519)
Amounts deferred in the year	-	165
Deferred income at 31 March	<u>-</u>	<u>831</u>

17 FINANCIAL INSTRUMENTS

	2024	2023
	£000	£000
Financial assets:		
Instruments measured at fair value through profit or loss	<u>13,900</u>	<u>13,236</u>

18 MOVEMENT IN FUNDS

GROUP

	At 1 April 2023	Income	Expenditure	Gain on investment assets	Pension	At 31 March 2024
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	29,980	72,405	(67,933)	669	(259)	34,862
Restricted funds: gifted properties	<u>1,139</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,116</u>
Total funds	<u>31,119</u>	<u>72,405</u>	<u>(67,956)</u>	<u>669</u>	<u>(259)</u>	<u>35,978</u>

COMPANY

	At 1 April 2023	Income	Expenditure	Gain on investment assets	Pension	At 31 March 2024
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	30,046	72,405	(67,854)	669	(259)	35,007
Restricted funds: gifted properties	<u>1,139</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,116</u>
Total funds	<u>31,185</u>	<u>72,405</u>	<u>(67,877)</u>	<u>669</u>	<u>(259)</u>	<u>36,123</u>

Purpose of Restricted Fund

Restricted funds represent the book value of properties held which were gifted for use as treatment centres within Alternative Futures Group Limited. The properties can only be used for this purpose. Any proposed change of use, including ceasing activities at the properties or a sale of the properties would require permission from the donor.

Purpose of Unrestricted Fund

Unrestricted funds are for the use of Alternative Futures Group Limited's charitable objectives.

18 MOVEMENT IN FUNDS (CONTINUED)

PRIOR YEAR MOVEMENT IN FUNDS

GROUP

	At 1 April 2022	Income	Expenditure	Loss on investment assets	Pension	At 31 March 2023
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	25,896	65,445	(60,910)	(245)	(206)	29,980
Restricted funds: gifted properties	<u>1,162</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,139</u>
Total funds	<u>27,058</u>	<u>65,445</u>	<u>(60,933)</u>	<u>(245)</u>	<u>(206)</u>	<u>31,119</u>

COMPANY

	At 1 April 2022	Income	Expenditure	Loss on investment assets	Pension	At 31 March 2023
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	25,962	65,445	(60,910)	(245)	(206)	30,046
Restricted funds: gifted properties	<u>1,162</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>1,139</u>
Total funds	<u>27,124</u>	<u>65,445</u>	<u>(60,933)</u>	<u>(245)</u>	<u>(206)</u>	<u>31,185</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2024 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2024 £000
Intangible fixed assets	322	-	322
Tangible fixed assets	8,051	1,116	9,167
Investments	13,900	-	13,900
Current assets	17,734	-	17,734
Current liabilities	(5,162)	-	(5,162)
Pension	17	-	17
Net assets	<u>34,862</u>	<u>1,116</u>	<u>35,978</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2024 £000
Intangible fixed assets	322	-	322
Tangible fixed assets	8,051	1,116	9,167
Investments	13,900	-	13,900
Current assets	17,813	-	17,813
Current liabilities	(5,096)	-	(5,096)
Pension	17	-	17
Net assets	<u>35,007</u>	<u>1,116</u>	<u>36,123</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Fund balances at 31 March 2023 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2023 £000
Intangible fixed assets	772	-	772
Tangible fixed assets	8,191	1,139	9,330
Investments	13,236	-	13,236
Current assets	13,309	-	13,309
Current liabilities	(5,634)	-	(5,634)
Pension	106	-	106
Net assets	<u>29,980</u>	<u>1,139</u>	<u>31,119</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2023 £000
Intangible fixed assets	772	-	772
Tangible fixed assets	8,191	1,139	9,330
Investments	13,236	-	13,236
Current assets	13,309	-	13,309
Current liabilities	(5,568)	-	(5,568)
Pension	106	-	106
Net assets	<u>30,046</u>	<u>1,139</u>	<u>31,185</u>

20 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM CONSOLIDATED OPERATING ACTIVITIES

	2024 £000	2023 £000
Net Income	<u>5,118</u>	<u>4,267</u>
Adjustments for:		
Gain / (loss) on investments	(669)	245
Amortisation charges	275	205
Depreciation charges	723	694
DB Scheme costs less contributions payable	16	(32)
DB Scheme net finance (expense)/income	<u>(186)</u>	<u>50</u>
	5,277	5,429
Movements in working capital:		
Decrease/(increase) in debtors	638	(2,857)
Decrease in creditors	<u>(472)</u>	<u>(1,623)</u>
Net cash generated from operating activities	<u><u>5,443</u></u>	<u><u>949</u></u>

21 CAPITAL COMMITMENTS

The group and charity had total capital commitments of £Nil at 31 March 2024 (2023: £41,675). Capital commitments in respect of intangible assets were £Nil (2023: £Nil). Capital commitments in respect of tangible assets were £Nil (2023: £41,675).

22 RETIREMENT BENEFITS

Contributions are made to the four pension schemes that are in operation, as follows:

- The NHS Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury.

The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the amount charged against profits represents the contributions payable to the scheme.

- Stakeholder pension scheme with banded contributions up to 14% depending on grade are available to all staff.
- Two defined benefit schemes (as noted below) as a result of staff joining the company by means of TUPE transfer.

The assets of these schemes are administered, by Trustees, in funds independent from those of the group.

Defined benefit plans

Lancashire County Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced 10 November 2008. The figures cover the period from 1 April 2023 to 31 March 2024 and all the data items relate to the same period.

Greater Manchester Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced in June 2007.

The Balance Sheet and other disclosures as at 2024 are based on the last full actuarial valuations as at 31 March 2019 and updated to 31 March 2024, and include the pension schemes in aggregate.

Overall assumptions:

	Total of pension schemes 2024 %	Total of pension schemes 2023 %
Key assumptions used:		
Discount rate	4.85	4.78
Rate of inflation	2.8	2.9
Expected rate of salary increases	3.9	4.0
Future pension increases	2.8	2.9

22 RETIREMENT BENEFITS (CONTINUED)

The average life expectancy for a current pensioner on the balance sheet date is:

	Total of pension schemes 2024 Years	Total of pension schemes 2023 Years
Male	20.0	20.2
Female	23.2	23.4

The average life expectancy for a future pensioner retiring at 65 aged at the balance sheet date:

	Total of pension schemes 2024 Years	Total of pension schemes 2023 Years
Male	21.7	22.0
Female	24.6	24.9

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Amounts recognised in the statement of financial activities in respect of these defined benefit schemes are as follows:

	Total of pension schemes 2024 £000	Total of pension schemes 2023 £000
Current service cost	16	32
Interest cost	219	185
Interest income	(405)	(235)
	<u>(170)</u>	<u>(18)</u>

Actuarial gains and losses are reported in the statement of financial activities. The loss recognised in 2024 was £259,000 (2023: £206,000 loss).

The actual return on scheme assets was £542,000 (2023: £205,000) for Lancashire County Pension Fund and £143,000 (2023: £35,000) for Greater Manchester Pension Fund.

22 RETIREMENT BENEFITS (CONTINUED)

The amount included in the Balance Sheet arising from the Group's obligation in respect of defined benefit retirement schemes is as follows:

	Total 2024 £000	Total 2023 £000
Fair value of scheme assets	9,046	8,548
Present value of defined benefit obligations	<u>(4,669)</u>	<u>(4,707)</u>
Asset in scheme	4,377	3,841
Limit on asset in Greater Manchester scheme	(843)	(727)
Limit on asset in Lancashire scheme	<u>(3,517)</u>	<u>(3,008)</u>
Recognised in balance sheet	<u>17</u>	<u>106</u>

The value of the Group's share of net assets of the schemes has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other recognised gains and losses in the period.

Movements in the present value of defined benefit obligations in the current period were as follows:

	Total 2024 £000	Total 2023 £000
At start of period	4,707	6,836
Current service cost	25	42
Interest cost	219	185
Actuarial gains	(86)	(2,189)
Contributions by plan participants	7	6
Benefits paid	<u>(203)</u>	<u>(173)</u>
At the end of the period	<u>4,669</u>	<u>4,707</u>

Movements in the fair value in the share of scheme assets in the current period were as follows:

	Total 2024 £000	Total 2023 £000
At start of period	8,548	8,546
Interest income	405	235
Return on plan assets less amounts included in net interest	280	(76)
Employer contributions	9	10
Members contributions	7	6
Benefits paid	<u>(203)</u>	<u>(173)</u>
At the end of the period	<u>9,046</u>	<u>8,548</u>

22 RETIREMENT BENEFITS (CONTINUED)

The analysis of the scheme assets at the balance sheet date were as follows:

Lancashire County Pension Fund

	Total of pension schemes Fair value assets 2024 £000	Total of pension schemes Fair value assets 2023 £000
Equity Instruments	7	7
Property	91	99
Cash / liquidity	126	53
Other assets	6,791	6,449
	<u>7,015</u>	<u>6,608</u>

Greater Manchester Pension Fund:

	Total of pension schemes Fair value assets 2024 £000	Total of pension schemes Fair value assets 2023 £000
Equity Instruments	1,401	1,319
Government bonds	305	291
Property	163	175
Cash / liquidity	162	155
	<u>2,031</u>	<u>1,940</u>

The amounts of contributions expected to be paid to the schemes during the financial period ending 31 March 2025 are £Nil (2023: £Nil) in respect of Lancashire County Pension Fund and £9,000 (2023: 10,000) in respect of Greater Manchester Pension Fund.

The Academy Trust is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

23 LEASING COMMITMENTS

At the reporting end date, the Group and Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Within one year	150	130	150	130
Between two and five years	100	199	100	199
	<u>250</u>	<u>329</u>	<u>250</u>	<u>329</u>

24 TAXATION

Alternative Futures Group Limited as a registered charity is exempt from Corporation Tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

25 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee incorporated within the United Kingdom and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

As at 31 March 2024, the company had 10 members (2023: 12).

26 CONTINGENT LIABILITIES

The Group provides a Death in Service benefit for all staff however the insurance policy does not provide the benefit to any staff aged over 75. The Directors are aware of a small cohort of four staff who are aged over 75, and the estimated death in service benefit relating to those staff if it were to arise would be £48k.

The group is unaware of any other material liabilities for which provision has not been made in these financial statements.

27 RELATED PARTY TRANSACTIONS

There have been no related party transactions in the period other than trustee remuneration and expenses, as disclosed in Note 9, and transactions with the subsidiary Red Hazels Developments Limited disclosed below:

	2024	2023
	£	£
Amounts paid on behalf of Red Hazels	-	1,932
Monies transferred to Red Hazels to pay creditors	10,000	-
Amounts owed from Red Hazels at 31 March	<u>79,217</u>	<u>69,217</u>

28 POST BALANCE SHEET EVENTS

Following a period during which Red Hazels Developments Limited, a wholly owned subsidiary of Alternative Futures Group Limited, has largely remained dormant, a decision has been made to use this entity as a vehicle through which property will be acquired. In August 2024, the company was re-capitalised with a £1.5m equity investment by Alternative Futures Group Limited, with a further £0.5m equity investment being approved in November 2024.

In September 2024, Red Hazels Developments Limited acquired two properties in Knowsley for £0.3m.

ALTERNATIVE FUTURES GROUP LIMITED

England & Wales - Charity number 1008587

Accounts

Company No: 02679915
Charity No: 1008587



ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE YEAR ENDING
31 MARCH 2023**

Alternative Futures Group Limited
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For the year ended 31 March 2023

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Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2023

This has been my second year as Chair of Alternative Futures Group Limited (AFG) which has been both an incredibly challenging year for the organisation, but also a tremendously exciting, productive and rewarding one.

We commenced 2022/23 with a number of significant (post-COVID) economic and political challenges both home and abroad. The most significant being the financial challenges of rapidly rising inflation and a cost of living crisis, but added to this was significant workforce pressures for health and social care as a result of post-pandemic workforce demands and Brexit policy.

In early 2022, the whole social care sector was struggling with a vacancy rate in excess of 165,000 positions which for AFG converted to about 18.5% of front line vacancies for the organisation. Our agency bill for temporary staff quadrupled in less than 6 months.

To add to this, commissioner funding remained at record low levels, not enabling us to compete on pay in the market for workforce as other sectors such as transport, retail and hospitality began to increase pay to attract workers away from social care in an already shrunken labour market.

In April 2023, the Government increased National Living Wage (NLW) by 9.7% to £10.42 per hour. This was one of the largest annual increases on record, however, it failed to recognise the current inflationary and cost of living pressures staff were under, as well as the rising costs of care provision for providers.

In response to such challenges, I am proud to say our Board acted quickly and decisively and invested a significant amount of the charity's reserves to improve front line pay to Real Living Wage (RLW) levels at £9.90 per hour and increased overtime to £10 per hour. Furthermore, we invested significantly in our recruitment team and recruitment activity in an attempt to attract new and returning workers into the sector. Both of these investments were and remain key in retaining and attracting staff, not to mention give a significant boost in staff morale as our pay increase gave them reassuring financial support through the commencement of the cost of living crisis.

Our Local Authority social care commissioners once again responded disappointingly with their provider rate increases for 2022/23, with most below the National Minimum Wage (NMW) 6.6% increase. One or two commissioners recognised the workforce issues faced by providers and provided an increased rate to support a Real Living Wage (RLW), but the majority gave below the NMW increase. Even of those that did provide RLW increases not all of them reached the actual levels required to afford the charity to pay staff RLW. Nonetheless, the increased rates were welcome to offset the increased pay subsidisation the Board had put in to improve workforce pay to RLW.

In our NHS commissioners, organisational confusion ensued as the legacy Clinical Commissioning Groups (CCGs) disbanded and the new Integrated Care Systems (ICS) Boards were formed. This organisational change led to us failing to agree an increase in our hospital bed rates with commissioners for over 12 months. This caused significant cash flow challenges, which we were again able to mitigate with our reserves. I am pleased to say that following an initial stand-off in our request for inflation-matching increases, our commissioners eventually agreed to provide increases that recognised the significant increase in both pay and non-pay costs for our hospital services.

During all these challenges, the Board and I remained extremely disappointed that the Government again did not provide the leadership and funding required to give the sector the support and investment it badly needed. Despite all the rhetoric of importance, priority, and needing to invest in health and social care, the Government again failed to respond with any substantial short or long term investment solution. The Fair Cost of Care exercise was delayed for a year and the limited emergency monies made available were prioritised to the elderly Care Home/Domiciliary Care sector to support the NHS bed and backlog crisis. No additional funding was granted to other social care sectors including Supported Living, and certainly if anything was, it did not flow through to providers to support services and staff pay.

Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2023

We note the fact that during the 12 months of this period, the sector has also endured 3 separate health and social care ministers. Constant change in ministers has provided no continuity in policy making to translate rhetoric into reality with regards to appropriate funding for social care. Yet staff working in the sector continue to remain immensely loyal and committed in what they do, and especially those providing front line care and support, who continue to deserve immense credit and gratitude for their incredible resilience, hard work and dedication. The Board of AFG however does recognise this and we remain immensely grateful and appreciative to all our hard working staff, their commitment to the organisation and its purpose, and the fabulous work they do.

Nonetheless, and in spite of the Government's failures, I am proud that AFG took the decisive investment steps to support our staff as best as we could afford, and importantly maintain the safety and continuity of our services for the people we support. During 2022/23 we have seen gradual and continued improvements in our workforce attraction and retention above that of our competitors and indeed the overall market. I am pleased to report our investment and initiatives have been incredibly successful in reducing our vacancies to below 10% by the end of the period, a fantastic achievement. Our work is not done here, and we continue to navigate the ongoing challenges of not only workforce, but also pay and inflation in a continuing and severely under-funded sector.

On an exciting note, I am delighted to report that the charity reported a third successive year of positive surplus for the year ending 2023. This is a fantastic performance from the Senior Leadership Team in such challenging times and a justification to the difficult cost efficiency decisions we have had to make in recent years. It is also great credit to the work of my Board colleagues, CEO and Chief Officers for delivering a key financial objective significantly ahead of our planned target.

I am pleased to report that AFG remains a strong, high-quality, well-respected, financially stable, and growing organisation. We have delivered a 2%+ surplus for the last 3 financial periods, grown our reserves and maintained our investment portfolio. We have a rigorous corporate and operational cost base following early completion of our turnaround plan, and we also have a highly effective and efficient operational management structure.

This year we delivered 85% of the objectives in our Annual Business Plan alongside achievement of all our core operational KPIs.

We continue to invest in our quality and safety, meaning all our services remain rated by Care Quality Commission (CQC) as good or outstanding. We have continued to make significant investments in our (wholly-owned) 6 independent hospitals, and next year we plan to make significant investments in the training and development of our leadership and management structures.

In the year, we have seen no changes to our excellent, highly respected Executive (C-suite) Team, and we have also invested in senior talent by introducing several new Functional Director roles to support our new strategic aims. During this period, we have also been establishing a relatively new Board with a number of new Trustees who I am delighted to say have settled in extremely well. The new Board will be critical for supporting the organisation through the next key strategic phase.

In 2023, AFG will embark on an exciting new strategic direction to grow the organisation and expand its reach and the number of people we support. We will continue to focus in the areas of our expertise supporting people with a Learning Disability, Autism or complex behavioural needs on behalf of our Local Authority commissioners. We will also look to further expand our Mental Health provision and our hospital base to support the evolving demands and needs of our ICB commissioners and the NHS.

We will continue to drive efficiencies and performance improvements where possible and continue to work with our commissioners to innovate what we do, meet their changing requirements, and provide the very best value and outcomes possible. We will position ourselves as leaders and influencers being part of the collaborative solution for the sector rather than a victim of the problems and challenges that we all face day to day.

Alternative Futures Group Limited
Chair's Statement
For the year ended 31 March 2023

In summary, 2022/23 has been another incredibly tough year. However, we continue to perform well, make good decisions in how we lead the organisation, and rise to the external challenges we face. AFG remains a vibrant, innovative and fantastic organisation to be a part of. It continues to amaze me how our fantastic staff remain extremely positive, resilient and solution-focused to the challenges their work and sector continues to present.

The Board and I remain immensely grateful for all the incredible hard work and commitment of staff during a very unstable economic time. We continue to be proud and humbled by the ongoing stories of staff going the extra mile to help the people we support achieve their independence goals. You are amazing.

Looking ahead, I have no doubt that the organisation will be equipped to navigate its significant challenges and obstacles and continue its success. Myself and the Board will remain acutely focused on balancing what is right for the organisation, the people we support and their families, our staff, and our commissioners. We will continue to make the necessary decisions to ensure AFG provides only the very best care and support to the people we are very privileged to support.

My special thanks to the amazing people we continue to support on a daily basis. They continue to be our inspiration, at the heart of everything we do and remain at the forefront of our mission and vision for the future.

My thanks also to all front-line colleagues, operational managers, and corporate staff for the fantastic professional and dedicated work you do for our beneficiaries, as well as to our Senior Leadership team at AFG for their excellent leadership and management of the organisation.

And finally, thank you to all my colleagues on the Board, whose skill, experience, time and dedication will ensure we continue to lead this amazing organisation through its current and future challenges.



Brian Walsh
Chair of Alternative Futures Group Limited

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors
For the year ended 31 March 2023

Trustees:

Trustee	Position	Changes in the Year	
Brian Walsh	Chair		
Janet Wilkinson	Chair of Trustee Appointments and Remuneration Committee		
Linda Whalley	Vice Chair		
Jane McDonald	Chair of Quality and Safety Committee		
Peter Fieldsend	Chair of Audit and Risk Committee		
Helen Bellairs	Chair of Finance and Performance Committee		
Alex Fox	Trustee		
John Mcluckie	Trustee		
Beatrice Udeh	Trustee	Appointed	29.04.2022
Louise Marsden	Trustee	Appointed	29.04.2022
Michelle Wood	Trustee	Resigned	02.07.2022
Julie Chadwick	Trustee	Appointed	10.08.2022
Nicola Cook	Trustee	Resigned	02.08.2023

Executive Officers:

Executive Officer	Position	Changes in the Year	
Ian Pritchard	Chief Executive Officer		
Kirsty Muldoon / now Murphy	Chief People Officer & Chief Operating Officer of Learning Disability	Change of surname from Muldoon to Murphy	
Chris Stephens	Chief Financial Officer		
Christopher Hughes	Chief Quality Officer & Chief Operating Officer for Mental Health		
Andrew Kendall	Chief Commercial Officer		

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors
For the year ended 31 March 2023

Company Information and Advisors:

Company Registration Numbers:	02679915 Companies House 1008587 Charity Commission
Registered and Principal Office:	Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP
External Auditors:	RSM UK Audit LLP 20 Chapel Street Liverpool L3 9AG
Internal Auditors:	Beever & Struthers One express, 1 George Leigh St Ancoats Manchester M4 5DL
Investment Advisors:	Stanhope Consulting 35 Portman Square London W1H 6LR

Bankers:	HSBC Bank plc 99-101 Lord Street Liverpool L2 6PG	Barclays Unit 3 Riverside, 2 Campbell Road, Stoke on Trent, Staffordshire. ST4 4RJ	
Principal Solicitors:	DWF 1 Scott Place 2 Hardman Street Manchester M3 3AA	Pannone Corporate LLP 378-380 Deansgate Manchester M3 4LY	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2023

The Trustees of Alternative Futures Group Limited (AFG) present their report and audited financial statements for the year ended 31 March 2023. The Trustees have prepared this report under the Charities Act 2011 and the Companies Act 2006, and in accordance with Financial Reporting Standard 102 (FRS 102) as applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102.

Legal status

Alternative Futures Limited was founded in 1992 and changed its name to Alternative Futures Group Limited (AFG) in 2007.

During the year the Group consisted of two legal entities:

- Alternative Futures Group Limited - a company limited by guarantee (Company Registration Number 02679915), a registered charity (Charity Commission Number 1008587), and a Public Benefit Entity. AFG is governed by its Articles of Association, which were last amended in March 2022.
- Red Hazels Developments Limited, a private limited company limited by shares (Company Registration Number 09498298), founded in 2015 as a wholly owned subsidiary of AFG to deliver commercial activities.

The Trustees of AFG are its Directors of the charitable company for the purposes of Company law. The Trustees who served throughout the year and up to the date of signing this report are listed on page 4.

Charitable Purpose

AFG's charitable purpose is to offer relief to people with learning disabilities, mental health or any other special needs, and to relieve the stresses and financial needs through, but not limited to, the provision of accommodation, support, education and training.

Each year, the Trustees lead a review of performance against our charitable objects, aims and objectives, using the results from that to inform and formulate our future plans and ensure that the Charity continues to deliver high quality services in line with its purpose.

Corporate Plan: Mission, Values and objectives

AFG (established 1992) is one of the leading charitable providers of learning disability and mental health support services in the North West of England, changing lives and creating independence for the people it supports. We are proud that our accommodation and services improve the quality of life and independence for nearly 1,000 people.

Our Vision:	A world where people control their lives	
Our Mission:	Together with our people and partners we will unlock skills, gifts and talents to support everyone's right to choose and achieve their aspirations	
Our Values:	We are one	We succeed together with a shared purpose and vision.
	We raise the bar	We learn from the past, are adaptive and excited by our future. We innovate and lead the way. We strive for best quality with least waste. Better never stops.
	Every person matters	We are people focused and value skills, gifts and potential. We listen. How people think and feel, matters. Everyone has a voice.
	We make a positive difference	We change lives. Our 'can do' attitude and passion enables people to be the best they can be.
	We take ownership	We do the right thing, are solution focused and get results. We are responsible for our behaviour and hold each other to account.

How we deliver our Mission and Vision is underpinned by our values. Our values act as our organisational compass — everybody within AFG strives to demonstrate these values every day, and in everything that we do.

Principal Activities

AFG is a not-for-profit, trading charity that provides a broad range of care and support services for; (1) adults with learning disabilities, autism, acquired brain injury and behaviours that challenge; (2) adults with a mental health treatment and rehabilitation need.

For learning disabilities, autism, acquired brain injury, and behaviours that challenge, our services cover a wide-range of supported living, adult care home, and outreach services to enable the people we support to live their lives to the maximum levels of independence and control they can achieve.

For mental health, our services extend from short-term clinical rehabilitation support to people with long-term mental health issues in our six independent hospitals, through to supported living and outreach services, which enable people to move up and down that pathway as their support needs change. Our offer enables us to provide a wide-ranging service through a number of interventions on that pathway and a range of other community models.

Person-centred, strengths based care and positive behavioural support is at the core of our work. As such, we provide personalised support services appropriate to the individual aspirations, hopes, and ambitions for the people we support. Our personalised support continues to evolve over time alongside the changing support needs and aspirations of the people we support and their families.

In the year to 31 March 2023, we introduced a number of new digital pilots into our service activity. One of the organisations strategic aims is to increase the opportunity for the people we support to access digital technology that will assist them in gaining greater independence, choice and control in their lives.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2023

During 2022/2023, all our residential and non-residential activity was funded through contracts with either Local Authorities or the NHS. AFG do not receive any funding to cover the costs of our core services or other activities via grants or donations. We are solely a trading charity.

Public Benefit

Alternative Futures Group is a Public Benefit Entity. In accordance with our objectives and activities for 2022/23, and with due regard to the Charity Commission's guidance on the operation of the public benefit requirement of the Charities Act 2011, the Trustees confirm that AFG has undertaken appropriate activities during the year which further our purpose for the public benefit, which are set out in the Principal Activities section above.

Governance Structure

The organisation operates under the regulations and guidance of both the Charity Commission and the Care Quality Commission.

The Board is led by the Chair and the support of up to 12 voluntary Trustees. The Chair and Trustees bring a range of senior professional, public and private sector experience to the organisation.

The Board is responsible for determining and setting the strategic direction of the organisation as well as responsible for reviewing its operating and financial position. The Board is also responsible for establishing and overseeing the organisations control and risk management frameworks and ensuring the organisation achieves its aims and objectives. The Board meets formally at least four times a year.

Under the Articles of Association, Trustees serve a term of up to three years, and may be considered for a maximum of three terms. The Chair may serve a maximum of three terms of office. A skills analysis of Board Members has been undertaken, and each time a Board vacancy arises, consideration is given to the skills and competencies required to continue to manage the future risks and challenges that the organisation faces.

Trustee recruitment is led by the Appointments Committee, which is chaired by Janet Wilkinson. The Appointments Committee make recommendations to the Board on the appointment of Trustees, the formal appointment of Trustees being a power reserved to the Board. Trustee recruitment is supported by independent specialists where required. New Trustees receive an induction and training programme tailored to their needs, and regular Board development events are held to maintain skills.

The subsidiary, Red Hazels Developments Limited, had 2 Board Members during the year, Linda Whalley and Ian Pritchard. Linda Whalley was appointed during the year on 9 November 2022.

Board and Executive Officers Remuneration

The Chair of the Board receives remuneration from the organisation in the form of an honorarium, as well as reimbursement of expenses incurred. The remaining Trustees are not remunerated and receive only reimbursement of expenses incurred. The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee.

The remuneration of the Executive Officers including the Chief Executive is determined by the Board. Executive pay is subject to regular national and sector benchmarking undertaken by the Remuneration Committee.

Board Committees

The Board delegates some of its responsibilities to the Committees; Audit & Risk Committee, Finance & Performance Committee, Quality & Safety Committee, Appointments Committee & Remuneration Committee.

Alternative Futures Group Limited

Report of the Trustees and Strategic Report

For the year ended 31 March 2023

Audit & Risk Committee

The Audit & Risk Committee met four times during the year and its work included:

- reviewing the external auditor's plans for the audit of the Group's financial statements.
- reviewing the external auditor's management report and audit highlights memorandum.
- reviewing the financial statements for the year.
- agreeing the internal audit plan for the year and reviewing reports from the internal auditors on the Group's system of internal control, monitoring and responding to those reports and compliance with recommendations.
- reviewing the processes in place for monitoring, evaluating and managing the risks facing the Group, including deep-dive discussions relating to the Group's strategic risks.

Finance & Performance Committee

The Performance Committee met four times during the year and its work included gaining assurance on:

- all aspects of financial and operational performance, including monitoring performance against the Business Plan for the year.
- project management office activities linked to investment and strategic business plan.
- treasury management and investment performance.

Quality & Safety Committee

The Quality & Safety Committee met four times during the year and its work included gaining assurance on:

- all aspects of operational quality and safety within our services and estates.
- regulatory compliance to Care Quality Commission and commissioner requirements.
- serious events, complaints and whistleblowing incidents.

Appointments Committee

The Appointments Committee met on four occasions during the year, and is responsible for:

- Trustee succession planning and recruitment.
- identifying, approving and appointing the Chair and Members for each committee.

Remuneration Committee

The Remuneration Committee met on four occasions during the year, and is responsible for:

- recommending to the Board the organisation's pay framework.
- recommending the terms and conditions of employment for the Chief Executive and the Executive Directors, and any salary review.
- Agreeing the Chair's honorarium

As part of the quarterly Board reporting cycle, reports outlining the latest operational and financial results compared to the target for the year, and statutory compliance reports, are presented, enabling the Board to maintain oversight of the Group's strategic performance and on-going compliance.

Salaries for Executives are benchmarked against comparative positions both within and outside of the sector.

Governance Code

The Board has adopted the principles of the Charity Commission Code of Governance.

Employees

The strength of the organisation, and its ability to meet its charitable purpose and vision lies in the quality, commitment and contribution of its employees. We actively encourage the involvement of employees in our decision-making process, and to do that we have an elected Employee Partnership

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2023

Forum (EPF), which is jointly chaired by the CEO and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters, and includes courtesy seats for Trade Unions, Unison and The Royal College of Nursing. The body meets every eight weeks.

We provide information to our employees throughout the year on AFG's objectives, progress and activities through regular team meetings, and monthly briefings from the Chief Executive and the Executive Team. We have a People & Organisational Development Strategy in place, which recognises the importance and contribution of the employees to the on-going success of the Group, and we recognise the achievements of our employees through our "Celebrate Success" awards.

This year's Employee Engagement Survey (EES) took place in October 22, the return was 70% with an interaction rate of 75%. The engagement score had increased to 80% positive from 73% the previous year. As part of this survey we undertook our first Financial Wellbeing Survey. The headline result is that nearly three out of four employees (72%) run out of money regularly before pay day.

Other key findings included:

- 53% needing to borrow money or use credit cards to cover essential living expenses such as food and bills.
- 65% are concerned about their financial position.
- 61% are working overtime to top up their salary.
- 51% are unable to pay all their bills on time.
- 47% (nearly half) say that they will need to leave their role to secure better pay regularly before pay day.

The evidence gathered from our financial wellbeing survey provided greater richness in articulating the difficulties our staff were facing to juggle their personal finances with our commissioners. We used this evidence in our rate negotiations to highlight these challenges and push for sufficient funding for the continued payment of real living wage for staff.

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The organisation has detailed health and safety policies and a robust safety management system in place and provides training and education to all of our staff on health and safety matters appropriate to their role.

The Executive Team, led by the Chief Executive, are responsible for the day-to-day running of the business. The Executive Team work closely with the Board to develop and execute the organisation's strategic objectives. The members of the Executive Team are shown on page 4.

Equality and Diversity

AFG has a vision to create a world where people control their lives. We value difference and believe we can only truly make a positive difference to the lives of the people we support with a culture that is inclusive, rich in diversity, and values all our people. We have a deep sense of pride in what we do, and we know through experience that the different ideas, life experiences and backgrounds of our people create a stronger, richer, more creative, and inclusive environment that creates better outcomes for us all. We strive to create a culture where our staff and the people we support can be their true self, are empowered to share their experiences and ideas, and to achieve their aspirations and goals.

The organisation is committed to equality of opportunity for all employees, and to having a diverse workforce that reflects the communities within which we operate. We are also committed to supporting disabled people, both in recruitment and in retention of employees who become disabled whilst employed by the organisation. The organisation ensures that staff recruitment, discipline and development issues are dealt with equally and that all employees are treated in the same way.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2023

Social Impact & Value

We have developed our approach to social value and we've included this approach in some of our recent successful tenders which require us to monitor the social value we deliver.

AFG takes an ethical, values-based and environmentally sustainable approach to how we conduct our business. As a charity providing support to people with disabilities, we are committed to being socially responsible. Our Charitable Purpose, alongside our Vision, Mission and Values, evidence our position as a values-led organisation and a responsible employer within the communities we work. This is underpinned by our approach to service delivery, service development, and performance improvement.

We continually engage our stakeholders, particularly our local communities, in the work we do. In each community we serve we consider the social value we bring: To the people we support; the employment and development opportunities for local people; and the positive impact we can bring to the wider community.

Streamlined Energy and Carbon Reporting

Under Statutory Instrument SI2018/1155, the Charity is required to report on energy usage and carbon emissions.

In discharging its duties under this requirement, the Charity engages the services of a third party to calculate its energy usage and carbon emissions. The calculation refers to all energy usage billed during the period, with the calculation including all months and all sites.

	31-Mar-23	31-Mar-22
Total energy usage (kWh)	2,965,790.00	1,993,196.00
Relating to:		
Gas (kWh)	2,441,741.00	1,378,699.00
Electricity (kWh)	475,828.00	554,043.00
Transport fuel (kWh)	48,221.00	60,454.00
Emissions:		
Gas (tCO₂e)	445.72	252.50
fuel for transport (tCO₂e)	123.40	15.2
Emissions from purchased electricity (tCO₂e)	92.00	129.2
Intensity ratio	0.28 tons per staff member	0.2 tons per staff member

The 2019 UK Government Environmental Reporting Guidelines to include Streamlined Energy and Carbon Reporting Guidance have been adopted. UK Government GHG Conversion Factors for Company Reporting (2021) have been adopted.

We continue to develop plans to achieve Net Zero Carbon status which will be ahead of 2050. During 2020/21 financial year, the organisation changed the working arrangements for its Corporate staff, with staff moving to a home based working arrangement. We have seen the environmental benefit of this decision in both of the last two years, and this working practice will continue in operation for the foreseeable future, helping the Charity to reduce its carbon footprint. In the forthcoming years, the organisation will continue to review areas where opportunities potentially exist to reduce the carbon footprint of the organisation, e.g. ways of working in our Treatment and Recovery centres, the introduction of solar panels as an energy source, replacement of gas boilers with electric heat pumps

and reviewing both the size of and the energy efficiency of the vehicle fleet. Where relevant, the timing of these decisions will take account of the useful economic life of existing assets.

Related Parties and Co-Operation with Other Organisations

Other than the Chair, the Trustees do not receive remuneration from their work with AFG. Remuneration for the Chair was agreed with the Charity Commission in 2011. The remuneration of the Chair is considered annually by the Remuneration Committee. Details of the Chair's remuneration are set out in note 9. There were no other transactions with Trustees, and no connections between Trustees and Senior Managers have been disclosed during the year. Therefore, no related party transactions with trustees have been reported.

Engaging with the People We Support

The people we support are at the heart of everything we do at AFG. They have continued to be involved in recruiting and interviewing new support staff. Being confident to give an opinion and be part of the decision-making process about who supports them results in better outcomes for all.

In day-to-day activity, the people we support have key roles in our Butterfly Moments Committee. The committee manages a butterfly fund used to co-create events and activities for everyone. We continue to have great attendance and success with our annual VIP events and Fun Days which bring together the people we support, staff, commissioners and partners from across all our services.

We capture and celebrate our amazing 'Butterfly Moments' and stories. Those positive moments in life where someone we support has achieved something important in their day-to-day life or achieved a personal goal that now gives them greater independence. We build on these moments and look at the future possibilities we can achieve together. We continue to seek feedback from the people we support through conversation, feedback groups and an annual survey. This helps us to continuously improve both individual support plans and the way our local services are delivered.

The Board and Senior Leaders engage regularly at our uMatter Walkabout visits. These are monthly events where Trustees, Executives and Senior Managers attend service visits to meet the people we support and ensure the organisation is meeting their needs.

We also have many of the people we support attend our regular monthly town hall broadcasts on what is happening within AFG. This last year we have begun (with consent) to host some of these broadcasts from services and the homes of the people we support.

Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. This responsibility applies to all of the organisations within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within the day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of the risks to which the Group is exposed.

A process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the year up to the date of the approval of the annual report and financial statements. The Audit & Risk Committee regularly receives and considers reports from the Group's senior leadership and its auditors about risk management and internal control arrangements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, are set out below.

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Corporate Planning and Budgeting

The Business Plan and Budget processes are used to set objectives, agree action plans and allocate resources. The Group's progress towards meeting the strategic and annual objectives is monitored monthly by the Executive Team and quarterly by the Finance and Performance Committee and the Board.

The Group's annual budget for 2023/24 financial year was approved by the Board at the end of 2022/23 financial year.

Audit & Risk Committee

The Audit & Risk Committee reports to the Board on internal controls and alerts them to any emerging issues. The Audit & Risk Committee ensures that corrective action is taken in relation to any significant control issues highlighted by the internal and external auditors. As part of its review of the organisation's internal control system, the Committee oversees the performance of the internal and external auditors. The Audit and Risk Committee provides advice to the Board and provides an annual review to them, through the internal auditors, which focusses on the effectiveness of the internal control system, including the Group's systems for managing risk.

Internal Audit Programme

Internal Audit is an important element of the internal controls process. Internal Audit is responsible for the annual review of the effectiveness of the internal control system within the organisation.

The internal audit programme for 2022/23 provided both assurance and advisory support to the Trustees and the Executive team and has helped improve the internal control environment within the organisation.

External Audit

External Audit provides feedback to the Board on the operation of the internal financial controls reviewed as part of the annual audit of the year-end accounts and financial statements. Each year, after the year-end audit, a management letter is presented to the Board.

Engagement with suppliers, customers and others in a business relationship

Included within the strategic report on pages 19-20 is the Section 172 statement that includes further details regarding how the Charity fosters relationships with suppliers, customers, service users and others with whom it has a business relationship.

STRATEGIC REPORT

Achievements, Performance & Public Benefit

During 2022/23 (year 3 of our 5 year plan) we have continued our focus on the key strategic aims of:

- Expand our reach and positively impact more lives - achieving the personal goals and ambitions for the people we support (Butterfly Moments).
- Achieve financial stability (on our journey to longer term sustainability).
- Become the provider, partner and employer of choice.
- Become a market leader in digitally-connected support.
- Develop and deliver high quality, outcome-based services.

The organisation continued its journey to a financially sustainable future by exceeding our budgeted target for a third year and delivering a surplus.

We continue to grow modestly as an organisation with a number of new services commencing across our footprint both in Learning Disability and Mental Health. We delivered our full year target for Butterfly Moments, with significant progress made on incorporating digital technology into the lives of the people we support.

We continued our digital pilots in the year as part of our digital strategy implementation, with fantastic feedback from staff and the people we supported. We launched our digital tech lending library so the people we support can match their needs against validated technology and try it out.

We were delighted to build our employee engagement scores and return rates. Our third all digital survey recorded a 75% return rate (previous year = 53%) and an EES (Employee engagement survey) score of 80% (previous year = 73%). A fantastic return rate and overall score.

Following a number of new Registered Manager registrations and routine inspections, we maintained AFG's high quality of service provision with CQC rating of "good" in all domains within Supported Living and Adult Care Homes (ACH), and in all six of our Treatment & Recovery Centres. One of our TRCs is rated as overall Outstanding, and our ACH is rated Outstanding for Effective Care.

Financial stability

An overview of the financial performance of the individual entities is provided below:

- Alternative Futures Group Limited achieved Net Income Before Other Recognised Gains and Losses of £4.3m (2022: £1.9m), including Investment Income of £0.2m (2022: £0.1m) and Investment Realised/Unrealised loss of £0.2m (2022: £0.2m gain);
- The increase in the Debtors figure from £5.4m to £8.3m is attributable to the implementation of a new financial system resulting in the slow-down of cash collection processes over the year-end. The post year-end period has seen an improvement in this position.
- Red Hazels Developments Limited reported a deficit of £1k (2022: £5k);
- Overall, the funds of the Group amount to £31.1m (2022: £27.1m)

The amounts in the remainder of this section relate to the consolidated Group position only.

Operating performance

The Group's Net Income of £4.3m (2022: £1.9m) for the year is 6.5% (2022: 3.0%) of income. The Charitable Income of the Charity of £65.2m (2022: £60.1m) reflects the increase in commissioner rates driven by National Living Wage/Real Living Wage. Due to the low margin nature of the sector, it is critical that the costs of the Charity are controlled tightly. Current year Total Expenditure as a proportion of Total Income of 93%, compares to 97% in the previous year.

The Charity and the wider sector continue to operate in a challenging economic environment, with the sector continuing to go through a period of sustained austerity, alongside an increasing cost base driven by the "cost of living" crisis. This situation has been exacerbated by structural resourcing issues within the sector. The key challenges the Trustees have faced during the year include:

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- maintaining income from our commissioners at a level which enables us to realise our ambition of being a Real Living Wage provider;
- financial challenges associated with the impact of the cost of living crisis; and
- work-force challenges facing the sector.

To help mitigate the impact of these issues the Trustees:

- Hold ongoing discussions with commissioners to ensure the rates we receive are optimal;
- seek to look for opportunities to both deliver operational cost savings and to ensure capital assets no longer required are disposed of efficiently at market value;
- have an ongoing process to monitor the viability of contracts with our commissioners; and
- continue to operate a variable sleep-in rate model for staff so the amounts we pay staff for sleep in shifts are commensurate with the levels of income we receive from our commissioners.

The Charity continued to pay Real Living Wage to its support workers. The Trustees and Executive team continue to work closely with our commissioners to ensure the Charity receives appropriate levels of funding. As reported in previous years, the underlying operating performance of the Supported Living area of the business continues to require ongoing attention to ensure the longer-term viability of the Charity.

Business Development and Growth

During the year we were successful in winning a tender in Stockport, a new area for the charity, as part of our plans to increase our footprint in Greater Manchester.

We have also had several tender wins in Cheshire and Merseyside and set up some innovative new services in collaboration with commissioners, housing partners and the people supported. A particular focus is to provide step-down accommodation in the community linked to our independent hospitals.

The charity has a strong pipeline of business opportunities and is turning its focus towards business growth to be able to positively impact more lives and to enhance its financial resilience.

Financial Review and Results

An overview of the financial performance of the Group is included within the financial stability section above.

Defined Benefit Pension Funds

The Lancashire County Pension Fund Defined Benefit scheme and the Greater Manchester Pension Fund (GMPF) Defined Benefit scheme, the GMPF Defined Benefit Scheme reported a pension asset of £754k as at 31 March 2023 (2022: £321k). The Lancashire County Pension Fund Defined Benefit scheme reported an asset of £3,087k (2022: 1,389k). Since the charity can only recognise the lower of the FRS102 valuation, and the actuarial valuation of future service costs, a portion of this has not been recognised. The actuarial gain from the two schemes of £2,149k (2022: £1,032k) and the adverse movement in the derecognised asset of £2,355k (2022: £878k favourable) are both shown through other gains and losses on the face of the consolidated statement of financial activities.

Treasury Management

Surplus cash is invested across a diversified portfolio of investments. At the end of the year the total value of the portfolio assets amounted to £13.236m (2022: £13.492m). Funds held in investments are used to further the purpose of the Charity.

The Trustees are satisfied that the investment assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Cash flows

Cash inflows and outflows for the year are set out in the cash flow statement. Net cash inflows from operating activities are from the delivery of our core services and amounted to £0.949m (2022: £2.441m). The most significant cash flows arise from the acquisition and disposal of investments. The Group's cash balance at the end of the financial year was £5.055m (2022: £4.839m).

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The Group ended the year with net current assets of £7.675m (2022: £2.979m).

Property Impairment

There is no requirement to impair any of the properties held in the financial statements in the current year as they are all generating a positive contribution.

Cash and liquid investments

As at 31 March 2023, the Charity reports a cash balance of £5.06m (2022: £4.84m) and liquid investments of £13.24m (2022: £13.49m).

Achievement against 2022/23 Financial Key Performance Indicators

The key financial performance indicators for the year and targets for 2022/23 are set out below:

End of Year KPIs	Target - FY202-23	Actual as at 31/3/22	Actual as at 31/3/23	Commentary
Debtor Days - gross	< 30	30 days	48 days	Increase as a consequence of the implementation of a new financial system
Creditor Days	>30	46 days	44 days	Implementation of new financial system provides improved control in this area.
Investment Income - Return %	3.% p.a.	1.90%	2.00%	Income relatively low due to falling bond yields.
Investment Income - Growth %	3% p.a.	3.10%	-7.60%	Markets fell back due to global economic uncertainty arising from the Russian invasion of Ukraine and inflationary pressure.
Gearing %	<35%	0.00%	0.00%	

Achievement against 2021/22 Non-Financial Key Performance Indicators

In April 2022 we agreed a new set of Key Performance Indicators that align to our five strategic objectives. The table below summarises performance against several of our key targets:

Key Performance indicator	Target	Actual
Number of Butterfly Moments	1,280	2,436
Employee Engagement Score	80%	80%
Average win rate for referrals	50%	61%
CQC ratings ≥ "Good"	12	12

Butterfly Moments

Every Butterfly Moment is an amazing event, where a person we support achieves a goal, ambition, milestone, or life-changing moment on their journey to greater independence, choice and control of their lives. These events are amazing no matter how big, small, significant or insignificant, with both their world and ours positively changing forever.

Assets held on behalf of People that we Support

At 31 March 2023, AFG held funds of £27,213 (2022: £22,766) in its HSBC Bank Account, on behalf of people that we support, included in the Balance Sheet as both an Asset and a Liability. AFG has no title to this money.

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Additionally, AFG has corporate appointee-ship responsibility for administering the personal funds of a number of people that we support. The appointee-ship enables AFG to assist the people that we support with their financial planning and budgeting, supporting them to plan their own spending and living expenses, and helping them to claim the state benefits to which they are entitled.

These funds are not reported within the Financial Statements of the Group.

Investments Policy and Performance

Under the Memorandum and Articles of Association, investment decisions are made within the parameters of the Statement of Investment Principles. The Statement of Investment Principles requires investments to be made considering best practice in terms of corporate governance and socially responsible investing. The Trustees appoint a qualified investment advisor to support their investment decisions, and the Performance Committee reviews the Group's Investment Policy on a periodic basis. The Performance Committee have restricted investment into property and hedge funds each to 6% of the portfolio, and do not allow investment into private equities or commodities to minimise risk. The portfolio is split between cash (64%), equities (26%), Government and Corporate bonds (8%) Other including emerging markets and property (2%).

The broad objective for the Investment Portfolio is capital preservation combined with a growing income and capital growth: the total nominal return objective for the portfolio, including income, is 6.5-7.0% p.a. assuming RPI inflation of 3% p.a.

The Trustees were satisfied with the performance of the portfolio during the period. All investments have been made within the agreed policy.

Reserves Policy and Performance

Total funds held amount to £31,119k (2022: £27,058k) of which £1,139k is restricted (2022: £1,162k), with the remaining £29,980k unrestricted (2022: £25,896k). To establish an appropriate level of working capital, and to protect the future operations of the organisation from the effects of any unforeseen variations, the Board holds free reserves in its unrestricted funds. The level of reserves is monitored by the Trustees throughout the year, and the Trustees review the Group's Reserves Policy annually.

The Reserves Policy sets a minimum target of free reserves of £5.5m (2022: £5.5m), with the available level of reserves being £16.9m. The minimum target of free reserves is based on the Board's assessment of the level of reserves required to off-set significant payment delays from commissioners, and the potential loss of a significant contract. The level of reserve headroom was £11.4m (calculated as the difference between Unrestricted Funds adjusted for Fixed Assets (excluding Investments), budgeted capital expenditure and a self-insurance provision, compared to the minimum target) at the end of the year which the Trustees consider to be satisfactory. This headroom is required to be held to support any future under funding to the Charity, see the Going Concern accounting policy.

Principal Risks and Uncertainties

The main factors and influences that will have an effect on the future performance of the Group are considered regularly by the Executive Team and the Board. Those events or risks that could prevent the strategic objectives from being achieved are recorded and monitored for each area of the business and summarised in our Business Assurance Framework (BAF).

The key controls required to manage each risk, together with mitigating actions and responsible person are recorded. Risks are assessed against the Board's risk appetite and graded according to the probability and likelihood of the risk occurring and the potential impact to the organisation. Some of the high scoring key risks monitored by the Board during the year are shown below:

Strategic Risk	Mitigating Actions being taken
Government failure to address Social Care reform and sector funding. AFG Learning Disability contracts become financially unsustainable to provide quality care leading to quality, safety and regulatory risk.	• Local authorities regularly made aware of the requirement for additional funding to ensure viability of services. • Political lobbying of council leaders and members of the risks of underfunding of adult social care. • Our cost models have been shared with a number of commissioners to provide visibility re; rates required to achieve financial sustainability. • The organisation continues to identify areas for cost reduction, especially in areas where costs are not funded within commissioners' fees. • Increased procurement activity to drive greater value for money on largest expenditure items. • The organisation continues to closely monitor the financial viability of all commissioner contracts and will take appropriate actions as required including contract hand back.
External political and economic factors impact on ability to maintain, attract and retain a skilled workforce. AFG services become unsustainable and/or quality impacted leading to quality, safety and regulatory risk.	• Local authorities made aware of the requirement for additional funding to cover costs associated with workforce shortages (agency), increased recruitment activity and attraction / retention (improved pay). • Additional investment made from reserves to increase staff pay to improve retention rates. • Additional investments made from reserves to support recruitment initiatives of new staff. • Increased use of casual staff and agency.
Failure by the organisation to exploit new digital technology to improve the efficiency and effectiveness of services as well as reduce information governance risk.	• Completion of revised Enterprise Architecture Plan • Implementation of new Financial System software completed. • New Care Management Software procurement underway • Regular cyber/penetration testing completed. • IT disaster recovery plan reviewed. • New data protection training completed by all employees.
Increased regulatory pressures in an underfunded sector. Delivery of safe and effective care to achieve required standards and compliance of Charity Commission and CQC regulations.	• Quality & Compliance function providing oversight and audit of the services. • Recruitment of new Director of Quality and Service Improvement. • Funding from reserves to support workforce attraction and retention. • At 31 March 2023, all AFG services rated Good or Better.

Fraud

The Group has a clear anti-fraud policy that has been approved by the Board. The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit and Risk Committee.

Directors' and Officers' Liability Insurance

The Group has insurance policies in place which indemnify its Board members and Executive Officers against liability when acting on behalf of the Group.

Section 172 Statement

Section 172 of the Companies Act 2006 outlines how the Trustees have a duty to promote the success of the Charity to achieve its Charitable purpose. The Trustees of the Charity should perform this duty having regard to:

- The likely consequence of any decision in the long term;
- The interests of the Charity's employees;
- The need to foster the Charity's relationships with suppliers, customers and others;
- The impact of the Charity's operations on the community and the environment;
- The desirability of the Charity maintaining a reputation for high standards of business conduct; and
- The need to act fairly between beneficiaries of the Charity.

In discharging our Section 172 duties we have given due regard to the matters set out above. In addition, we also give regard to other factors which we consider relevant to the decisions being made. Those factors for example include our relationships with our regulators and government agencies.

In discharging our duties, the following should be noted:

The likely consequence of any decision in the long term

Social Care continues to be underfunded year on year by the UK Government which puts significant strain on the provider sector. To maintain a level of control against these significant market challenges, exacerbated by significant inflationary pressure being seen at present, the Charity has been operating against a five-year strategy which was launched by the organisation in 2020. During the year the decision making of the Trustees has been made against the back-drop of this strategy. The Charity aims to retain control of its own survival and future despite the uncertainties and difficulties the market presents us. The strategy adopted outlines the plan for this and informs the Trustees future decision making framework.

The interests of the Charity's employees

The ability of the organisation to deliver against its overall Strategy, Annual Business Plan and Budget, as well as our commitments to our customers and the people we support lies in the quality, commitment, and contribution of our employees. We continue to actively encourage the involvement of employees in our decision-making process, and in this regard, we have an Employee Partnership Forum (EPF), which is jointly chaired by the Chief Executive Officer and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters. We undertake an annual Employee Engagement Survey and use the feedback received to influence decision-making and shape future workforce priorities. We communicate regularly with our employees through team meetings, service visits, Executive briefings, and our internal social network platform.

AFG's Vision and Values were developed by our employees and our employees are intrinsic to generating the positive and capable culture we have at AFG. AFG has a specific People & Organisational Development Strategy that aims to attract, develop, and engage our workforce. We hold an annual staff awards event called "Celebrate Success" in which we recognise and reward employees that have gone above and beyond in their duties. We have a "Credit Where Credit is Due" employee recognition scheme, and we provide an employee discount platform amongst other employee benefits.

The need to foster the Charity's relationships with suppliers, customers, service users and others

During the period both the Trustees and Executive continue to engage in virtual service "Walkabouts" to meet service users and staff, thus fostering a good understanding of what is working well and where there are opportunities for improvement.

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The Executive and Senior Leadership team have strong relationships with all those who commission our services (whether that be local authorities, clinical commissioning groups or private individuals).

AFG's work is all about working with people collaboratively so building strong relationships with our commissioners, partners and suppliers is seen as vitally important to the long-term success and sustainability of the Charity. Where issues are raised by our commissioners or partners, the organisation looks to resolve these issues promptly. The Executive Team continue to work closely with our regulators, The Charity Commission, and the Care Quality Commission. AFG are part of the CQC Market Oversight scheme in which we have developed excellent relationships and understanding (see also the "Engaging with the People we Support" section of the Strategic Report).

The impact of the Charity's operations on the community and the environment

AFG is a community-based charity providing care and supported living services for adults with learning disabilities, autism and acquired brain injury, as well as adults with mental health and rehabilitation need. As an integral part of our services, we encourage the people we support to actively participate in community activities and promote the benefits of the community to support their independent living. Our community services hold regular community events that invite the community to get involved with supporting and promoting our services within the community. This helps the people we support to access their community more, to forge new relationships and to build their confidence and independence. Equally, it helps to promote a greater degree of awareness to the community of our services and the positive impact of the people we support, our staff and the Charity's purpose.

AFG are committed to being a socially responsible organisation and delivering significant social value to communities and society.

AFG are also an environmentally focused organisation fully aware of our responsibilities and carbon footprint. We are moving towards being a fully digital and paperless organisation in the future. We have home-working policies that reduce travel requirements and we have significantly downsized our corporate headquarters during the prior year. We re-cycle most of our office waste and we re-cycle and donate IT equipment, furniture and other goods to other charities and the local community. The Charity acknowledges its reporting requirements under Companies Act 2006 regarding energy use and carbon emissions and is looking at measures to further reduce its carbon footprint (see Streamline Energy and Carbon Reporting section of Report of the Trustees on page 11).

The desirability of the Charity maintaining a reputation for high standards of business conduct

The Charity operates under the strict regulation of both the Charity Commission and the Care Quality Commission (including Market Oversight).

The Charity engages the services of an internal audit provider to ensure the control environment within which the organisation operates is robust. Additionally, the Audit & Risk Committee of the Charity works closely with the Executive Team to ensure strategic risks are identified, the potential impact of these risks are understood with appropriate action taken to mitigate. The Charity also operates a Finance Committee and Quality & Compliance Committee, providing the Executive Team with a more detailed level of oversight in these areas.

The Charity operates a "whistle-blower" hotline (the service being provided by our internal auditors) which provides an appropriate and independent channel for concerns to be reported.

The Trustees are custodians of the Charity and the above enables the Charity to be operated within a strong governance framework, thus ensuring that risk is identified and mitigated and that the decision making process is robust and subject to appropriate oversight and scrutiny.

The need to act fairly between beneficiaries of the Charity

The engagement of the people we support is critical to the successful operation of the Charity. Service User engagement is led by our local managers, who seek advice from local groups on how to increase their involvement and as well as exploring new methods of seeking feedback.

Future Plans - Our 2023/24 Objectives

For 2023/24 we have renewed our organisational strategy and produced a new 3-year strategic plan. We have done this as our previous plan had many of its key strategic aims successfully achieved earlier than we had anticipated. This meant the core aims of the strategy needed to be changed to reflect our current positive position, our revised ambition and goals, and take into account the highly-changeable nature of the current political and economic climate, our trading markets and other external factors.

For our new strategic plan, we will focus on “positively impacting more lives”. This represents a highly focused plan on growing the number of people we support, the number of services we run, and the impact we have on achieving independence, choice and control in peoples lives. We will do this profitably in order to maintain the ongoing sustainability and resilience of the organisation. To achieve this we will focus our energy and efforts in areas where commissioners fund us appropriately for our quality services and share a desire to work with us both collaboratively and creatively to deliver the very best personal outcomes for the people we support.

We will aim to grow by expanding our current services, creating new innovative ones, and transferring in services from failing and substandard providers to support over 1000 people within the next 3 years. This will also mean a targeted increase in our service revenues by approximately 15%, whilst maintaining a modest surplus target for the organisation of 3%. We will continue our operational efficiency initiatives by investing further in our back office systems, technology and staff digital competency to become a fully digitally-empowered organisation. We will also continue our ambition to be pioneers in the creation of opportunities for the people we support to benefit from use of digital technology to improve their lives.

Furthermore, we will aim to raise the profile of AFG to be one of the most recognised, trusted and influential health & social care brands within our markets and the regions and localities we work in. We will achieve this by continuing our drive to be a sector leader in quality, value and personal outcomes and share more externally our amazing achievements and stories. For our workforce, we will continue to prioritise our front-line staff pay, invest and develop our management talent, and build further on our current wave of positivity to create an even greater, vibrant and diverse culture to become a great place to work.

Auditors

A resolution to re-appoint RSM UK Audit LLP as the Group’s external auditors for 2023/24 was proposed and agreed at the Board Meeting 8 November 2023.

Going Concern

Accounting standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity’s financial statements.

The Charity continues to navigate well through the various financial challenges it faces, whether that be the cost of living crisis and the consequential pressure on the cost of base of the Charity (both pay and non-pay costs), or the continued under-funding of the supported living part of the business.

Notwithstanding these challenges the Charity has been able move to a healthy cash and reserves head-room position, that will enable it to invest to protect its future.

In considering the appropriateness of the Going Concern assumption, Income and Expenditure, Cash-Flow and Reserves head-room projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning these financial statements. Since 31 March 2023 trading performance is positive and ahead of Budget.

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Going Concern (continued)

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Statement of Trustees' Responsibilities

The Trustees, as the Directors of AFG, are responsible for preparing the Trustees' Annual Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity and Group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees which also contains a directors' report as required by company law and the incorporated Strategic Report was approved on 8 December 2023 and signed on its behalf by:



Brian Walsh

Chair – Alternative Futures Group Limited
8 December 2023

Alternative Futures Group Limited

Independent Auditor's Report to the Members of Alternative Futures Group Limited

Opinion

We have audited the financial statements of Alternative Futures Group Limited (the 'parent charitable company') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including 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 Companies Act 2006.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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 trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Alternative Futures Group Limited
Independent Auditor's Report to the Members of Alternative Futures Group Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

Alternative Futures Group Limited
Independent Auditor's Report to the Members of Alternative Futures Group Limited

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the Pension Schemes Act 2021, and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Report of the Trustees, and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission (CQC) regulations, and the UK General Data Protection Regulations (UK GDPR). We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations, reviewed board minutes for evidence of any regulatory discussions, and inspected correspondence during the year with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Alternative Futures Group Limited
Independent Auditor's Report to the Members of Alternative Futures Group Limited

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

Date: 12 December 2023

Alternative Futures Group Limited
Consolidated Statement of Financial Activities (including Consolidated Income & Expenditure Account)
For the year ended 31 March 2023

	Note	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Unrestricted funds £000	Restricted funds £000	Total 2022 £000
Income							
Charitable activities	2	65,230	-	65,230	60,099	-	60,099
Investments	3	208	-	208	91	-	91
Government Grants	4	7	-	7	1,164	-	1,164
Total income		65,445	-	65,445	61,354	-	61,354
Expenditure on:							
Charitable activities (including exceptional cost amounting to £74,000 (2022: £123,000))	5 & 6	60,910	23	60,933	59,600	23	59,623
Total expenditure		60,910	23	60,933	59,600	23	59,623
Net (loss)/gain on investments	14	(245)	-	(245)	170	-	170
Net Income / (expenditure)		4,290	(23)	4,267	1,924	(23)	1,901
Gross Transfers between Funds		-	-	-	-	-	-
Net income / (expenditure) before other recognised gains and losses		4,290	(23)	4,267	1,924	(23)	1,901
Other recognised Gains							
Actuarial (loss)/gain on defined benefit pension scheme	22	(206)	-	(206)	154	-	154
Total other recognised (losses)/gains		(206)	-	(206)	154	-	154
Net movement in funds		4,084	(23)	4,061	2,078	(23)	2,055
Reconciliation of funds							
Total funds brought forward	18	25,896	1,162	27,058	23,818	1,185	25,003
Total funds carried forward	18	29,980	1,139	31,119	25,896	1,162	27,058

There were no new or discontinued operations undertaken during the year.
There are no recognised gains or losses, other than those included in the Statement of Financial Activities.

Alternative Futures Group Limited
Consolidated Balance Sheet
As at 31 March 2023

Company No: 02679915
Charity No: 1008587

	Note	2023 £000	£000	2022 £000	£000
Fixed assets					
Intangible assets	11		772		913
Tangible assets	12		9,330		9,344
Investments	14		13,236		13,492
			23,338		23,749
Current assets					
Debtors	15	8,254		5,397	
Cash at bank and in hand		5,055		4,839	
		13,309		10,236	
Current liabilities					
Creditors: amounts falling due within one year	16	(5,634)		(7,257)	
Net current assets			7,675		2,979
Total assets less current liabilities			31,013		26,728
Defined benefit pension scheme asset	22		106		330
Total net assets			31,119		27,058
Funds:					
Unrestricted funds	18		29,980		25,896
Restricted funds	18		1,139		1,162
			31,119		27,058

The financial statements were approved and authorised for issue by the Board of Trustees on 8 December 2023 and signed on their behalf by:



Brian Walsh – Chair

Alternative Futures Group Limited
Company Balance Sheet
As at 31 March 2023

Company No: 02679915
Charity No: 1008587

	Note	2023 £000	£000	2022 £000	£000
Fixed assets					
Intangible assets	11		772		913
Tangible assets	12		9,330		9,344
Investments in subsidiary	13		-		-
Investments	14		13,236		13,492
			23,338		23,749
Current assets					
Debtors	15	8,254		5,397	
Cash at bank and in hand		5,055		4,839	
		13,309		10,236	
Creditors: amounts falling due within one year	16	(5,568)		(7,191)	
Net current assets			7,741		3,045
Total assets less current liabilities			31,079		26,794
Defined benefit pension scheme asset	22		106		330
Total net assets			31,185		27,124
Funds:					
Unrestricted funds	18		30,046		25,962
Restricted funds	18		1,139		1,162
			31,185		27,124

The entity has taken the exemption from presenting its unconsolidated income and expenditure account under section 408 of the Companies Act 2006. The net movement in funds of the company for the year was £4,061,000 (2022: £2,055,000) and net income was £4,267,000 (2022: £1,880,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 8 December 2023 and signed on their behalf by:



Brian Walsh – Chair

Alternative Futures Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows generated from operating activities	20	949	2,441
Investing activities			
Purchase of fixed assets		(744)	(1,003)
Proceeds from sale of fixed assets		-	1,970
Purchase of investments		(1,669)	(4,037)
Proceeds from sale of investments		1,680	559
Net cash used in investing activities		(733)	(2,511)
Net increase /(decrease) in cash and cash equivalents		216	(70)
Cash and cash equivalents at beginning of year		4,839	4,909
Cash and cash equivalents at end of year		5,055	4,839
Relating to			
Cash at bank and in hand		5,055	4,839

Analysis of changes in net debt

	At 1 April 2022 £000	Cashflows £000	At 31 March 2023 £000
Cash and cash equivalents			
Cash	4,839	216	5,055
Total	4,839	216	5,055

ACCOUNTING POLICIES

General Information

Alternative Futures Group Limited is a private company, limited by guarantee, incorporated and registered in England and Wales, and a registered charity.

The address of the registered office and principal place of business is: Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP.

The company and the group's principal activities are stated in The Report of the Trustees on page 7.

Basis of Preparation

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Monetary amounts in the financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced Disclosure Exemption

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are provided on a consolidated basis:

- Section 7 Statement of Cash Flows – presentation of a statement of cashflow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going Concern

Accounting Standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

The Charity continues to navigate well through the various financial challenges it faces, whether that be the cost of living crisis and the consequential pressure on the cost of base of the Charity (both pay and non-pay costs), or the continued under-funding of the supported living part of the business. Notwithstanding these challenges, the Charity has been able move to a healthy cash and reserves head-room position, that will enable it to invest to protect its future.

In considering the appropriateness of the Going Concern assumption, Income and Expenditure, Cash-Flow and Reserve head-room projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning these financial statements. As at 31 March 2023, the Charity reports a cash balance of £5.06m (2022: £4.84m) and liquid investments of £13.24m (2022: £13.49m). Since 31 March 2023 trading performance is positive and ahead of Budget.

ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate those of Alternative Futures Group Limited and of its subsidiary, Red Hazels Developments Limited (ie entity that the Group controls through its power to govern the financial and operating policies, so as to obtain economic benefits). All financial statements are made up to 31 March 2023.

All intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The investment in the subsidiary undertaking is stated at cost.

Income

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Income is recognised in the period in which the service is provided.

Where there is doubt regarding the accuracy of the invoicing / recoverability of the debt, the organisation has in place a Credit Note provisioning policy.

Income from Charitable activities

Income from charitable activities represents the total amount receivable by the Charity, after determination by outside agencies and consideration of an individual's entitlement.

Government Grants

Government grants received are recognised in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income, when the amount can be quantified with reasonable accuracy and when the amount is likely to be received. During the period the Charity has recognised monies in the SOFA relating to Covid Infection Control Monies (Note 4).

Investment income

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to that expenditure. Expenditure is recognised when, and to the extent that, a liability is incurred or increases without a commensurate increase in recognised assets or decrease in liabilities. All expenditure is accounted for on an accruals basis and is classified under appropriate headings that aggregate all costs relating to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated to such activities and those costs of an indirect nature necessary to support them.

ACCOUNTING POLICIES (CONTINUED)

Support costs

Support costs include both central and governance functions and have been allocated to activity cost categories in proportion to the income of each category.

Other expenditure

Other expenditure represents those items not falling into any other heading.

Intangible Fixed Assets Including Goodwill and Software

Intangible fixed assets include goodwill and software. Goodwill relates to contracts acquired in 2013 and is stated at cost, net of amortisation and impairment. Goodwill has been amortised over 3 years, representing the life of the contract, and has been fully amortised in previous years.

Intangible assets also include acquired software costs together with capitalised development expenditure in relation to time costs of individuals working on the design configuration and testing of new software systems. They are amortised over 5 years once the software is available for its intended use, which is the expected useful life of the software. AFG capitalises development expenditure as an intangible asset when it can demonstrate the following:

- the technical feasibility of completing the development, so the intangible asset will be available for use;
- the intention to complete the development and use the intangible asset;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- its ability to measure reliably the expenditure attributable to the intangible asset during development.

Where these criteria are not met, expenditure is charged to the Statement of Financial Activities as research costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment.

Tangible fixed assets comprise freehold land and buildings, office furniture and equipment, vehicles, and property furniture and furnishings. Property furniture and fittings for new schemes are capitalised as tangible fixed assets for AFG's own use, whilst replacement items are capitalised if their value as a single item or as a group of items purchased together, is £300 or more.

Depreciation is provided so as to write off the cost of the assets, other than freehold land, on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are:

Freehold properties	20 years
Furniture & Equipment	10 years

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset. Shortfalls between the carrying value of the fixed assets and their recoverable amounts, being the higher of the fair value less costs to sell and value in use are recognised as impairment losses and recognised as an expense within the Statement of Financial Activities.

ACCOUNTING POLICIES (CONTINUED)

Investments

Investments, excluding the investment in the subsidiary, are stated at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Listed investments held are stated at the quoted market price. In the separate accounts of the charity, the investment in the subsidiary is initially measured at cost, and subsequently measured at cost less any accumulated impairment losses.

Where cash is held within the Investment Portfolio, this is invested when the advisors consider market conditions to be suitable.

Financial Instruments

AFG's Financial Instruments are considered as Basic Financial Instruments in accordance with Section 11 of FRS102. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for listed investments which are valued at fair value through profit or loss.

Debtors

Trade and other debtors are recognised at the amount invoiced, with the Charity carrying a credit note provision, the provision being based on the age of the debt. The value of the credit note provision is formally reviewed annually as part of the Statutory Accounts process, with an ongoing monthly review of the overall Trade Debtors position. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and In Hand

Cash at bank and in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where AFG has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Retirement Benefits - Pension Schemes

Contributions are made by AFG to the four pension schemes that are in operation, as follows:

- The National Health Service (NHS) Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury. The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme; the amount charged against profits represents the contributions to the scheme.

ACCOUNTING POLICIES (CONTINUED)

Retirement Benefits - Pension Schemes cont

- A stakeholder pension scheme, for certain senior members of staff, at a contribution rate of up to 14% of annual basic pay. The amount charged to the Statement of Financial Activities 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 balance sheet.
- Two defined benefit pension schemes in respect of admissions of staff as a result of TUPE transfers are funded by the participating employees and employers in the scheme. Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the income and expenditure account. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the Statement of Financial Activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the Statement of Financial Activities as other finance costs or income. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme surpluses (to the extent that they can be recovered) or deficits are recognised in full on the balance sheet.

The assets of these schemes are administered, by Trustees, in funds independent from those of the Charity.

Leasing Commitments

Rentals paid under operating leases are charged to the statement of financial activities over the life of the lease on a straight-line basis.

Realised Gains & Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Fund Accounting

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

ACCOUNTING POLICIES (CONTINUED)

Restricted funds

Restricted funds are subject to specific restrictive conditions imposed by the donor or grant making body. All restricted funds are accounted for as restricted income and expenditure for the purposes charged to the fund, together with a fair allocation of overheads and support costs.

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not consider any accounting estimates to be critical.

The key assumptions and area of judgement applied by Alternative Futures Group Limited are as follows:

- Given the ageing of the trade debtors of the Charity, management continue to carry a credit note provision. The provision in place arises as a consequence of invoicing errors, such errors dating back a number of years. Management continue to review the appropriateness of the provision, with the provision made being estimated based on the aging of the balance. The Charity will continue to work closely with its commissioners to ensure the resolution of issues and the optimisation of recovery.
- The present value of the defined benefit pension asset depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions asset / liability at 31 March 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset of £106k (2022: £330k).

As at 31 March 2023, a defined benefit plan asset has been recognised within the financial statements. The amount recognised as an asset has been restricted to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This has been determined by recognizing the lower of the defined benefit asset and the actuarial valuation of the future service cost over the expected life of the plan.

2 CHARITABLE ACTIVITIES INCOME

	2023 £000	2022 £000
Supported living services	52,981	49,984
Independent Hospitals	12,249	10,115
	<u>65,230</u>	<u>60,099</u>

All income in the current and prior year was unrestricted.

3 INVESTMENT INCOME

	2023 £000	2022 £000
Dividends – UK equity	36	30
Dividends – Overseas equities	30	24
Dividends – Other	12	13
Interest – UK fixed interest securities	18	18
Interest on cash deposits	112	6
	<u>208</u>	<u>91</u>

All current and prior year income was unrestricted.

4 GOVERNMENT AND LOCAL AUTHORITY GRANTS

	2023 £000	2022 £000
Coronavirus Job Retention Scheme	-	52
Infection Control income from Local Authorities	7	1,112
	<u>7</u>	<u>1,164</u>

All income in the current and prior year was unrestricted.

5 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct staff costs £000	Direct non-staff costs £000	Operational Service Support costs £000	Corporate Support costs £000	2023 £000	2022 £000
Provision of support and care						
Supported living	43,722	436	1,814	5,593	51,565	50,823
Independent Hospitals	4,428	3,210	430	1,209	9,277	8,779
Adult Care Homes	87	4	-	-	91	21
	<u>48,237</u>	<u>3,650</u>	<u>2,244</u>	<u>6,802</u>	<u>60,933</u>	<u>59,623</u>
Total charitable activities						

5 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	Unrestricted	Restricted	2023	Unrestricted	Restricted	2022
	£000	£000	£000	£000	£000	£000
Provision of support and care						
Supported living	51,565	-	51,565	50,823	-	50,823
Independent						
Hospitals	9,254	23	9,277	8,756	23	8,779
Adult Care Homes	91	-	91	21	-	21
Total charitable activities	60,910	23	60,933	59,600	23	59,623

6 EXCEPTIONAL ITEMS

	2023 £000	2022 £000
Loss on the Sale of Assets	-	23
Staff Costs, including redundancy, taxes and pensions	74	100
	74	123

7 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	2023 £000	2022 £000
OPERATIONAL SERVICE SUPPORT COSTS		
Operational Support / CQC Registered Addresses / Regional Offices	146	56
Operational Management / Workforce Planning / Rostering	472	531
Operational Services ICT Infrastructure	381	526
Operational Services Learning & Development Costs	912	778
Operational Services Quality Support Costs	333	298
	2,244	2,189

7 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS (CONTINUED)

	2023 £000	2022 £000
CORPORATE SUPPORT COSTS		
Financial, Transaction & Reporting, Banking & Audit Costs	1,524	1,213
HR & Recruitment Costs	1,708	1,618
ICT, Software Licencing, Depreciation and Support Desk	1,888	1,994
Insurance Costs	516	710
Governance & Administration	736	690
Risk & Assurance	1	14
Premises Running Costs	40	214
Legal Fees	29	95
Interest on defined benefit pension	50	-
Chief Executive Department	310	555
	<u>6,802</u>	<u>7,103</u>

During the year the organisation has continued to review its cost base to ensure support costs are appropriately reported as either Operational or Corporate costs.

Governance costs include internal audit fees of £37,915 (2022: £39,082) and services from external auditors of £107,000 (2022: £112,882), Trustee development £Nil (2022: £Nil). Trustee indemnity insurance £Nil (2022: £Nil) is not individually identified, but contained within the overall Social Care Insurance Premium.

Staff costs included within support costs amount to £5,664,089 (2022: £5,562,661).

8 NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2023 £000	2022 £000
Operating lease rentals	201	179
Interest on defined benefit pension	50	-
Depreciation and amortisation:		
Intangible fixed assets, owned (see note 11)	49	73
Tangible fixed assets, owned (see note 12)	694	712
Auditor's remuneration:		
- audit fees	93	74
- accountancy fees	14	7
	<u>14</u>	<u>7</u>

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL

Staff costs during the year were as follows:

	2023	2022
Group and company	£000	£000
Wages and salaries	49,089	47,375
Social security costs	3,927	3,508
Employer pension costs – operating (income)/cost in respect of DB Schemes	(32)	39
Employer pension costs – costs of contributions paid to DC schemes	692	1,181
Redundancy payments	74	100
	<u>53,750</u>	<u>52,203</u>

Included within FY2022 numbers is a provision of £0.1m relating to the review undertaken by the organisation of both its senior and operational management. No such provision was required in FY2023.

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

	Number of employees	
	2023	2022
£60,001 to £70,000	9	2
£110,001 to £120,000	-	3
£120,001 to £130,000	4	1
£160,001 to £170,000	-	1
£170,001 to £180,000	1	-
	<u>14</u>	<u>7</u>

The key management personnel of the charity comprise the executive team, but does not include the Chair. Total cost to the charity for employee benefits of the key management personnel of the Group and Charity was £945,878 (2022: £759,270).

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL (CONTINUED)

During the year the following amounts were paid to pension schemes:

	2023 £000	2022 £000
Pension contributions to money purchase schemes	426	908
Pension contributions to defined benefit schemes	266	273
	<u>692</u>	<u>1,181</u>

Pension contributions are allocated to unrestricted funds. Costs are allocated to activity cost categories in proportion to the income generated by each activity.

The numbers of staff to whom retirement benefits are accruing are as follows:

	Number of employees	
	2023	2022
Money Purchase Schemes	1,480	1,435
Defined Benefit Schemes	<u>59</u>	<u>68</u>
	<u>1,539</u>	<u>1,503</u>

During the year eight higher paid employees (2022: four) participated in a money purchase pension scheme. Employer contributions for the higher paid employees were £66,748 (2022: £58,651).

Nil of the higher paid employees (2022: one) did not participate in a pension scheme.

The Chair of the Board of Trustees, Brian Walsh, received remuneration in the year of £15,000 (2022: £6,250), as allowed in the Memorandum and Articles of Association and agreement from the Charity Commission received in June 2011. The Chair received £Nil pension contributions during the year (2022: £Nil). The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee. During the year the Chair will attend quarterly Board meetings, if required extra-ordinary Board meetings and various workshops. Additionally, the Chair works closely with the Chief Executive Officer in the development of the strategy of the Charity.

No other Trustees, or persons with a family or business connection with a Trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity. The trustees received no pension contributions. Three Trustees (2022: One) received £1,036 reimbursement for travelling and accommodation expenses in the current year (2022: £66).

10 STAFF NUMBERS

Group

The average number of employees during the year was as follows:

	No of employees	
	2023	2022
Management and Operational Care and Support Staff	1,659	1,752
Governance and administration of the charity	<u>12</u>	<u>10</u>
	<u>1,671</u>	<u>1,762</u>

The average number of employees on a full-time equivalent basis during the year was as follows:

	No of employees	
	2023	2022
Management and Operational Care and Support Staff	1,459	1,542
Governance and administration of the charity	<u>12</u>	<u>10</u>
	<u>1,471</u>	<u>1,552</u>

Red Hazels Developments Ltd did not have any employees in either year.

11 INTANGIBLE ASSETS
Group and Company

	Capitalised development costs £000	Software £000	Goodwill £000	Total £000
Cost				
As at 1 April 2022	349	1,523	1,300	3,172
Additions	<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>
As at 31 March 2023	<u>413</u>	<u>1,523</u>	<u>1,300</u>	<u>3,236</u>
Amortisation				
As at 1 April 2022	-	959	1,300	2,259
Provided in the year	<u>-</u>	<u>205</u>	<u>-</u>	<u>205</u>
As at 31 March 2023	<u>-</u>	<u>1,164</u>	<u>1,300</u>	<u>2,464</u>
Net book amount at 31 March 2023	<u>413</u>	<u>359</u>	<u>-</u>	<u>772</u>
Net book amount at 31 March 2022	<u>349</u>	<u>564</u>	<u>-</u>	<u>913</u>

Included within the value of amortisation provided in the year is £156,000 (2022: £468,000) which has been previously recognised as an expense but incorrectly allocated to accruals. This is a cumulative value and is corrected in the current year.

Capitalised development costs relate to the development of the new Finance & Procurement system (go live commenced in 2023/24 financial year), and the new Care Management system (expected to go live 2025/26 financial year). Amortisation relating to these assets will only be charged when they are available for use.

Amortisation charged in the year on software has been recognised within charitable activities expenditure.

12 TANGIBLE FIXED ASSETS
Group and Company

	Freehold land and buildings £000	Furniture and equipment £000	Total £000
Cost			
As at 1 April 2022	12,382	5,994	18,376
Additions	426	254	680
Disposals at Cost	-	(180)	(180)
Transfer	35	(35)	-
	<u>12,843</u>	<u>6,033</u>	<u>18,876</u>
As at 31 March 2023			
Depreciation and Impairment			
As at 1 April 2022	4,684	4,348	9,032
Disposals at Cost	-	(180)	(180)
Provided in the year	431	263	694
Transfer	191	(191)	-
	<u>5,306</u>	<u>4,240</u>	<u>9,546</u>
As at 31 March 2023			
	<u>7,537</u>	<u>1,793</u>	<u>9,330</u>
Net book amount at 31 March 2023			
	<u>7,698</u>	<u>1,646</u>	<u>9,344</u>
Net book amount at 31 March 2022			

The cost of land held within freehold land and buildings amounts to £2,394,307 (2022: £2,394,307) and is not depreciated.

13 INVESTMENTS IN SUBSIDIARY

Company	Registered office	Principal activity	Shares held Class	%
Red Hazels Developments Limited (Company number 09498298)	Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP	Property development	Ordinary	100

The charity holds one share of £10 in its wholly owned trading subsidiary company Red Hazels Developments Limited. This is the only share allotted, called up and fully paid.

The amounts included within the consolidated accounts for the subsidiary company are:

	2023 £000	2022 £000
Turnover	-	-
Expenditure, including Interest paid and received	(1)	5
Loss for the financial year	(1)	(5)
Total Assets	-	-
Total Liabilities	(135)	(113)
Equity at end of year	(135)	(113)

14 FIXED ASSET INVESTMENTS

Movement in fixed assets investments

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Fixed asset investments held for return:				
Listed investments	<u>13,236</u>	<u>13,492</u>	<u>13,236</u>	<u>13,492</u>
	<u>13,236</u>	<u>13,492</u>	<u>13,236</u>	<u>13,492</u>

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Listed investments				
Fair value brought forward	13,492	9,844	13,492	9,844
Additions to investments at cost	9,869	1,537	9,869	1,537
Cash in transit	-	2,500	-	2,500
Disposal at carrying value	(1,681)	(559)	(1,681)	(559)
Disposal – cash withdrawals to BlackRock	(8,199)		(8,199)	
Changes in fair value	<u>(245)</u>	<u>170</u>	<u>(245)</u>	<u>170</u>
Fair value carried forward	<u>13,236</u>	<u>13,492</u>	<u>13,236</u>	<u>13,492</u>
Historical cost at 31 March	12,594	10,035	12,594	10,035

14 FIXED ASSET INVESTMENTS (CONTINUED)

Listed investments at fair value comprised:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Equities – UK	1,579	1,038	1,579	1,488
Equities – Overseas	2,959	2,440	2,959	1,990
Fixed interest securities – UK	1,887	1,104	1,887	1,104
Property – UK	205	223	205	223
Cash held for investments	500	-	500	-
Cash equivalents	6,106	8,687	6,106	8,687
	<u>13,236</u>	<u>13,492</u>	<u>13,236</u>	<u>13,492</u>
Fair value carried forward	13,236	13,492	13,236	13,492

The following holdings each constituted more than 5% of the year end fair value of the portfolio:

	2023	2022
	£'000	£'000
iShares Index Linked	578	496
Rathbone Ethical Bond	495	299
Troy Trojan	637	583
Baillie Gifford Strategic Bond	445	-
Baillie Gifford International	382	419
Evenlode Income	465	338
Artemis Income	469	366
M&G Charifund	333	334
iShares Corporate Bond ETF	369	-
Hermes Emerging Markets	378	294
Artisan Global Value	332	-
JPM Global Growth and Income	346	254
BNY Mellon Global Income	317	255
iShares MSCI World ETF	332	251

15 DEBTORS

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	6,210	2,934	6,210	2,934
Intercompany debtor	69	-	69	-
Prepayments	167	793	167	793
Accrued income	1,795	1,656	1,795	1,656
Other	13	14	13	14
	<u>8,254</u>	<u>5,397</u>	<u>8,254</u>	<u>5,397</u>

Trade debtors are stated after a credit note provision of £2,084,000 (2022: £1,640,000).

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	1,029	1,673	1,029	1,673
Accruals and deferred income	3,582	4,114	3,517	4,048
Social security and other taxes	851	840	851	840
Other creditors	172	630	171	630
	<u>5,634</u>	<u>7,257</u>	<u>5,568</u>	<u>7,191</u>

Included in other creditors is an amount of £171,955 (2022: £179,637) due to pension schemes which was paid subsequent to the year end.

Deferred Income at the end of the year was £831,393 (2022: £1,185,469), of which £52,851 (2022: £58,590) related to timing of invoices raised around year-end, £113,169 (2022: £150,000) related to Covid Infection control support, and the other £665,373 (2022: £976,879) related to invoices and payments in query, where monies received from commissioners do not match the amounts invoiced under the care-plans.

	2023	2022
	£000	£000
Deferred income at 1 April	1,185	1,548
Release of deferred income	(519)	(787)
Amounts deferred in the year	<u>165</u>	<u>424</u>
Deferred income at 31 March	831	1,185

17 FINANCIAL INSTRUMENTS

	2023	2022
	£000	£000
Financial assets:		
Instruments measured at fair value through profit or loss	<u>13,236</u>	<u>13,492</u>

18 MOVEMENT IN FUNDS

GROUP

	At 1 April 2022	Income	Expenditure	Loss on investment assets	Gross Transfer between Funds	Pension	At 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	25,896	65,445	(60,910)	(245)	-	(206)	29,980
Restricted funds: gifted properties	1,162	-	(23)	-	-	-	1,139
Total funds	27,058	65,445	(60,933)	(245)	-	(206)	31,119

COMPANY

	At 1 April 2022	Income	Expenditure	Loss on investment assets	Gross Transfer between Funds	Pension	At 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	25,962	65,445	(60,910)	(245)	-	(206)	30,046
Restricted funds: gifted properties	1,162	-	(23)	-	-	-	1,139
Total funds	27,124	65,445	(60,933)	(245)	-	(206)	31,185

Purpose of Restricted Fund

Restricted funds represent the book value of properties held which were gifted for use as treatment centres within Alternative Futures Group Limited. The properties can only be used for this purpose. Any proposed change of use, including ceasing activities at the properties or a sale of the properties would require permission from the donor.

Purpose of Unrestricted Fund

Unrestricted funds are for the use of Alternative Futures Group Limited's charitable objectives.

18 MOVEMENT IN FUNDS (CONTINUED)

PRIOR YEAR MOVEMENT IN FUNDS

GROUP

	At 1 April 2021 (as restated)	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	23,818	61,354	(59,600)	170	-	154	25,896
Restricted funds: gifted properties	<u>1,185</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162</u>
Total funds	<u>25,003</u>	<u>61,354</u>	<u>(59,623)</u>	<u>170</u>	<u>-</u>	<u>154</u>	<u>27,058</u>

COMPANY

	At 1 April 2021 (as restated)	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	23,926	61,354	(59,642)	170	-	154	25,962
Restricted funds: gifted properties	<u>1,185</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162</u>
Total funds	<u>25,111</u>	<u>61,354</u>	<u>(59,665)</u>	<u>170</u>	<u>-</u>	<u>154</u>	<u>27,124</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2023 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2023 £000
Intangible fixed assets	772	-	772
Tangible fixed assets	8,191	1,139	9,330
Investments	13,236	-	13,236
Current assets	13,309	-	13,309
Current liabilities	(5,634)	-	(5,634)
Pension	106	-	106
Net assets	<u>29,980</u>	<u>1,139</u>	<u>31,119</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2023 £000
Intangible fixed assets	772	-	772
Tangible fixed assets	8,191	1,139	9,330
Investments	13,236	-	13,236
Current assets	13,309	-	13,309
Current liabilities	(5,568)	-	(5,568)
Pension	106	-	106
Net assets	<u>30,046</u>	<u>1,139</u>	<u>31,185</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Fund balances at 31 March 2022 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2022 £000
Intangible fixed assets	913	-	913
Tangible fixed assets	8,182	1,162	9,344
Investments	13,492	-	13,492
Current assets	10,236	-	10,236
Current liabilities	(7,257)	-	(7,257)
Pension	330	-	330
Net assets	<u>25,896</u>	<u>1,162</u>	<u>27,058</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2022 £000
Intangible fixed assets	913	-	913
Tangible fixed assets	8,182	1,162	9,344
Investments	13,492	-	13,492
Current assets	10,236	-	10,236
Current liabilities	(7,191)	-	(7,191)
Pension	330	-	330
Net assets	<u>25,962</u>	<u>1,162</u>	<u>27,124</u>

20 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM CONSOLIDATED OPERATING ACTIVITIES

	2023 £000	2022 £000
Net Income	<u>4,267</u>	<u>1,901</u>
Adjustments for:		
Loss on disposal of tangible assets	-	23
Gain / (loss) on investments	245	(170)
Amortisation charges	205	73
Depreciation charges	694	712
DB Scheme costs less contributions payable	(32)	38
DB Scheme net finance (expense)/income	<u>50</u>	<u>(15)</u>
	5,429	2,562
Movements in working capital:		
Decrease in debtors	(2,857)	(915)
(Decrease) /increase in creditors	<u>(1,623)</u>	<u>794</u>
Net cash generated by operating activities	<u>949</u>	<u>2,441</u>

21 CAPITAL COMMITMENTS

The charity had total capital commitments of £41,675 at 31 March 2023 (2022: £Nil). Capital commitments in respect of intangible assets were £Nil (2022: £Nil). Capital commitments in respect of tangible assets were £41,675 (2022: £Nil).

22 RETIREMENT BENEFITS

Contributions are made to the four pension schemes that are in operation, as follows:

- The NHS Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury.

The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the amount charged against profits represents the contributions payable to the scheme.

- Stakeholder pension scheme with banded contributions up to 14% depending on grade are available to all staff.
- Two defined benefit schemes (as noted below) as a result of staff joining the company by means of TUPE transfer.

The assets of these schemes are administered, by Trustees, in funds independent from those of the group.

Defined benefit plans

Lancashire County Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced 10 November 2008. The figures cover the period from 1 April 2022 to 31 March 2023 and all the data items relate to the same period.

Greater Manchester Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced in June 2007.

The Balance Sheet and other disclosures as at 2023 are based on the last full actuarial valuations as at 31 March 2019 and updated to 31 March 2023, and include the pension schemes in aggregate.

Overall assumptions:

	Total of pension schemes 2023 %	Total of pension schemes 2022 %
Key assumptions used:		
Discount rate	4.78	2.8
Expected return on plan assets	2.48	11.9
Equities	2.48	11.9
Bonds	2.48	11.9
Property	2.48	11.9
Cash other	2.48	11.9
Rate of inflation	2.9	3.3
Expected rate of salary increases	4.0	4.4
Future pension increases	2.9	3.4

22 RETIREMENT BENEFITS (CONTINUED)

The average life expectancy for a current pensioner on the balance sheet date is:

	Total of pension schemes 2023 Years	Total of pension schemes 2022 Years
Male	20.2	21.3
Female	23.4	24.1

The average life expectancy for a future pensioner retiring at 65 aged at the balance sheet date:

	Total of pension schemes 2023 Years	Total of pension schemes 2022 Years
Male	22.0	22.7
Female	24.9	26.0

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Amounts recognised in the statement of financial activities in respect of these defined benefit schemes are as follows:

	Total of pension schemes 2023 £000	Total of pension schemes 2022 £000
Current service cost	32	47
Interest cost	185	142
Interest income	(235)	(157)
Administration costs	-	-
	<u>(18)</u>	<u>32</u>

Actuarial gains and losses are reported in the statement of financial activities. The Loss recognised in 2023 was £206,000 (2022: £154,000 gain).

The actual return on scheme assets was £205,000 (2022: £831,000) for Lancashire County Pension Fund and £35,000 (2022: £220,000) for Greater Manchester Pension Fund.

22 RETIREMENT BENEFITS (CONTINUED)

The amount included in the Balance Sheet arising from the Group's obligation in respect of defined benefit retirement schemes is as follows:

	Total 2023 £000	Total 2022 £000
Fair value of scheme assets	8,548	8,546
Present value of defined benefit obligations	<u>(4,707)</u>	<u>(6,836)</u>
Asset in scheme	3,841	1,710
Limit on asset in Greater Manchester scheme	(727)	(137)
Limit on asset in Lancashire scheme	<u>(3,008)</u>	<u>(1,243)</u>
Recognised in balance sheet	<u>106</u>	<u>330</u>

The asset recognised in the balance sheet has been limited to the lower of the FRS102 valuation, and the actuarial valuation of future service costs.

Movements in the present value of defined benefit obligations in the current period were as follows:

	Total 2023 £000	Total 2022 £000
At start of period	6,836	6,942
Current service cost	42	47
Interest cost	185	142
Actuarial (gains) and losses	(2,189)	(161)
Contributions by plan participants	6	7
Benefits paid	<u>(173)</u>	<u>(141)</u>
At the end of the period	<u>4,707</u>	<u>6,836</u>

Movements in the fair value in the share of scheme assets in the current period were as follows:

	Total 2023 £000	Total 2022 £000
At start of period	8,546	7,643
Interest income	235	157
Return on plan assets less amounts included in net interest	(76)	871
Employer contributions	10	9
Members contributions	6	7
Benefits paid	<u>(173)</u>	<u>(141)</u>
At the end of the period	<u>8,548</u>	<u>8,546</u>

22 RETIREMENT BENEFITS (CONTINUED)

The analysis of the scheme assets at the balance sheet date were as follows:

Lancashire County Pension Fund

	Total of pension schemes Fair value assets 2023 £000	Total of pension schemes Fair value assets 2022 £000
Equity Instruments	7	6
Government bonds	-	53
Property	99	105
Cash / liquidity	53	165
Other assets	6,449	6,256
	<u>6,608</u>	<u>6,585</u>

Greater Manchester Pension Fund:

	Total of pension schemes Fair value assets 2023 £000	Total of pension schemes Fair value assets 2022 £000
Equity Instruments	1,319	1,314
Government bonds	291	294
Property	175	157
Cash / liquidity	155	196
	<u>1,940</u>	<u>1,961</u>

The amounts of contributions expected to be paid to the schemes during the financial period ending 31 March 2023 are £Nil (2022: £Nil) in respect of Lancashire County Pension Fund and £10,000 (2022: £9,000) in respect of Greater Manchester Pension Fund.

23 LEASING COMMITMENTS

At the reporting end date the Group and Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Within one year	130	88	130	88
Between two and five years	199	126	199	126
	<u>329</u>	<u>214</u>	<u>329</u>	<u>214</u>

24 TAXATION

Alternative Futures Group Limited as a registered charity is exempt from Corporation Tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

25 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee incorporated within the United Kingdom and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

As at 31 March 2023, the company had 12 members (2022: 10).

26 CONTINGENT LIABILITIES

The Group provides a Death in Service benefit for all staff however the insurance policy does not provide the benefit to any staff aged over 75. The Directors are aware of a small cohort of staff who are aged over 75, and the estimated death in service benefit relating to those staff if it were to arise would be £122k.

The group is unaware of any other material liabilities for which provision has not been made in these financial statements.

27 RELATED PARTY TRANSACTIONS

During the year amounts were paid on behalf of Red Hazels totalling £1,932 (2022: £Nil), balances outstanding with the subsidiary Red Hazels Developments Limited disclosed below:

	2023	2022
	£	£
Amounts discharged by AFG	-	(30)
Amounts owed from Red Hazels at 31 March	<u>69,217</u>	<u>67,285</u>

ALTERNATIVE FUTURES GROUP LIMITED

England & Wales - Charity number 1008587

Accounts



ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE YEAR ENDING
31 MARCH 2022**

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Alternative Futures Group Limited Chair's Statement

I was extremely delighted and very privileged to be appointed as Chair of Alternative Futures Group (AFG) in November 2021, replacing the outgoing Chair, Chris Hannah, who had done a superb job leading the organisation for almost 10 years.

AFG is a fantastic organisation with an amazing purpose, value set and organisational vision. At the centre of all that, and the real reason that makes AFG different from other, similar organisations, are the amazing staff that work here and the incredible work they do.

AFG staff are truly inspirational people, incredibly committed and passionate about their work and the purpose of the organisation. Their inspiration creates a real buzz about the place, and their passion, drive and enthusiasm instills a real sense of "can do" and resilience in the organisation that I believe encourages the amazing people we support to achieve some amazing things.

In the past year, that "can do" attitude and resilience has really been tested.

Of course the last 2 years living within a pandemic has been an incredible challenge for all of us, but none more so than for those who work front line in health and social care. COVID was still very much with us throughout 2021/22 and we heavily relied on the resilience, dedication and ingenuity of our workforce to help ensure the safety and continuity of our service provision. We faced a further two significant spikes in COVID during the year with the peak of our staff COVID absences (160 in one day!) in January 2022.

During the year, we received limited financial support from Local Authorities for additional COVID costs in Supported Living and outreach services, and absolutely no additional funds from the NHS for our 6 independent mental health hospitals.

Furthermore, we were put under incredible pressure in early 2021 with the proposed introduction of legislation for mandatory COVID vaccinations in social care. This led to a significant rise in anxiety amongst our workforce and a significant number of staff departures, and then the Government changed their minds! However, despite all of this disruption, the organisation continued (as it brilliantly does) to provide safe, high quality care and support to the people we support.

The Board and I remain immensely grateful for all the incredible hard work and commitment of staff during the recent COVID period. We continue to be proud and humbled by the ongoing stories of staff going the extra mile to ensure the safety, continuity of support, and normality of life (where possible) for the people we support during such a tough set of circumstances.

As we went into the Autumn/Winter of 2021, the organisation was faced with a new threat - a growing workforce challenge. As the world recovered from COVID and the UK started living life post-Brexit, inflation, pay issues and workforce shortages began to become a significant issue for the sector. Workforce shortages in sectors such as retail, transport and hospitality were causing a significant uplift in wages meaning many health and social care staff were attracted away from the sector.

In response to the situation, almost all providers had to increase front line Care/Support Worker pay to that above National Minimum Wage (NLW) despite no additional funding from Local Authorities or the NHS to pay for it. At AFG we have always wanted to become a Real Living Wage (RLW) employer, so we increased our Support Worker pay from NLW (£8.91 per hr) to £9.50 per hr (RLW) in January 2022. In the absence of financial support from our commissioners, we funded this from the charity's reserves and the recent sale of our Head Office in August 2021 for £2m.

The January increase in pay helped reduce attrition rates for a short period of time, but it had little impact on attraction of new staff as other competing sectors (retail, transport, hospitality etc.) also improved pay further, frustratingly well above that affordable for social care to compete. As the cost of living crisis began to bite in early Spring 2022 the provider sector responded and increased pay again, with AFG following suit and increasing pay further to up to £10.00 per hr in April 2022 – keeping pace with RLW.

Every pay increase we provided above NLW remains unfunded by the vast majority of commissioners, both Local Authority and NHS. Increases are being funded from AFG's charitable reserves as fees for services are still being commissioned at NMW levels. In the coming year, the organisation will be

committing over £1.5m from reserves to improve pay for front line staff plus a further £0.8m in pay for retention of operational management and corporate staff. Our projection and major concern is that the unstable economic position persists and inflation, workforce shortages and pay increases continue beyond the short term. This will put significant strain on many providers and without financial support from the Government and Local Authorities will mean difficult decisions for the provider community.

As for increased funding, in Adult Social Care, Local Authority care rates for Supported Living increased only in line with NMW, (6.6%, April-22). However, many of our commissioners announced increases well below the 6.6% (one giving a 0% increase!), citing Government funding shortages and Council budgetary challenges.

These are potentially dark days for social care and at times I do fear for its future and the short term thinking and planning from within our commissioners. The Government must act swiftly and robustly to ensure commissioners have funding to pay providers appropriately for the amazing work they do. If they do not then it is highly likely the sector will see more service hand-backs and provider failures. The real victims of this being the people supported who endure unnecessary change and impact on the continuity and familiarity of their support.

In Mental Health, the NHS and Clinical Commissioning Groups awarded NHS providers with a paltry 2% rate increase (April-22). This is significantly below inflationary costs and does not cover the increased costs of provision faced during the year. At the time of writing we continue to negotiate with our NHS Commissioners on the service fees for our Mental Health Rehabilitation Services. Whilst structural changes within the NHS may cause us further delay, we are hopeful that longer term the Integrated Care System will bring greater funding and certainty to the provider market.

As a consequence of the sector funding, pay and workforce challenges, AFG's short to medium term plans remain highly agile. Our financial situation (funding and pay) remains extremely challenging in both our health and social care provision, and, workforce shortages look likely to continue for at least a further 2 years. However, the Board and the Executive Team remain confident that the organisation is sufficiently robust to navigate this, even if this requires some difficult decisions to be made. In the true spirit of the organisation, we will rise to the challenges, take what action is necessary to protect our purpose, and we will find a way through.

I am delighted to report that the Charity reported Net Income of £1.9m (2020/21: £1.2m) AFG remains a strong, respected, and financially stable organisation. Reserves are highly liquid and have been bolstered by recent property sales, cost efficiency programmes and improved operating performance.

The Board and Executive Team have already made some tough (but correct) decisions in the recent past to make the organisation as fit and efficient as it can be without compromising the quality and safety of our services. Moving forward, we will continue to drive efficiencies and performance improvements, and continue to work with our commissioners to innovate what we do, meet their changing requirements, and provide the very best value and outcomes possible. We will position ourselves as being part of the collaborative solution rather than a victim of the problems and challenges that we all face.

I am also delighted to report that this year's Annual Business Plan achieved the majority of its key aims, objectives and financial targets for the year. Our key highlights being all our services are all rated "Good" or "Outstanding", the delivery of circa 800 Butterfly Moments (significant personal goals achieved), our Head Office downsize and move to Liverpool City Centre, and significant progress in our digital development programme.

At AFG, we recognise that many of the people we support have a real opportunity to increase their self-independence and inclusion through the use of digital technology, much of which is already available to them today. Our strategy is to realise this opportunity and integrate readily available digital technology into our support model. We have already commenced a number of projects that when complete will allow us to make available tailored digital solutions, that will promote independence, inclusion, choice and control for the people we support.

In the year, we have seen no changes to our excellent Executive Team, however, we have said goodbye to a number of long serving Trustees and welcomed a number of new ones. I would like to pass on my and the organisation's sincere gratitude to those Trustees who have left us this past year for their fantastic work over recent years. Similarly, I would like to extend a warm welcome to our new colleagues as we build a new Board together and enter a new era for the organisation.

In summary, 2021/22 has been another incredibly tough year. However, we continue to perform well, make good decisions in how we manage the organisation, and rise to the challenges we face. Nonetheless, the ongoing uncertainty in the global economic and political landscape means further difficult years ahead for our markets and our organisation.

Looking ahead, I have no doubt that the organisation will be able to navigate its significant challenges and obstacles. Myself and the Board will remain acutely focused on doing what is right for the organisation, the people we support and their families, our staff and our commissioners. We will continue to make the necessary decisions to ensure we provide only the very best care and support to the people we are very privileged to support.

My special thanks to the amazing people we continue to support on a daily basis, they continue to be our inspiration, at the heart of everything we do and remain at the forefront of our mission and vision for the future.

My thanks also to all front-line colleagues, operational managers, and corporate staff for the fantastic professional and dedicated work you do for our beneficiaries.

My thanks also to our Senior Leadership team at AFG for their excellent leadership and management of the organisation.

Finally, thank you to all my new colleagues on the Board, whose skill, experience, time and dedication will ensure we continue to lead this amazing organisation through its current and future challenges.

Brian M Walsh

Brian Walsh
Chair of Alternative Futures Group

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors

Trustees:

Trustee	Position	Changes in the Year
Chris Hannah	Chair of the Board	Resigned 31 October 2021
Brian Walsh	Chair of the Board	Appointed 1 November 2021
Iain Bell	Chair of Audit & Risk Committee	Resigned as Chair of Audit & Risk Committee 9 February 2022 and resigned as Trustee 14 March 2022
Peter Fieldsend	Chair of Audit & Risk Committee	Appointed 9 February 2022
Jonathan Lloyd	Chair of Performance Committee	Resigned 10 November 2021
Mike Clarke	Chair of Red Hazels Developments Limited	Resigned 30 March 2022
Jane McDonald	Chair of Quality and Safety Committee	
Linda Whalley		Interim Chair of Performance Committee – effective 10 November 2021
Janet Wilkinson	Chair of Appointments Committee & Remuneration Committee	
Claire Harris		Resigned 15 October 2021
Andrew Denton		Resigned 8 July 2021
Michelle Wood		Resigned 2 July 2022
Alex Fox		Appointed 10 November 2021
Nicola Cook		Appointed 10 November 2021
Helen Bellairs		Appointed 10 November 2021
Julie Chadwick		Appointed 10 August 2022
Beatrice Udeh		Appointed 29 April 2022
Louise Marsden		Appointed 29 April 2022
John McLuckie		Appointed 9 February 2022

Executive Officers:

Executive Officer	Position	Changes in the Year
Ian Pritchard	Chief Executive Officer	
Kirsty Muldoon	Chief People Officer & Chief Operating Officer of Learning Disability	
Chris Stephens	Chief Financial Officer	
Christopher Hughes	Chief Quality Officer, Chief Operating Officer of Mental Health	
Andrew Kendall	Chief Commercial Officer	

Company Information and Advisors:

Company Registration Numbers:	02679915 Companies House 1008587 Charity Commission
Registered and Principal Office:	Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP
External Auditors:	RSM UK Audit LLP 20 Chapel Street Liverpool L3 9AG
Internal Auditors:	Beever & Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Investment Advisors:	Stanhope Consulting 35 Portman Square London W1H 6LR

Bankers:	HSBC Bank plc 99-101 Lord Street Liverpool L2 6PG	Barclays Unit 3 Riverside 2, Campbell Road, Stoke on Trent, Staffordshire. ST4 4RJ	
Principal Solicitors:	DWF 1 Scott Place 2 Hardman Street Manchester M3 3AA	Pannone Corporate LLP 378-380 Deansgate Manchester M3 4LY	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2022

The Trustees of Alternative Futures Group (AFG) present their report and audited financial statements for the year ended 31 March 2022. The Trustees have prepared this report under the Charities Act 2011 and the Companies Act 2006, and in accordance with Financial Reporting Standard 102 (FRS 102) as applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102.

Legal status

Alternative Futures Limited was founded in 1992 and changed its name to Alternative Futures Group Limited (AFG) in 2007.

During the year the Group consisted of two legal entities:

- Alternative Futures Group Limited - a company limited by guarantee (Company Registration Number 02679915), a registered charity (Charity Commission Number 1008587), and a Public Benefit entity. AFG is governed by its Articles of Association, which were last amended in March 2022.
- Red Hazels Developments Limited, a private limited company limited by shares (Company Registration Number 09498298), founded in 2015 as a wholly owned subsidiary of AFG to deliver commercial activities.

The Trustees of AFG are its Directors of the charitable company for the purposes of Company law. The Trustees who served throughout the year and up to the date of signing this report are listed on page 4.

Charitable Purpose

AFG's charitable purpose is to offer relief to people with learning disabilities, mental health or any other special needs, and to relieve the stresses and financial needs through, but not limited to, the provision of accommodation, support, education and training.

Each year, the Trustees lead a review of performance against our charitable objects, aims and objectives, using the results from that to inform and formulate our future plans and ensure that the Charity continues to deliver high quality services in line with its purpose.

Corporate Plan: Mission, Values and objectives

AFG is one of the leading charitable providers of learning disability and mental health support services in the North West of England, changing lives and creating independence for the people it supports. We are proud that our accommodation and services improve the quality of life and independence for nearly 1000 people.

Our Vision:	A world where people control their lives	
Our Mission:	Together with our people and partners we will unlock skills, gifts and talents to support everyone's right to choose and achieve their aspirations	
Our Values:	We are one	We succeed together with a shared purpose and vision.
	We raise the bar	We learn from the past, are adaptive and excited by our future. We innovate and lead the way. We strive for best quality with least waste. Better never stops.
	Every person matters	We are people focused and value skills, gifts and potential. We listen. How people think and feel, matters. Everyone has a voice.
	We make a positive difference	We change lives. Our 'can do' attitude and passion enables people to be the best they can be.
	We take ownership	We do the right thing, are solution focused and get results. We are responsible for our behaviour and hold each other to account.

How we deliver our Mission and Vision is underpinned by our values. Our values act as our organisational compass — everybody within AFG strives to demonstrate these values every day, and in everything that we do.

Principal Activities

AFG is a not-for-profit, trading charity that provides a broad range of care and support services for; (1) adults with learning disabilities, autism, acquired brain injury; (2) adults with a mental health treatment and rehabilitation need.

For learning disabilities, autism and acquired brain injury, our services cover a wide-range of supported living, adult care home, and outreach services to enable the people we support to live their lives to the maximum levels of independence and control they can achieve.

For mental health, our services extend from short-term clinical rehabilitation support to people with long-term mental health issues in our six independent hospitals, through to supported living and outreach services, which enable people to move up and down that pathway as their support needs change. Our offer enables us to provide a wide-ranging service through a number of interventions on that pathway and a range of other community models.

Person-centred care is at the core of our work. As such, we provide personalised support services appropriate to the individual aspirations hopes, and ambitions for the people we support. Our personalised support continues to evolve over time alongside the changing support needs and aspirations of the people we support.

In the year to 31 March 2022, we introduced a number of new digital pilots into our service activity. The organisation is aiming to become a pioneer in the use of digital technology to assist the people we support navigate and succeed in the modern world gaining even greater independence, choice and control of their lives.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2022

During 2021/2022, all our residential and non-residential activity was funded through contracts with either Local Authorities or the NHS. Other than infection control monies, AFG do not receive funding to cover the costs for our core services via grants or donations.

Public Benefit

Alternative Futures Group is a Public Benefit Entity. In accordance with our objectives and activities for 2021/22, and with due regard to the Charity Commission's guidance on the operation of the public benefit requirement of the Charities Act 2011, the Trustees confirm that AFG has undertaken appropriate activities during the year which further our purpose for the public benefit, which are set out in the Principal Activities section above.

Governance Structure

The organisation operates under the regulations and guidance of both the Charity Commission and the Care Quality Commission.

The Board is led by the Chair and the support of up to 12 voluntary Trustees. The Chair and Trustees bring a range of senior professional, public and private sector experience to the organisation.

The Board is responsible for determining and setting the strategic direction of the organisation as well as responsible for reviewing its operating and financial position. The Board is also responsible for establishing and overseeing the organisations control and risk management frameworks and ensuring the organisation achieves its aims and objectives. The Board meets formally at least four times a year.

Under the Articles of Association, Trustees serve a term of up to three years, and may be considered for a maximum of three terms. The Chair may serve a maximum of three terms of office. A skills analysis of Board Members has been undertaken, and each time a Board vacancy arises, consideration is given to the skills and competencies required to continue to manage the future risks and challenges that the organisation faces.

Trustee recruitment is led by the Appointments Committee, which is chaired by Janet Wilkinson. The Appointments Committee make recommendations to the Board on the appointment of Trustees, the formal appointment of Trustees being a power reserved to the Board. Trustee recruitment is supported by independent specialists where required. New Trustees receive an induction and training programme tailored to their needs, and regular Board development events are held to maintain skills.

The subsidiary, Red Hazels Developments Limited, had 2 Board Members during the year, Mike Clarke and Ian Pritchard, with Mike Clarke resigning 31 March 2022.

Board and Executive Officers Remuneration

The Chair of the Board receives remuneration from the organisation in the form of an honorarium, as well as reimbursement of expenses incurred. The remaining Trustees are not remunerated and receive only reimbursement of expenses incurred. The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee.

The remuneration of the Executive Officers including the Chief Executive is determined by the Board. Executive pay is subject to regular national and sector benchmarking undertaken by the Remuneration Committee.

Board Committees

The Board delegates some of its responsibilities to the Committees; Audit & Risk Committee, Finance & Performance Committee, Quality & Safety Committee, Appointments Committee & Remuneration Committee.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2022

Audit & Risk Committee

The Audit & Risk Committee met four times during the year and its work included:

- reviewing the external auditor's plans for the audit of the Group's financial statements.
- reviewing the external auditor's management report and audit highlights memorandum.
- reviewing the financial statements for the year.
- agreeing the internal audit plan for the year and reviewing reports from the internal auditors on the Group's system of internal control, monitoring and responding to those reports and compliance with recommendations; and
- reviewing the processes in place for monitoring, evaluating and managing the risks facing the Group, including deep-dive discussions relating to the Group's strategic risks.

Finance & Performance Committee

The Performance Committee met five times during the year and its work included gaining assurance on:

- all aspects of financial and operational performance.
- project management office activities linked to investment and strategic business plan.
- treasury management and investment performance.

Quality & Safety Committee

The Quality & Safety Committee met four times during the year and its work included gaining assurance on:

- all aspects of operational quality and safety within our services and estates.
- regulatory compliance to Care Quality Commission and commissioner requirements.
- serious events, complaints and whistleblowing incidents.

Appointments Committee

The Appointments Committee met on five occasions during the year, and is responsible for:

- Trustee succession planning and recruitment.
- identifying, approving and appointing the Chair and Members for each committee.

Remuneration Committee

The Remuneration Committee met on four occasions during the year, and is responsible for:

- recommending to the Board the organisation's pay framework.
- recommending the terms and conditions of employment for the Chief Executive and the Executive Directors, and any salary review.

Salaries for Executives are benchmarked against comparative positions both within and outside of the sector.

Governance Code

The Board has adopted the principles of the Charity Commission Code of Governance.

Employees

The strength of the organisation, and its ability to meet its charitable purpose and vision lies in the quality, commitment and contribution of its employees. We actively encourage the involvement of employees in our decision-making process, and to do that we have an elected Employee Partnership Forum (EPF), which is jointly chaired by the CEO and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters, and includes courtesy seats for Trade Unions, Unison and The Royal College of Nursing. The body meets every eight weeks.

We provide information to our employees throughout the year on AFG's objectives, progress and activities through regular team meetings, and monthly briefings from the Chief Executive and the Executive Team. We have a People & Organisational Development Strategy in place, which recognises the importance and contribution of the employees to the on-going success of the Group, and we recognise the achievements of our employees through our "Celebrate Success" awards.

This year's Employee Engagement Survey (EES) took place in October 21, the return was 53% with an interaction rate of 73%. The engagement score had reduced to 73% positive from 81% the previous year. The feedback remained overwhelmingly positive however, with the rising cost of living, pay was a focus of feedback from the survey. We were delighted to address this during the year with two pay increases for our front line staff in January 22 and April 22 improving pay by 11%. This was a significant investment in the improvement in pay for our valued staff. We continue to listen to what is important to staff and respond to their feedback in other areas.

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The organisation has detailed health and safety policies and a robust safety management system in place and provides training and education to all of our staff on health and safety matters appropriate to their role.

The Executive Team, led by the Chief Executive, are responsible for the day-to-day running of the business. The Executive Team work closely with the Board to develop and execute the organisation's strategic objectives. The members of the Executive Team are shown on page 4.

Covid-19

The onset of the Covid-19 pandemic in early 2020 represented a significant health & safety risk for our staff and the people we support, and as such a major operational risk and challenge for the organisation. The operational and corporate processes that we had developed to minimise, monitor and respond to outbreaks in the first year of the pandemic were refined in 2021-22 alongside the evolving Government and Local Authority guidance for the sector. As in the previous year, our independent hospitals did not receive specific guidance and, depending on location, were following a mixture of NHS and care home guidance at different times.

Our head office remained closed throughout 2021-22 with all corporate and management staff permanently working from home.

Our Covid-19 roadmap for aligning the organisation to respond to any changes in national restrictions and sector guidance was based upon vaccinations for staff and the people we support, routine testing, use of PPE, environmental risk assessments and infection control procedures.

We were able to cease our weekly Covid-19 Emergency Planning Team meetings at the beginning of the year. Shielding for clinically vulnerable individuals ceased at this time, with AFG's Coronavirus Job Retention scheme (furlough) claims ceasing in May 2021.

We experienced 2 major peaks in Covid-19 activity around July-21 and January-22 with high levels of positive test results and staff absence due to self-isolation. Our use of casual and agency staff increased during these periods as did our reliance on managers stepping down into frontline delivery of support. The January-22 wave was the most intense we have experienced throughout the whole pandemic with over 160 staff absent due to Covid at any one time. Despite these increased numbers, generally, people did not appear to be as unwell, and we had much lower levels of hospitalisation or serious illness than the previous year.

The provision of PPE through the government's online portal ensured we had sufficient supplies of equipment at all times and we made regular submissions to CQC using their capacity tracker to provide intelligence on notifications, staff absence and PPE supplies.

Vaccinations for staff in care homes became law in November 2021 which affected us at one service in Liverpool. We contributed to the consultation on mandatory vaccinations in other service types and began planning for this to become compulsory for our staff on 1st April 2022. This was added to our revised Winter Pressures Plan 2021-22 and submitted to CQC and DHSC. We were forecasting that the organisation may lose several hundred staff who could not evidence compliance with the mandatory vaccination requirements. Obviously, this requirement was subsequently removed just before the deadline for staff to have their first vaccination at the beginning of February 2022.

Our vaccination levels had reached 90% for staff and 86% for the people we support by the end of 2021-22.

Equality and Diversity

AFG has a vision to create a world where people control their lives. We value difference and believe we can only truly make a positive difference to the lives of the people we support with a culture that is inclusive, rich in diversity, and values all our people. We have a deep sense of pride in what we do, and we know through experience that the different ideas, life experiences and backgrounds of our people create a stronger, richer, more creative, and inclusive environment that creates better outcomes for us all. We strive to create a culture where our staff and the people we support can be their true self, are empowered to share their experiences and ideas, and to achieve their aspirations and goals.

The organisation is committed to equality of opportunity for all employees, and to having a diverse workforce that reflects the communities within which we operate. We are also committed to supporting disabled people, both in recruitment and in retention of employees who become disabled whilst employed by the organisation. The organisation ensures that staff recruitment, discipline and development issues are dealt with equally and that all employees are treated in the same way.

Social Impact & Value

We have been working with Social Value UK to develop our approach to social value and we've included this approach in some of our recent tenders.

AFG takes an ethical, values-based and environmentally sustainable approach to how we conduct our business. As a charity providing support to people with disabilities, we are committed to being socially responsible. Our Charitable Purpose, alongside our Vision, Mission and Values, evidence our position as a values-led organisation and a responsible employer within the communities we work. This is underpinned by our approach to service delivery, service development, and performance improvement.

We continually engage our stakeholders, particularly our local communities, in the work we do. In each community we serve we consider the social value we bring: To the people we support; the employment and development opportunities for local people; and the positive impact we can bring to the wider community.

Streamlined Energy and Carbon Reporting

Under Statutory Instrument SI2018/1155, the Charity is required to report on energy usage and carbon emissions.

In discharging its duties under this requirement, the Charity engages the services of a third party to calculate its energy usage and carbon emissions. The calculation refers to all energy usage billed during the period, with the calculation including all months and all sites.

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For the year ended 31 March 2022

	31-Mar-22	31-Mar-21
Total energy usage (kWh)	1,993,196.00	2,275,082.00
Relating to:		
Gas (kWh)	1,378,699.00	1,595,631.00
Electricity (kWh)	554,043.00	667,878.00
Transport fuel (kWh)	60,454.00	11,573.00
Emissions:		
Gas (tCO2e)	252.50	293.40
fuel for transport (tCO2e)	15.2	2.9
Emissions from purchased electricity (tCO2e)	129.2	155.7
Intensity ratio	0.2 tons per staff member	71kg CO2 per m2 hospital space

The 2019 UK Government Environmental Reporting Guidelines to include Streamlined Energy and Carbon Reporting Guidance have been adopted. UK Government GHG Conversion Factors for Company Reporting (2021) have been adopted.

We are currently developing our plans to achieve Net Zero Carbon status which will be ahead of 2050. During 2020/21 financial year, the organisation changed the working arrangements for its Corporate staff, with staff moving to a home based working arrangement. Financial year 2021/22 is the first year in which we have seen the full year environmental benefit of this decision, and this working practice will continue in operation for the foreseeable future, helping the Charity to reduce its carbon footprint. In the forthcoming years, the organisation will continue to review areas where opportunities potentially exist to reduce the carbon footprint of the organisation, e.g., ways of working in our Treatment and Recovery centres, the introduction of solar panels as an energy source, replacement of gas boilers with electric heat pumps and reviewing both the size of and the energy efficiency of the vehicle fleet.

Related Parties and Co-Operation with Other Organisations

Other than the Chair, the Trustees do not receive remuneration from their work with AFG. Remuneration for the Chair was agreed with the Charity Commission in 2011. The remuneration of the Chair is considered annually by the Remuneration Committee. Details of the Chair's remuneration are set out in note 8. There were no other transactions with Trustees, and no connections between Trustees and Senior Managers have been disclosed during the year. Therefore, no related party transactions have been reported.

Engaging with the People We Support

The people we support are at the heart of everything we do at AFG. COVID continued to be a feature of the year and with the help and support of our frontline operational staff, we kept everyone actively involved through virtual get togethers, competitions and daily activities. Digital technology, social media and video calls kept things as normal as possible and enabled the people we support to keep in touch with their friends, family and loved ones. The people we support have continued to be involved in recruiting and interviewing new support staff. Being confident to give an opinion and be part of the decision-making process about who support them results in better outcomes for all.

In day-to-day activity, the people we support have key roles in our Butterfly Moments Committee. The committee manages a butterfly fund used to co-create events and activities for everyone. We've previously had great success with our annual AFG Fun Day bringing together the people we support from across all our services. Unfortunately for the second year running we had to take the tough decision to

postpone the event due to COVID-19 but we are committed to hosting in 2022. The committee are also working on a new Service User Conference, which will be held in 2022. This will provide additional opportunity to share insight and gain feedback on things that are important to everyone we support.

We capture and celebrate our amazing 'Butterfly Moments'. Those positive moments in life where someone we support has achieved something important in their day-to-day life or achieved a personal goal. We build on these moments and look at the future possibilities we can achieve together. We continue to seek feedback from the people we support through conversation, feedback groups and an annual survey. This helps us to continuously improve both individual support plans and the way our local services are delivered.

Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. This responsibility applies to all of the organisations within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within the day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of the risks to which the Group is exposed.

A process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the year up to the date of the approval of the annual report and financial statements. The Audit & Risk Committee regularly receives and considers reports from the Group's senior leadership and its auditors about risk management and internal control arrangements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, are set out below.

Corporate Planning and Budgeting

The corporate planning and budgeting process is used to set objectives, agree action plans and allocate resources. The Group's progress towards meeting the strategic and annual objectives is monitored monthly by the Executive Team and quarterly by the Finance and Performance Committee and the Board.

The Group's annual budget was approved by the Board at the start of the 2021/22 financial year.

Audit & Risk Committee

The Audit & Risk Committee reports to the Board on internal controls and alerts them to any emerging issues. The Audit & Risk Committee ensures that corrective action is taken in relation to any significant control issues highlighted by the internal and external auditors. As part of its review of the organisation's internal control system, the Committee oversees the performance of the internal and external auditors. The Audit and Risk Committee provides advice to the Board and provides an annual review to them, through the internal auditors, which focusses on the effectiveness of the internal control system, including the Group's systems for managing risk.

Internal Audit Programme

Internal Audit is an important element of the internal controls process. Internal Audit is responsible for the annual review of the effectiveness of the internal control system within the organisation.

The internal audit programme for 2021/22 provided both assurance and advisory support to the Trustees and the Executive team and have helped improve the internal control environment within the organisation.

External Audit

External Audit provides feedback to the Board on the operation of the internal financial controls reviewed as part of the annual audit of the year-end accounts and financial statements. Each year, after the year-end audit, a management letter is presented to the Board.

As part of the quarterly Board reporting cycle, reports outlining the latest operational and financial results compared to the target for the year, and statutory compliance reports, are presented, enabling the Board to maintain oversight of the Group's strategic performance and on-going compliance.

Engagement with suppliers, customers and others in a business relationship

Included within the strategic report on pages 21-22 is the Section 172 statement that includes further details regarding how the Charity fosters relationships with suppliers, customers, service users and others with whom it has a business relationship.

STRATEGIC REPORT

Achievements, Performance & Public Benefit

During 2021/22 (year 2 of our 5 year plan) we have continued our focus on the key strategic aims of:

- Expand our reach and positively impact more lives - achieving the personal goals and ambitions for the people we support (Butterfly Moments).
- Achieve financial stability (on our journey to longer term sustainability).
- Become the provider, partner and employer of choice.
- Become a market leader in digitally-connected support.
- Develop and deliver high quality, outcome-based services.

The organisation continued its journey to a financially sustainable future by exceeding our budgeted target of break even and delivering a surplus.

We continue to grow slowly and modestly as an organisation with a number of new services commencing across our footprint both in Learning Disability and Mental Health. As a consequence of the restrictions of Covid-19, we were unable to deliver our full year target for Butterfly Moments, however, significant progress was made, much of which incorporated aspects of the people we support interacting with digital technology.

We were delighted to build our employee engagement scores and return rates. Our second all digital survey recorded a 53% return rate (2020/21 = 55%) and an EES (Employee engagement survey) score of 73% (2020/21 = 81%). As anticipated, our scores were slightly down on previous year due to the impact of our Chance for Change programme which resulted in a number of employee benefit changes. We will be working hard on our employee engagement plans to ensure that scores bounce back for 2022.

We continued our digital pilots in the year as part of our digital strategy implementation, with fantastic feedback from staff and the people we supported.

Alongside this the organisation has maintained AFG's high quality of service provision with CQC rating of "good" in all domains within Supported Living and Adult Care Homes (ACH), and in all six of our Treatment & Recovery Centres. One of our TRCs is rated as overall Outstanding, and our ACH is rated Outstanding for Effective Care.

Financial stability

An overview of the financial performance of the individual entities is provided below:

- Alternative Futures Group Limited achieved Net Income Before Other Recognised Gains and Losses of £1.9m (2021: £1.2m), including Investment Income of £0.1m (2021: £0.1m) and Investment Realised/Unrealised gains of £0.2m (2021: £0.7m);
- Red Hazels Developments Limited made a deficit of £5k (2021: £NIL);
- Overall, the funds of the Group amount to £27.1m (2021: £25.3m)

The amounts in the remainder of this section relate to the consolidated Group position only.

Operating performance

The Group's Net Income of £1.9m (2021: £1.2m) for the year is 3.0% (2021: 2.0%) of income. The current year result benefits from Coronavirus related monies of £1.1m (2021: £0.07m), Income/Gains from the Investment Portfolio of £0.2m (2021: £0.8m) and Furlough monies of £0.1m (2021: £0.6m). The Charitable Income of the Charity of £60.1m approximates to levels seen in 2021 of £59.2m, with no significant changes in the Charity's portfolio of contracts. During the year the Charity has disposed of its former head office known as "Lion Court" with a small gain on disposal being recognised after an impairment charge in the previous year (2021: (£1.532m)) which was offset by a profit on disposal of other assets of £1.088m. This continues the cost reduction actions noted in previous years.

The Charity and the wider sector continue to operate in a challenging economic environment, with the sector continuing to go through a period of sustained austerity, alongside an increasing cost base driven by above inflation increases to National Living Wage. This situation has been exacerbated by structural resourcing issues within the sector, worsening significantly during the Covid-19 pandemic. The key challenges that the Trustees have faced during the year include:

- maintaining income from our commissioners at a level which is sufficient to cover the increasing statutory costs of the National Living Wage;
- financial and operational challenges associated with the Covid-19 pandemic;
- work-force challenges facing the sector.

To help mitigate the impact of these issues the Trustees:

- seek to look for opportunities to both deliver operational cost savings and to ensure capital assets no longer required are disposed of efficiently at market value;
- have an ongoing process to monitor the viability of contracts with our commissioners;
- utilise the pricing model developed by the Charity to enable informed negotiations with our commissioners re. pricing;
- continue to operate a variable sleep-in rate model for staff so the amounts we pay staff for sleep in shifts are commensurate with the levels of income we receive from our commissioners;
- continue to ensure all covid monies offered by commissioners have been claimed.

Whilst the organisation has delivered Net Income in the year of £1.9m (2021: £1.2m), this includes £1.1m (2021: £0.07m) of Covid related monies. Additionally, as the organisation exits the old financial year and enters a new one, the sector faces significant work-force challenges. As a consequence of the cost saving work undertaken across a number of years, the Charity is able to move the pay of its front line support workers from National Living Wage to Real Living Wage, with this increase being funded out of the reserves of the Charity. Looking forward the Trustees will work closely with our commissioners to ensure the Charity receives appropriate levels of funding from our commissioners. As reported in previous years, the underlying operating performance of the Supported Living area of the business continues to require ongoing attention to ensure the longer-term viability of the Charity.

Quality remains a key priority for the Board, and we are pleased to report that we have maintained strong performance against the Care Quality Commission (CQC) standards across all our Treatment & Recovery Centres.

The Covid-19 pandemic has impacted the Charity both operationally and financially in both the last two financial years. Whilst the Charity has navigated its way through the pandemic extremely well, the structural work-force issues now impacting the Charity and arising as a consequence of the pandemic are one of the most significant issues facing the sector in recent times. Actions taken by the organisation around Covid-19 can be seen in the Strategic Risks section, with the impact also considered as part of the Going Concern review.

Business Development and Growth

During the year we were successful in winning a place on the following framework contracts:

- Stockport Mental Health and Vulnerable Adults Flexible Purchasing System
- Greater Manchester Mental Health – Strategic Complex Needs Flexible Purchasing System
- Warrington Learning Disability and Mental Health Dynamic Purchasing System

Each of these contracts provides a foundation for growth although we need to tender for individual packages as they come to market. We have since been successful on several of the Warrington opportunities.

We have also won several high-value commissions and we have six multi-occupancy schemes in the pipeline which will generate future revenue.

Financial Review and Results

An overview of the financial performance of the Group is included within the financial stability section above.

Defined Benefit Pension Funds

The Lancashire County Pension Fund Defined Benefit and the Greater Manchester Pension Fund Defined Benefit scheme reported a pension asset of £1,710k as at 31 March 2022 (2021: £701k). Since the charity can only recognise the lower of the FRS102 valuation, and the actuarial valuation of future service costs, a portion of this has not been recognised. The actuarial gain from the two schemes of £1,032k (2021: £298k loss) and the adverse movement in the derecognised asset of £878k (2021: £113k favourable) are both shown through other gains and losses on the face of the consolidated statement of financial activities.

Treasury Management

Surplus cash is invested across a diversified portfolio of investments. At the end of the year the total value of the portfolio assets amounted to £13.492m (2021: £9.844m). There was a net unrealised gain on investment of £0.170m (2021: £0.741m unrealised gain) during the year. The funds held in investments are used to further the charitable purpose and public benefit. The return on investment was £0.09m (2021: £0.09m) excluding Unrealised Gains and Losses within the Portfolio Market Valuation for the year.

The Trustees are satisfied that the investment assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Cash flows

Cash inflows and outflows for the year are set out in the cash flow statement. Net cash inflows from operating activities are from the delivery of our core services and amounted to £2.441m (2021: £4.868m). The most significant cash flows arise from the purchase of investments £4.037m and the sale of fixed assets £1.970m. The Group's cash balance at the end of the financial year was £4.839m (2021: £4.909m).

The Group ended the year with net current assets of £2.979m (2021: £2.460m).

Property Disposals

Lion Court, the previous head office of the Charity was disposed of during the year. Details of the disposals can be seen in Note 12 of the financial statements.

Property Impairment

There is no requirement to impair any of the properties held in the financial statements in the current year as they are all generating positive contribution.

Given the decision to permanently move all corporate staff previously working in Lion Court to home based working arrangements in 2020/21 financial year, the Charity was unable to adopt the value in use assumption and hence an impairment of £1.532m was recognised in the prior year financial statements. The property was disposed of in August 2021.

Achievement against 2021/22 Financial Key Performance Indicators

The key financial performance indicators for the year and targets for 2021/22 are set out below:

End of Year KPIs	Target - FY201-22	Actual as at 31/3/21	Actual as at 31/3/22	Commentary
Debtor Days - gross	< 30	28 days	30 days	Marginally above target due to delays from commissioners
Creditor Days	>30	64 days	46 days	Extract from Payment Practices Report submitted to Companies House - 1/10/21 to 31/3/22.
Investment Income - Return %	3% p.a.	2.10%	1.90%	Income relatively low due to falling bond yields as well as dividend cuts within equities.
Investment Income - Growth %	3% p.a.	17.50%	3.10%	Markets fell back due to concern over Russian invasion of Ukraine, rising inflation and tightening central bank monetary policy.
Gearing %	<35%	0.00%	0.00%	Barclays Bank Loan repaid in full in 2021. AFG has no Debt at Balance Sheet date

Achievement against 2021/22 Non-Financial Key Performance Indicators

In April 2020 we agreed a new set of Key Performance Indicators that align to our five strategic objectives. The table below summarises performance against several of our key targets:

Key Performance indicator	Target	Actual
Number of Butterfly Moments	975	766
Employee Engagement Score	80%	73%
Average win rate for referrals	50%	79%
Number of digital pilot projects	20	16
CQC ratings ≥ "Good"	11	11

Butterfly Moments

Every Butterfly Moment is an amazing event, where a person we support achieves a goal, ambition, milestone, or life-changing moment on their journey to greater independence, choice and control of their lives. These events are amazing no matter how big, small, significant or insignificant, with both their world and ours positively changing forever.

Assets held on behalf of People that we Support

At 31 March 2022, AFG held funds of £22,766 (2021: £23,902) in its HSBC Bank Account, on behalf of people that we support, included in the Balance Sheet as both an Asset and a Liability, and in note 15. AFG has no title to this money.

Additionally, AFG has corporate appointee-ship responsibility for administering the personal funds of a number of people that we support. The appointee-ship enables AFG to assist the people that we support with their financial planning and budgeting, supporting them to plan their own spending and living expenses, and helping them to claim the state benefits to which they are entitled.

These funds are not reported within the Financial Statements of the Group.

Investments Policy and Performance

Under the Memorandum and Articles of Association, the Trustees are able to make any investments which they deem appropriate. Trustees appoint a qualified investment advisor to support their investment decisions, and the Performance Committee reviews the Group's Investment Policy on a periodic basis. The Performance Committee have restricted investment into property and hedge funds each to 6% of the portfolio, and do not allow investment into private equities or commodities to minimise risk. The portfolio is split between cash (64%), equities (26%), Government and Corporate bonds (8%) Other including emerging markets and property (2%).

Investment performance is reviewed annually against a total return target of 6.5% - 7.0% per annum (assuming RPI inflation of 3%). The Trustees were satisfied with the total return of 5.0% (2021: 2.1%), comprised of 3.1% Capital Return and 1.9% Income return for the financial year. All investments have been made within the agreed policy.

Reserves Policy and Performance

Total funds held amount to £27,058k (2021: £25,003k as restated) of which £1,162k is restricted (2021: £1,185k), with the remaining £25,896k unrestricted (2021: £23,818k as restated). To establish an appropriate level of working capital, and to protect the future operations of the organisation from the effects of any unforeseen variations, the Board holds free reserves in its unrestricted funds. The level of reserves is monitored by the Trustees throughout the year, and the Trustees review the Group's Reserves Policy annually.

The Reserves Policy sets a minimum target of free reserves of £5.5m (2021: £5.5m), with the available level of reserves being £11.8m. The minimum target of free reserves is based on the Board's assessment of the level of reserves required to off-set significant payment delays from commissioners, and the potential loss of a significant contract. The level of reserve headroom was £6.3m (calculated as the difference between Unrestricted Funds adjusted for Fixed Assets (excluding Investments), budgeted capital expenditure and a self-insurance provision, compared to the minimum target) at the end of the year which the Trustees consider to be satisfactory. This headroom is required to be held to support any future under funding to the Charity, see the Going Concern accounting policy.

Principal Risks and Uncertainties

The main factors and influences that will have an effect on the future performance of the Group are considered regularly by the Executive Team and the Board. Those events or risks that could prevent the strategic objectives from being achieved are recorded and monitored for each area of the business.

The key controls required to manage each risk, together with the person responsible for the control are also recorded. The risks are then assessed according to the probability of the risk occurring and the potential impact given the current control environment. The key risks monitored by the Board are shown below:

Strategic Risk	Mitigating Actions being taken
Government failure to address Social Care reform and sector funding. AFG Learning Disability contracts become financially unsustainable to provide quality care.	• Local authorities made aware of the requirement for additional funding to ensure viability of services. • Our cost models have been shared with a number of commissioners to provide visibility re. rates required to achieve financial sustainability. • The organisation continues to identify areas for cost reduction, especially in areas where costs are not funded within commissioners' fees. • Increased procurement activity to drive greater value for money on largest expenditure items. • The organisation continues to closely monitor the financial viability of all commissioner contracts and will take appropriate actions as required including contract hand back.
UK political, economic, environmental and social factors (such as Brexit, economic performance, utility prices, inflation, tax/NI increases, Covid-19 impact) significantly impact AFG's ability to attract and retain our Workforce on national minimum wage.	• Local authorities made aware of the requirement for additional funding to cover costs associated with workforce shortages (agency), increased recruitment activity and attraction / retention (improved pay). • Additional investment made from reserves to increase staff pay to improve retention rates. • Additional investments made from reserves to support recruitment initiatives of new staff. • Increased use of casual staff and agency.
A further Covid-19 outbreak causes reduced workforce capacity impacting our ability to deliver care and support.	• High percentage of AFG staff vaccinated. • Strong management oversight (Both Executive and Operational); • Adherence to UK government guidelines re. social distancing, use of personal protective equipment and track and trace; • Restricting work-force movement and use of agency as appropriate; • Home working of all corporate staff; • Building work-force resilience/contingency through the enabling of corporate staff to provide front line support if required
AFG's clinical and care governance arrangements are not sufficient to achieve a minimum 'Good' CQC rating across all of the services provided	• Quality & Compliance function providing oversight of the support services provided by the Charity • At 31 March 2022, All AFG services rated Good or Better.

Fraud

The Group has a clear anti-fraud policy that has been approved by the Board. The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit and Risk Committee. There were no confirmed instances of fraud during the year.

Directors' and Officers' Liability Insurance

The Group has insurance policies in place which indemnify its Board members and Executive Officers against liability when acting on behalf of the Group.

Section 172 Statement

Section 172 of the Companies Act 2006 outlines how the Trustees have a duty to promote the success of the Charity to achieve its Charitable purpose. The Trustees of the Charity should perform this duty having regard to:

- The likely consequence of any decision in the long term;
- The interests of the Charity's employees;
- The need to foster the Charity's relationships with suppliers, customers and others;
- The impact of the Charity's operations on the community and the environment;
- The desirability of the Charity maintaining a reputation for high standards of business conduct;
- The need to act fairly between beneficiaries of the Charity.

In discharging our Section 172 duties we have given due regard to the matters set out above. In addition, we also give regard to other factors which we consider relevant to the decisions being made. Those factors for example include our relationships with our regulators and government agencies.

In discharging our duties, the following should be noted:

The likely consequence of any decision in the long term

Social Care continues to be underfunded year on year by the UK Government which puts significant strain on the provider sector. To maintain a level of control against these significant market challenges, exacerbated by significant inflationary pressure being seen at present, the Charity has been operating against a five-year strategy which was launched by the organisation in 2020. During the year the decision making of the Trustees has been made against the back-drop of this strategy. The Charity aims to retain control of its own survival and future despite the uncertainties and difficulties the market presents us. The strategy adopted outlines the plan for this and informs the Trustees future decision making framework.

The interests of the Charity's employees

The ability of the organisation to deliver against its overall Strategy, Annual Business Plan and Budget, as well as our commitments to our customers and the people we support lies in the quality, commitment, and contribution of our employees. We continue to actively encourage the involvement of employees in our decision-making process, and in this regard, we have an Employee Partnership Forum (EPF), which is jointly chaired by the Chief Executive Officer and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters. We undertake an annual Employee Engagement Survey and use the feedback received to influence decision-making and shape future workforce priorities. We communicate regularly with our employees through team meetings, service visits, Executive briefings, and our internal social network platform.

AFG's Vision and Values were developed by our employees and our employees are intrinsic to generating the positive and capable culture we have at AFG. AFG has a specific People & Organisational Development Strategy that aims to attract, develop, and engage our workforce. We hold an annual staff awards event called "Celebrate Success" in which we recognise and reward employees that have gone above and beyond in their duties. We have a "Credit Where Credit is Due" employee recognition scheme, and we provide an employee discount platform amongst other employee benefits.

The need to foster the Charity's relationships with suppliers, customers, service users and others

During the period both the Trustees and Executive continue to engage in virtual service "Walkabouts" to meet service users and staff, thus fostering a good understanding of what is working well and where there are opportunities for improvement.

The Executive and Senior Leadership team have strong relationships with all those who commission our services (whether that be local authorities, clinical commissioning groups or private individuals).

AFG's work is all about working with people collaboratively so building strong relationships with our commissioners, partners and suppliers is seen as vitally important to the long-term success and sustainability of the Charity. Where issues are raised by our commissioners or partners, the organisation looks to resolve these issues promptly. The Executive Team continue to work closely with our regulators, The Charity Commission, and the Care Quality Commission. AFG are part of the CQC Market Oversight scheme in which we have developed excellent relationships and understanding (see also the "Engaging with the People we Support" section of the Strategic Report).

The impact of the Charity's operations on the community and the environment

Alternative Futures Group is a community-based charity providing care and supported living services for adults with learning disabilities, autism and acquired brain injury, as well as adults with mental health and rehabilitation need. As an integral part of our services, we encourage the people we support to actively participate in community activities and promote the benefits of the community to support their independent living. Our community services hold regular community events that invite the community to get involved with supporting and promoting our services within the community. This helps the people we support to access their community more, to forge new relationships and to build their confidence and independence. Equally, it helps to promote a greater degree of awareness to the community of our services and the positive impact of the people we support, our staff and the Charity's purpose.

AFG are committed to being a socially responsible organisation and delivering significant social value to communities and society.

AFG are also an environmentally focused organisation fully aware of our responsibilities and carbon footprint. We are moving towards being a fully digital and paperless organisation in the future. We have home-working policies that reduce travel requirements and we sold the corporate headquarters during the year. We re-cycle most of our office waste and we re-cycle and donate IT equipment, furniture and other goods to other charities and the local community. The Charity acknowledges its reporting requirements under Companies Act 2006 regarding energy use and carbon emissions and is looking at measures to further reduce its carbon footprint (see Streamline Energy and Carbon Reporting section of Report of the Trustees on pages 11-12).

The desirability of the Charity maintaining a reputation for high standards of business conduct

The Charity operates under the strict regulation of both the Charity Commission and the Care Quality Commission (including Market Oversight).

The Charity engages the services of an internal audit provider to ensure the control environment within which the organisation operates is robust. Additionally, the Audit & Risk Committee of the Charity works closely with the Executive to ensure strategic risks are identified, the potential impact of these risks is understood with appropriate action taken to mitigate. The Charity also operates a Finance Committee and Quality & Compliance Committee, providing the Executive Team with a more detailed level of oversight in these areas.

The Charity operates a "whistle-blower" hotline (the service being provided by our internal auditors) which provides an appropriate and independent channel for concerns to be reported.

The Trustees are custodians of the Charity and the above enables the Charity to be operated within a strong governance framework, thus ensuring that risk is identified and mitigated and that the decision making process is robust and subject to appropriate oversight and scrutiny.

The need to act fairly between beneficiaries of the Charity

The engagement of the people we support is critical to the successful operation of the Charity. Service User engagement is led by our local managers, who seek advice from local groups on how to increase their involvement and as well as exploring new methods of seeking feedback.

Future Plans - Our 2022/23 Objectives

In 2019/20, we delivered a year 0 annual business plan that built the foundations of our 5-year strategic plan. We standardised, optimised and streamlined our operations and corporate services as we responded to the critical financial challenges within our marketplace. In 2020/21, we commenced our strategic plan and delivered an annual business plan that protected our current business, built new partnerships to help us develop and grow, and pioneered new ways of working, new digital technologies and new service models. In 2021/22, we set an annual business plan that would aspire us to our new goals, accelerate our improvement plans (as we emerged from the pandemic) and begin to achieve some key milestones.

For 2022/23, we must continue with the fantastic progress we have made so-far, as we commence the third year of our 5-year strategic plan. During this year, we will take a pause and refresh our strategic plan as so much has changed in the external operating environment in the last 2 years. We must continue to be agile as an organisation in order to navigate the challenges and opportunities as they present. We enter a post-COVID, post-Brexit era with significant political, social and economic challenges including a war in Ukraine, a cost of living crisis, global inflation, workforce shortages etc. As such, our annual business plan for 2022/23 aims to address these challenges with a single-minded in-year focus on pay, people and our performance. Alongside this we will continue to work closely and strategically (where possible) with our commissioners to resolve funding issues to maintain our high quality services. Furthermore, we will continue with our digital development programme to innovate new ways of delivering increased independence, choice and control for the people we support.

Auditors

A resolution to re-appoint RSM UK Audit LLP as the Group's external auditors for 2022/23 was proposed and agreed at the Board Meeting 9 November 2022.

Going Concern

Accounting standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

As observed in the prior year financial statements, the Charity has navigated its way through the Covid-19 pandemic extremely well. Notwithstanding this point there remains a level of uncertainty re. what challenges the pandemic may bring to both the sector and the wider economy in the future.

In the short run, the Covid-19 pandemic and the "cost of living" crisis has brought significant work-force challenges to the sector, with both retention and recruitment of staff becoming very real issues. Given these challenges, the Charity continues to invest in pay with a budget deficit being set for the 2022/23 financial year, which will be funded through the reserves of the Charity. As we look forward, the organisation will continue to look for opportunities to optimise its position in the sector.

In considering the appropriateness of the going concern assumption, Income & Expenditure and Cash-flow projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning the financial statements. As at 31 March 2022 the Charity reported a cash balance of £4.84m (2021: £4.90m) and liquid investments of £13.49m (2021: £9.84m). Since the 31 March 2022 trading performance continues to remain stable with actual performance approximating to Budget.

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Statement of Trustees' Responsibilities

The Trustees, as the Directors of AFG, are responsible for preparing the Trustees' Annual Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity and Group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees which also contains a directors' report as required by company law and the incorporated Strategic Report was approved on 20 December 2022 and signed on its behalf by:

Brian M Walsh

Brian Walsh

Chair – Alternative Futures Group
20 December 2022

Opinion

We have audited the financial statements of Alternative Futures Group Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including 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 Companies Act 2006.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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 trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006 and Charities Act 2011. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included:

- reviewing the financial statements including the Report of the Trustees,
- remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission (CQC) regulation. Audit procedures performed included but were not limited to;

- inquiry of management directly involved with monitoring whether the group is in compliance with these law and regulations,
- reviewing board minutes to review for any regulatory discussions; and
- reviewing CQC inspection reports where they have occurred during the financial period.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to;

- testing manual journal entries and other adjustments
- evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- challenging judgements and estimates.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

Date: 21 December 2022

Alternative Futures Group Limited
Consolidated Statement of Financial Activities (including Consolidated Income & Expenditure Account)
For the year ended 31 March 2022

	Note	Unrestricted funds £000	Restricted funds £000	Total 2022 £000	Unrestricted funds (as restated) £000	Restricted funds £000	Total 2021 (as restated) £000
Income							
Charitable activities	2	60,099	-	60,099	59,157	-	59,157
Investments	3	91	-	91	91	-	91
Government Grants	4	1,164	-	1,164	704	-	704
Total income		61,354	-	61,354	59,952	-	59,952
Expenditure on:							
Charitable activities (including exceptional cost amounting to £123,000 (2021: £447,000))	5 & 6	59,600	23	59,623	59,435	23	59,458
Raising funds		-	-	-	40	-	40
Total expenditure		59,600	23	59,623	59,475	23	59,498
Net gain on investments	14	170	-	170	741	-	741
Net Income		1,924	(23)	1,901	1,218	(23)	1,195
Gross Transfers between Funds		-	-	-	334	(334)	-
Net income before other recognised gains and losses		1,924	(23)	1,901	1,552	(357)	1,195
Other recognised Gains / (losses)							
Actuarial gain/(loss) on defined benefit pension scheme	22	154	-	154	(185)	-	(185)
Total other recognised gains / (losses)		154	-	154	(185)	-	(185)
Net movement in funds		2,078	(23)	2,055	1,367	(357)	1,010
Reconciliation of funds							
Total funds brought forward as restated	1	23,818	1,185	25,003	22,451	1,542	23,993
Total funds carried forward	18	25,896	1,162	27,058	23,818	1,185	25,003

There were no new or discontinued operations undertaken during the year.
There are no recognised gains or losses, other than those included in the Statement of Financial Activities.

Alternative Futures Group Limited
Consolidated Balance Sheet
As at 31 March 2022

Company No: 02679915
Charity No: 1008587

	Note	2022 £000	£000	2021 (as restated) £000	£000
Fixed assets					
Intangible assets	11		913		1,326
Tangible assets	12		9,344		11,174
Investments	14		13,492		9,844
			<u>23,749</u>		<u>22,344</u>
Current assets					
Debtors	15	5,397		4,482	
Cash in hand and at bank		<u>4,839</u>		<u>4,909</u>	
		10,236		9,391	
Current liabilities					
Creditors: amounts falling due within one year	16	<u>(7,257)</u>		<u>(6,931)</u>	
Net current assets			<u>2,979</u>		<u>2,460</u>
Total assets less current liabilities			<u>26,728</u>		<u>24,804</u>
Defined benefit pension scheme asset	22		330		199
Total net assets			<u>27,058</u>		<u>25,003</u>
Funds:					
Unrestricted funds	18		25,896		23,818
Restricted funds	18		<u>1,162</u>		<u>1,185</u>
			<u>27,058</u>		<u>25,003</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 20 December 2022, and signed on their behalf by:

Brian M Walsh

Brian Walsh – Chair

	Note	2022 £000	2021 (as restated) £000
Fixed assets			
Intangible assets	11	913	1,326
Tangible assets	12	9,344	11,174
Investments in subsidiary	13	-	-
Investments	14	13,492	9,844
		23,749	22,344
Current assets			
Debtors	15	5,397	4,557
Cash in hand		4,839	4,898
		10,236	9,455
Creditors: amounts falling due within one year	16	(7,191)	(6,887)
Net current assets		3,045	2,568
Total assets less current liabilities		26,794	24,912
Defined benefit pension scheme asset	22	330	199
Total net assets		27,124	25,111
Funds:			
Unrestricted funds	18	25,962	23,926
Restricted funds	18	1,162	1,185
		27,124	25,111

The entity has taken the exemption from presenting its unconsolidated income and expenditure account under section 408 of the Companies Act 2006. The unconsolidated gain in relation to the company for the year was £1,859,000 (2021 as restated: £1,094,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 20 December 2022, and signed on their behalf by:

Brian M Walsh

Brian Walsh – Chair

Alternative Futures Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Cash flows generated from operating activities	19	2,441	4,868
Investing activities			
Purchase of fixed assets		(1,003)	(479)
Proceeds from sale of fixed assets		1,970	5,258
Purchase of investments		(4,037)	(5,550)
Proceeds from sale of investments		559	257
Net cash (used in) investing activities		<u>(2,511)</u>	<u>(514)</u>
Financing activities			
Repayments of bank loans		-	(3,001)
Net cash (used in) financing activities		<u>-</u>	<u>(3,001)</u>
Net (decrease)/increase in cash and cash equivalents		(70)	1,353
Cash and cash equivalents at beginning of year		<u>4,909</u>	<u>3,556</u>
Cash and cash equivalents at end of year		<u><u>4,839</u></u>	<u><u>4,909</u></u>
Relating to			
Cash at bank and in hand		<u><u>4,839</u></u>	<u><u>4,909</u></u>

Analysis of changes in net debt

	At 1 April 2021 £000	Cashflows £000	At 31 March 2022 £000
Cash and cash equivalents			
Cash	4,909	(70)	4,839
Overdrafts	-	-	-
Total	4,909	(70)	4,839

ACCOUNTING POLICIES

General Information

Alternative Futures Group Limited is a private company, limited by guarantee, incorporated and registered in England, and a registered charity.

The address of the registered office and principal place of business is: Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP.

The company and the group's principal activities are stated in The Report of the Trustees on page 7.

Basis of Preparation

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Monetary amounts in the financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced Disclosure Exemption

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are provided on a consolidated basis:

- Section 7 Statement of Cash Flows – presentation of a statement of cashflow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going Concern

Accounting standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

As observed in the prior year financial statements, the Charity has navigated its way through the Covid-19 pandemic extremely well. Notwithstanding this point there remains a level of uncertainty re. what challenges the pandemic may bring to both the sector and the wider economy in the future.

In the short run, the Covid-19 pandemic and the "cost of living" crisis has brought significant work-force challenges to the sector, with both retention and recruitment of staff becoming very real issues. Given these challenges, the Charity continues to invest in pay with a budget deficit being set for the 2022/23 financial year, which will be funded through the reserves of the Charity. As we look forward, the organisation will continue to look for opportunities to optimise its position in the sector.

In considering the appropriateness of the going concern assumption, Income & Expenditure and Cash-flow projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning the financial statements. As at 31 March 2022 the Charity reported a cash balance of £4.84m (2021: £4.90m) and liquid investments of £13.49m (2021: £9.84m). Since 31 March 2022, trading performance continues to remain stable with actual performance approximating to Budget.

ACCOUNTING POLICIES (CONTINUED)

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate those of Alternative Futures Group Limited and of its subsidiary, Red Hazels Developments Limited (ie entity that the Group controls through its power to govern the financial and operating policies, so as to obtain economic benefits). All financial statements are made up to 31 March 2022.

All intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The investment in the subsidiary undertaking is stated at cost.

Income

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Income is recognised in the period in which the service is provided.

Where there is doubt regarding the accuracy of the invoicing / recoverability of the debt, the organisation has in place a Credit Note provisioning policy.

Income from Charitable activities

Income from charitable activities represents the total amount receivable by the Charity, after determination by outside agencies and consideration of an individual's entitlement.

Government Grants

Government grants received are recognised in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income, when the amount can be quantified with reasonable accuracy and when the amount is likely to be received. During the period the Charity has recognised monies in the SOFA primarily relating to Covid Infection Control Monies (2021: Coronavirus Job Retention Scheme) (Note 3).

Additionally, the Charity received personal protective equipment from the Government at nil cost to help ensure the safety of staff and service users during the Covid-19 pandemic. No amounts have been included in the financial statements relating to these items due to difficulties re. measurement.

Investment income

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to that expenditure. Expenditure is recognised when, and to the extent that, a liability is incurred or increases without a commensurate increase in recognised assets or decrease in liabilities. All expenditure is accounted for on an accruals basis and is classified under appropriate headings that aggregate all costs relating to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated to such activities and those costs of an indirect nature necessary to support them.

ACCOUNTING POLICIES (CONTINUED)

Support costs

Support costs include both central and governance functions and have been allocated to activity cost categories in proportion to the income of each category.

Other expenditure

Other expenditure represents those items not falling into any other heading.

Intangible Fixed Assets Including Goodwill and Software

Intangible fixed assets include goodwill and software. Goodwill relates to contracts acquired in 2013 and is stated at cost, net of amortisation and impairment. Goodwill has been amortised over 3 years, representing the life of the contract, and has been fully amortised in previous years.

Intangible assets also include acquired software costs together with capitalised development expenditure in relation to time costs of individuals working on the design configuration and testing of new software systems. They are amortised over 5 years once the software is available for its intended use, which is the intended useful life of the software. AFG capitalises development expenditure as an intangible asset when it can demonstrate the following:

- the technical feasibility of completing the development, so the intangible asset will be available for use;
- the intention to complete the development and use the intangible asset;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- its ability to measure reliably the expenditure attributable to the intangible asset during development.

Where these criteria are not met, expenditure is charged to the Statement of Financial Activities as research costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment.

Tangible fixed assets comprise freehold land and buildings, office furniture and equipment, vehicles, and property furniture and furnishings. Property furniture and fittings for new schemes are capitalised as tangible fixed assets for AFG's own use, whilst replacement items are capitalised if their value as a single item or as a group of items purchased together, is £300 or more.

Depreciation is provided so as to write off the cost of the assets, other than freehold land, on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are:

Freehold properties	2-10% on cost
Furniture & Equipment	5-33% on cost

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset. Shortfalls between the carrying value of the fixed assets and their recoverable amounts, being the higher of the fair value less costs to sell and value in use are recognised as impairment losses and recognised as an expense within the Statement of Financial Activities.

ACCOUNTING POLICIES (CONTINUED)

Investments

Investments, excluding the investment in the subsidiary, are stated at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Listed investments held are stated at the quoted market price. In the separate accounts of the charity, the investment in the subsidiary is initially measured at cost, and subsequently measured at cost less any accumulated impairment losses.

Where cash is held within the Investment Portfolio, this is invested when the advisors consider market conditions to be suitable.

Financial Instruments

AFG's Financial Instruments are considered as Basic Financial Instruments in accordance with Section 11 of FRS102. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for listed investments which are valued at fair value through profit or loss.

Debtors

Trade and other debtors are recognised at the amount invoiced, with the Charity carrying a credit note provision, the provision being based on the age of the debt. The value of the credit note provision is formally reviewed annually as part of the Statutory Accounts process, with an ongoing monthly review of the overall Trade Debtors position. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and In Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where AFG has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Retirement Benefits - Pension Schemes

Contributions are made by AFG to the four pension schemes that are in operation, as follows:

- The National Health Service (NHS) Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury. The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme; the amount charged against profits represents the contributions to the scheme.

ACCOUNTING POLICIES (CONTINUED)

Retirement Benefits - Pension Schemes cont

- A stakeholder pension scheme, for certain senior members of staff, at a contribution rate of up to 14% of annual basic pay. The amount charged to the Statement of Financial Activities 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 balance sheet.
- Two defined benefit pension schemes in respect of admissions of staff as a result of TUPE transfers are funded by the participating employees and employers in the scheme. Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the income and expenditure account. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the Statement of Financial Activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the Statement of Financial Activities as other finance costs or income. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme surpluses (to the extent that they can be recovered) or deficits are recognised in full on the balance sheet.

The assets of these schemes are administered, by Trustees, in funds independent from those of the Charity.

Leasing Commitments

Rentals paid under operating leases are charged to the statement of financial activities over the life of the lease on a straight-line basis.

Realised Gains & Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Fund Accounting

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

ACCOUNTING POLICIES (CONTINUED)

Restricted funds

Restricted funds are subject to specific restrictive conditions imposed by the donor or grant making body. All restricted funds are accounted for as restricted income and expenditure for the purposes charged to the fund, together with a fair allocation of overheads and support costs.

Critical Accounting Estimates and Areas of Judgement

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not consider any accounting estimates to be critical.

The key assumptions and area of judgement applied by Alternative Futures Group Limited are as follows:

- Given the ageing of the trade debtors of the Charity, management continue to carry a credit note provision. The provision in place arises as a consequence of invoicing errors, such errors dating back a number of years. Management continue to review the appropriateness of the provision, with the provision made being estimated based on the aging of the balance. The Charity will continue to work closely with its commissioners to ensure the resolution of issues and the optimisation of recovery.

1 PRIOR PERIOD ADJUSTMENT

In prior years, net defined benefit pension surpluses in respect of AFG's participation in two Local Government pension schemes have not been recognised on the balance sheet as it was understood that AFG would be unable to recover the surplus either through reduced future contributions or refunds. AFG has revisited this conclusion in light of the materiality of the current year surplus and after a detailed review of the scheme rules has determined that surpluses can indeed be recovered on the basis of reduced future contributions and accordingly a surplus can be recognised on the balance sheet.

The comparative figures have been restated in order to include the surplus existing at 2021 and reflect the movements in the surplus during that year. The impact on each of the line items affected is set out below. The impact affected unrestricted funds only, and there was no impact on Net income before other recognised gains and losses.

Group

Reconciliation of changes in funds

	1 April 2020	31 March 2021
	£000	£000
Funds as previously reported	<u>23,594</u>	<u>24,804</u>
Adjustments to prior year		
Recognition of pension scheme asset	399	199
	<u>23,993</u>	<u>25,003</u>
Funds as restated		

Reconciliation of changes in consolidated Statement of Financial Activities

	As previously reported £000	Adjustment £000	31 March 2021 as restated £000
Other recognised gains and losses	15	(200)	(185)
Net movement in funds restated	1,210	<u>(200)</u>	<u>1,010</u>

1 PRIOR PERIOD ADJUSTMENT (continued)

Company

Reconciliation of changes in funds

	1 April 2020 £000	31 March 2021 £000
Funds as previously reported	<u>23,803</u>	<u>24,912</u>
Adjustments to prior year		
Recognition of pension scheme asset	399	199
	<u>24,202</u>	<u>25,111</u>
Funds as adjusted		

2 CHARITABLE ACTIVITIES INCOME

	2022 £000	2021 £000
Supported living services	49,984	48,135
Independent Hospitals	<u>10,115</u>	<u>11,022</u>
	<u>60,099</u>	<u>59,157</u>

All income in the current and prior year was unrestricted.

3 INVESTMENT INCOME

	2022 £000	2021 £000
Dividends – UK equity	30	38
Dividends – Overseas equities	24	15
Dividends – other	13	14
Interest – UK fixed interest securities	18	24
Interest on cash deposits	<u>6</u>	<u>-</u>
	<u>91</u>	<u>91</u>

All current and prior year income was unrestricted.

4 GOVERNMENT AND LOCAL AUTHORITY GRANTS

	2022 £000	2021 £000
Coronavirus Job Retention Scheme	52	635
Infection Control income from Local Authorities	1,112	69
	<u>1,164</u>	<u>704</u>

All income in the current and prior year was unrestricted.

5 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct staff costs £000	Direct non-staff costs £000	Operational Service Support costs £000	Corporate Support costs £000	2022 £000	2021 £000
Provision of support and care						
Supported living	42,802	452	1,782	5,787	50,823	49,992
Independent Hospitals	3,854	3,202	407	1,316	8,779	9,458
Adult Care Homes	21	-	-	-	21	-
Adult Care Homes with Nursing	-	-	-	-	-	8
Total charitable activities	<u>46,677</u>	<u>3,654</u>	<u>2,189</u>	<u>7,103</u>	<u>59,623</u>	<u>59,458</u>

	Unrestricted £000	Restricted £000	2022 £000	Unrestricted £000	Restricted £000	2021 £000
Provision of support and care						
Supported living	50,823	-	50,823	49,992	-	49,992
Independent Hospitals	8,756	23	8,779	9,435	23	9,458
Adult Care Homes	21	-	21	-	-	-
Adult Care Homes with Nursing	-	-	-	8	-	8
Total charitable activities	<u>59,600</u>	<u>23</u>	<u>59,623</u>	<u>59,435</u>	<u>23</u>	<u>59,458</u>

6 EXCEPTIONAL ITEMS

	2022 £000	2021 £000
Loss/(Profit) on the Sale of Assets	23	(1,088)
Impairment of properties within Tangible Assets	-	1,532
Staff Costs, including redundancy, taxes and pensions	100	3
	<u>123</u>	<u>447</u>

On 13 August 2021 the Charity disposed of its former Head Office Lion Court, generating a small loss on disposal of £23k.

7 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	2022 £000	2021 £000
OPERATIONAL SERVICE SUPPORT COSTS		
Operational Support / CQC Registered Addresses / Regional Offices	56	80
Operational Management / Workforce Planning / Rostering	531	703
Operational Services ICT Infrastructure	526	619
Operational Services Learning & Development Costs	778	595
Operational Services Quality Support Costs	298	272
	<u>2,189</u>	<u>2,269</u>

	2022 £000	2021 £000
CORPORATE SUPPORT COSTS		
Financial, Transaction & Reporting, Banking & Audit Costs	1,213	829
HR & Recruitment Costs	1,618	1,216
ICT, Software Licencing, Depreciation and Support Desk	1,994	1,624
Insurance Costs	710	642
Governance & Administration	690	665
Risk & Assurance	14	56
Premises Running Costs	214	636
Legal Fees	95	111
Chief Executive Department	555	281
	<u>7,103</u>	<u>6,060</u>

During the year the organisation has continued to review its cost base to ensure costs are appropriately reported as either Operational or Corporate costs.

Governance costs include internal audit fees of £39,082 (2021: £55,836) and external audit fees of £112,882 (2021: £77,850), Trustee development £Nil (2021: £Nil). Trustee indemnity insurance £Nil (2021: £Nil) is not individually identified, but contained within the overall Social Care Insurance Premium.

Staff costs included within support costs amount to £5,562,661 (2021: £4,743,284).

8 NET INCOME FOR THE YEAR

This is stated after charging:

	2022 £000	2021 £000
Operating lease rentals	179	200
Depreciation and amortisation:		
Intangible fixed assets, owned (see note 11)	73	123
Tangible fixed assets, owned (see note 12)	712	737
Bank interest payable on bank loan	-	35
Auditor's remuneration:		
- audit fees	74	78
- accountancy fees	7	-
	<u>7</u>	<u>-</u>

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL

Staff costs during the year were as follows:

	2022	2021
Group	£000	£000
Wages and salaries	47,375	47,280
Social security costs	3,508	3,374
Employer pension costs – operating cost in respect of DB Schemes	39	31
Employer pension costs – costs of contributions paid to DC schemes	1,181	1,273
Redundancy payments	<u>100</u>	<u>3</u>
	<u>52,203</u>	<u>51,961</u>
	2022	2021
Company	£000	£000
Wages and salaries	47,375	47,280
Social security costs	3,508	3,374
Employer pension costs – operating cost in respect of DB Schemes	39	31
Employer pension costs – costs of contributions paid to DC schemes	1,181	1,273
Redundancy payments	<u>100</u>	<u>3</u>
	<u>52,203</u>	<u>51,961</u>

During the year the organisation commenced a review of both its senior management and operational management, with a provision of £0.1m established in this regard, which is held within other creditors.

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL (CONTINUED)

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

	Number of employees	
	2022	2021
£60,001 to £70,000	2	1
£100,001 to £110,000	-	2
£110,001 to £120,000	3	2
£120,001 to £130,000	1	-
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-
	<u>7</u>	<u>6</u>

The key management personnel of the charity comprise the executive team, but does not include the Chair. Total cost to the charity for employee benefits of the key management personnel of the Group was £759,270 (2021: £767,130).

During the year the following amounts were paid to pension schemes:

	2022 £000	2021 £000
Pension contributions to money purchase schemes	908	971
Pension contributions to defined benefit schemes	273	302
	<u>1,181</u>	<u>1,273</u>

Pension contributions are allocated to unrestricted funds. Costs are allocated to activity cost categories in proportion to the income generated by each activity.

The numbers of staff to whom retirement benefits are accruing are as follows:

	Number of employees	
	2022	2021
Money Purchase Schemes	1,435	1,595
Defined Benefit Schemes	<u>68</u>	<u>77</u>
	<u>1,503</u>	<u>1,672</u>

During the year four higher paid employees (2021: five) participated in a money purchase pension scheme. Employer contributions for the higher paid employees were £58,651 (2021: £56,807).

One of the higher paid employees (2021: one) does not participate in a pension scheme.

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL (CONTINUED)

The Chair of the Board of Trustees, Chris Hannah, received remuneration in the year of £8,750 (2021: £15,000), Chris Hannah resigned 31 October 2021 with Brian Walsh being appointed as the new Chair 1 November 2021. Brian Walsh received remuneration in the year of £6,250 (2021: £Nil), as allowed in the Memorandum and Articles of Association and agreement from the Charity Commission in June 2011. The Chair received £Nil pension contributions during the year (2021: £Nil). The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee. During the year the Chair will attend quarterly Board meetings, if required Extra-ordinary Board meetings and various workshops. Additionally, the Chair works closely with the Chief Executive Officer in the development of the strategy of the Charity.

No other Trustees, or persons with a family or business connection with a Trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity. The trustees received no pension contributions. One Trustee (2021: Nil) received £66 reimbursement for travelling expenses in the current year (2021: £Nil).

10 STAFF NUMBERS

Group

The average number of employees during the year was as follows:

	No of employees	
	2022	2021
Management and Operational Care and Support Staff	1,752	1,878
Governance and administration of the charity	10	10
	<u>1,762</u>	<u>1,888</u>

The average number of employees on a full-time equivalent basis during the year was as follows:

	No of employees	
	2022	2021
Management and Operational Care and Support Staff	1,542	1,653
Governance and administration of the charity	10	10
	<u>1,552</u>	<u>1,663</u>

Red Hazels Developments Ltd did not have any employees in either year.

11 INTANGIBLE ASSETS
Group and Company

	Capitalised development costs £000	Software £000	Goodwill £000	Total £000
Cost				
As at 1 April 2021	221	1,523	1,300	3,044
Additions	<u>128</u>	<u>-</u>	<u>-</u>	<u>128</u>
As at 31 March 2022	<u>349</u>	<u>1,523</u>	<u>1,300</u>	<u>3,172</u>
Amortisation				
As at 1 April 2021	-	418	1,300	1,718
Provided in the year	<u>-</u>	<u>541</u>	<u>-</u>	<u>541</u>
As at 31 March 2022	<u>-</u>	<u>959</u>	<u>1,300</u>	<u>2,259</u>
Net book amount at 31 March 2022	<u>349</u>	<u>564</u>	<u>-</u>	<u>913</u>
Net book amount at 31 March 2021	<u>221</u>	<u>1,105</u>	<u>-</u>	<u>1,326</u>

Included within the value of amortisation provided in the year is £468,000 (2021: £Nil) which has been previously recognised as an expense but incorrectly allocated to accruals. This is a cumulative value and is corrected in the current year.

Capitalised development costs relate to the development of the new Finance & Procurement system (expected to go live during 2022/23 financial year), and the new Care Management system (expected to go live 2024/25 financial year). Amortisation relating to these assets will only be charged when they are available for use.

Amortisation charged in the year on software has been recognised within charitable activities expenditure.

12 TANGIBLE FIXED ASSETS
Group and Company

	Freehold land and buildings £000	Furniture and equipment £000	Total £000
Cost			
As at 1 April 2021	16,567	5,903	22,470
Additions	340	535	875
Disposals at Cost	<u>(4,525)</u>	<u>(444)</u>	<u>(4,969)</u>
As at 31 March 2022	<u>12,382</u>	<u>5,994</u>	<u>18,376</u>
Depreciation and Impairment			
As at 1 April 2021	6,772	4,524	11,296
Disposals at Cost	<u>(2,543)</u>	<u>(433)</u>	<u>(2,976)</u>
Provided in the year	<u>455</u>	<u>257</u>	<u>712</u>
As at 31 March 2022	<u>4,684</u>	<u>4,348</u>	<u>9,032</u>
Net book amount at 31 March 2022	<u>7,698</u>	<u>1,646</u>	<u>9,344</u>
Net book amount at 31 March 2021	<u>9,795</u>	<u>1,379</u>	<u>11,174</u>

The cost of land held within freehold land and buildings amounts to £2,394,307 (2021: £3,275,557) and is not depreciated.

Included within freehold land and buildings above are no properties (2021: one property) under long leasehold of net book value £Nil (2021: £1,203,484).

During the year, the Charity completed the disposal of Lion Court, its previous head office.

13 INVESTMENTS IN SUBSIDIARY

Company	Registered office	Principal activity	Shares held Class	%
Red Hazels Developments Limited (Company number 09498298)	Exchange Station, Tithebarn Street, Liverpool, England, L2 2QP	Property development	Ordinary	100

The charity holds one share of £10 in its wholly owned trading subsidiary company Red Hazels Developments Limited. This is the only share allotted, called up and fully paid.

The Directors of the parent company Alternative Futures Group Limited have made a decision to strike off at Companies House, Red Hazels Developments Limited, this activity has not yet been completed.

The amounts included within the consolidated accounts for the subsidiary company are:

	2022 £000	2021 £000
Turnover	-	-
Expenditure, including Interest paid and received	5	4
(Loss)/Profit for the financial year	(5)	-
Total Assets	-	12
Total Liabilities	(113)	(120)
Equity at end of year	(113)	(108)

14 FIXED ASSET INVESTMENTS

Movement in fixed assets investments

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Fixed asset investments held for return:				
Listed investments	<u>13,492</u>	<u>9,844</u>	<u>13,492</u>	<u>9,844</u>
	<u>13,492</u>	<u>9,844</u>	<u>13,492</u>	<u>9,844</u>
	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Listed investments				
Fair value brought forward	9,844	3,810	9,844	3,810
Additions to investments at cost	1,537	5,550	1,537	5,550
Cash in transit	2,500	-	2,500	-
Disposal at carrying value	(559)	(257)	(559)	(257)
Changes in fair value	<u>170</u>	<u>741</u>	<u>170</u>	<u>741</u>
Fair value carried forward	<u>13,492</u>	<u>9,844</u>	<u>13,492</u>	<u>9,844</u>
Historical cost at 31 March	10,035	8,849	10,035	8,849

14 FIXED ASSET INVESTMENTS (CONTINUED)

Listed investments at fair value comprised:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Equities – UK	1,038	1,472	1,488	1,472
Equities – Overseas	2,440	1,856	1,990	1,856
Fixed interest securities – UK	1,104	1,214	1,104	1,214
Property – UK	223	202	223	202
Cash held for investment	8,687	5,100	8,687	5,100
	<u>13,492</u>	<u>9,844</u>	<u>13,492</u>	<u>9,844</u>
Fair value carried forward	<u>13,492</u>	<u>9,844</u>	<u>13,492</u>	<u>9,844</u>

The following holdings each constituted more than 5% of the year end fair value of the portfolio:

	2022	2021
	£'000	£'000
iShares Index Linked	496	474
Rathbone Ethical Bond	299	324
Troy Trojan	583	472
Baillie Gifford International	419	439
Evenlode Income	338	317
Artemis Income	366	345
M&G Charifund	334	312
Hermes Emerging Markets	294	338
Sarasin Global Higher Dividend	-	290
JPM Global Growth and Income	254	-
BNY Mellon Global Income	255	-
iShares MSCI World ETF	251	-

15 DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	2,934	2,815	2,934	2,815
Amounts owed from group	-	-	-	75
Prepayments	793	58	793	58
Accrued income	1,656	1,599	1,656	1,599
Other	14	10	14	10
	<u>5,397</u>	<u>4,482</u>	<u>5,397</u>	<u>4,557</u>

Trade debtors are stated after a credit note provision of £1,640,000 (2021: £1,640,000).

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	1,673	1,434	1,673	1,434
Accruals and deferred income	4,114	3,616	4,048	3,572
Social security and other taxes	840	1,317	840	1,317
Other creditors	630	564	630	564
	<u>7,257</u>	<u>6,931</u>	<u>7,191</u>	<u>6,887</u>

Included in other creditors is an amount of £179,637 (2021: £189,159) due to pension schemes which was paid subsequent to the year end.

Deferred Income at the end of the year was £1,185,469 (2021: £1,548,274) of which £58,590 (2021: £324,565) related to timing of invoices raised around year-end, £150,000 (2021: £656,585) related to Covid Infection control support, and the other £976,879 (2021: £567,124) related to invoices and payments in query, where monies received from commissioners do not match the amounts invoiced under the care-plans. Income deferred in the current year was £2,182,243 (2021: £1,355,320) and amounts released from prior year was £1,819,439 (2021: £473,370) .

17 FINANCIAL INSTRUMENTS

	2022	2021
	£000	£000
Financial assets:		
Instruments measured at fair value through profit or loss	<u>13,492</u>	<u>9,844</u>

18 MOVEMENT IN FUNDS

GROUP

	At 1 April 2021 (as restated)	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	23,818	61,354	(59,600)	170	-	154	25,896
Restricted funds: gifted properties	<u>1,185</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162</u>
Total funds	<u>25,003</u>	<u>61,354</u>	<u>(59,623)</u>	<u>170</u>	<u>-</u>	<u>154</u>	<u>27,058</u>

COMPANY

	At 1 April 2021 (as restated)	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	23,926	61,354	(59,642)	170	-	154	25,962
Restricted funds: gifted properties	<u>1,185</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162</u>
Total funds	<u>25,111</u>	<u>61,354</u>	<u>(59,665)</u>	<u>170</u>	<u>-</u>	<u>154</u>	<u>27,124</u>

Purpose of Restricted Fund

Restricted funds represent the book value of properties held which were gifted for use as treatment centres within Alternative Futures Group. The properties can only be used for this purpose. Any proposed change of use, including ceasing activities at the properties or a sale of the properties would require permission from the donor.

Purpose of Unrestricted Fund

Unrestricted funds are for the use of Alternative Futures Group Limited's charitable objectives.

18 MOVEMENT IN FUNDS (CONTINUED)

PRIOR YEAR MOVEMENT IN FUNDS

GROUP

	At 1 April 2020 (as restated)	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension (as restated)	At 31 March 2021 (as restated)
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	22,451	59,952	(59,475)	741	334	(185)	23,993
Restricted funds: gifted properties	<u>1,542</u>	<u>0</u>	<u>(23)</u>	<u>0</u>	<u>(334)</u>	<u>0</u>	<u>1,185</u>
Total funds	<u><u>23,993</u></u>	<u><u>59,952</u></u>	<u><u>(59,498)</u></u>	<u><u>741</u></u>	<u><u>0</u></u>	<u><u>(185)</u></u>	<u><u>25,003</u></u>

COMPANY

	At 1 April 2020 (as restated)	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension (as restated)	At 31 March 2021 (as restated)
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	22,660	59,952	(59,576)	741	334	(185)	23,926
Restricted funds: gifted properties	<u>1,542</u>	<u>0</u>	<u>(23)</u>	<u>0</u>	<u>(334)</u>	<u>0</u>	<u>1,185</u>
Total funds	<u><u>24,202</u></u>	<u><u>59,952</u></u>	<u><u>(59,599)</u></u>	<u><u>741</u></u>	<u><u>0</u></u>	<u><u>(185)</u></u>	<u><u>25,111</u></u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2022 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2022 £000
Intangible fixed assets	913	-	913
Tangible fixed assets	8,182	1,162	9,344
Investments	13,492	-	13,492
Current assets	10,236	-	10,236
Current liabilities	(7,257)	-	(7,257)
Pension	330	-	330
Net assets	<u>25,896</u>	<u>1,162</u>	<u>27,058</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2022 £000
Intangible fixed assets	913	-	913
Tangible fixed assets	8,182	1,162	9,344
Investments	13,492	-	13,492
Current assets	10,236	-	10,236
Current liabilities	(7,191)	-	(7,191)
Pension	330	-	330
Net assets	<u>25,962</u>	<u>1,162</u>	<u>27,124</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Fund balances at 31 March 2021 are represented by:

GROUP	Unrestricted funds (as restated) £000	Restricted funds £000	2021 (as restated) £000
Intangible fixed assets	1,326	-	1,326
Tangible fixed assets	9,989	1,185	11,174
Investments	9,844	-	9,844
Current assets	9,391	-	9,391
Current liabilities	(6,931)	-	(6,931)
Pension	199	-	199
Net assets	<u>23,818</u>	<u>1,185</u>	<u>25,003</u>

COMPANY	Unrestricted funds (as restated) £000	Restricted funds £000	2021 (as restated) £000
Intangible fixed assets	1,326	-	1,326
Tangible fixed assets	9,989	1,185	11,174
Investments	9,844	-	9,844
Current assets	9,455	-	9,455
Current liabilities	(6,887)	-	(6,887)
Pension	199	-	199
Net assets	<u>23,926</u>	<u>1,185</u>	<u>25,111</u>

20 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM CONSOLIDATED OPERATING ACTIVITIES

	2022 £000	2021 £000
Net Income	<u>1,901</u>	<u>1,195</u>
Adjustments for:		
Loss/(Profit) on disposal of tangible assets	23	(1,088)
Gains on investments	(170)	(741)
Amortisation charges	73	123
Depreciation charges	712	737
DB Scheme costs less contributions payable	38	41
DB Scheme net finance income	(15)	(26)
Movement on Doubtful Debt Provision	-	200
Impairment of Tangible Fixed Assets	<u>-</u>	<u>1,532</u>
	2,562	1,973
Movements in working capital:		
Decrease in stock	-	8
(Increase) /decrease in debtors	(915)	981
Increase in creditors	<u>794</u>	<u>1,906</u>
Net cash generated by operating activities	<u>2,441</u>	<u>4,868</u>

21 CAPITAL COMMITMENTS

The charity had total capital commitments of £Nil at 31 March 2022 (2021: £88,160). Capital commitments in respect of intangible assets were £Nil (2021: £Nil). Capital commitments in respect of tangible assets were £Nil (2021: £88,160).

22 RETIREMENT BENEFITS

Contributions are made to the four pension schemes that are in operation, as follows:

- The NHS Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury.

The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the amount charged against profits represents the contributions payable to the scheme.

- Stakeholder pension scheme with banded contributions up to 14% depending on grade are available to all staff.
- Two defined benefit schemes (as noted below) as a result of staff joining the company by means of TUPE transfer.

The assets of these schemes are administered, by Trustees, in funds independent from those of the group.

Defined benefit plans

Lancashire County Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced 10 November 2008. The figures cover the period from 1 April 2021 to 31 March 2022 and all the data items relate to the same period.

Greater Manchester Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced in June 2007.

The Balance Sheet and other disclosures as at 2022 are based on the last full actuarial valuations as at 31 March 2019 and updated to 31 March 2022, and include the pension schemes in aggregate.

Overall assumptions:

	Total of pension schemes 2022 %	Total of pension schemes 2021 %
Key assumptions used:		
Discount rate	2.8	2.1
Expected return on plan assets	11.9	15.7
Equities	11.9	15.7
Bonds	11.9	15.7
Property	11.9	15.7
Cash other	11.9	15.7
Rate of inflation	3.3	2.8
Expected rate of salary increases	4.4	3.9
Future pension increases	3.4	2.8

22 RETIREMENT BENEFITS (CONTINUED)

The average life expectancy for a current pensioner on the balance sheet date is:

	Total of pension schemes 2022 Years	Total of pension schemes 2021 Years
Male	21.3	21.5
Female	24.1	24.2

The average life expectancy for a future pensioner retiring at 65 aged at the balance sheet date:

	Total of pension schemes 2022 Years	Total of pension schemes 2021 Years
Male	22.7	22.9
Female	26.0	26.1

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Amounts recognised in the statement of financial activities in respect of these defined benefit schemes are as follows:

	Total of pension schemes 2022 £000	Total of pension schemes 2021 £000
Current service cost	47	49
Interest cost	142	136
Interest income	(157)	(162)
Administration costs	-	1
	<u>32</u>	<u>24</u>

Actuarial gains and losses are reported in the statement of financial activities. The gain recognised in 2022 was £154,000 (2021 as restated: £185,000 loss).

The actual return on scheme assets was £831,000 (2021: £583,000) for Lancashire County Pension Fund and £220,000 (2021: £380,000) for Greater Manchester Pension Fund.

22 RETIREMENT BENEFITS (CONTINUED)

The amount included in the Balance Sheet arising from the Group's obligation in respect of defined benefit retirement schemes is as follows:

	Total 2022 £000	Total 2021 (as restated) £000
Fair value of scheme assets	8,546	7,643
Present value of defined benefit obligations	<u>(6,836)</u>	<u>(6,942)</u>
Asset in scheme	1,710	701
Limit on asset in Greater Manchester scheme	(137)	(-)
Limit on asset in Lancashire scheme	<u>(1,243)</u>	<u>(502)</u>
Recognised in balance sheet	<u>330</u>	<u>199</u>

The asset recognised in the balance sheet has been limited to the lower of the FRS102 valuation, and the actuarial valuation of future service costs

Movements in the present value of defined benefit obligations in the current period were as follows:

	Total 2022 £000	Total 2021 £000
At start of period	6,942	5,867
Current service cost	47	49
Past service cost	-	-
Interest cost	142	136
Actuarial (gains) and losses	(161)	1,033
Contributions by plan participants	7	9
Benefits paid	<u>(141)</u>	<u>(152)</u>
At the end of the period	<u>6,836</u>	<u>6,942</u>

Movements in the fair value in the share of scheme assets in the current period were as follows:

	Total 2022 £000	Total 2021 £000
At start of period	7,643	6,881
Interest income	157	162
Administrative expenses	-	(1)
Return on plan assets less amounts included in net interest	871	735
Employer contributions	9	9
Members contributions	7	9
Benefits paid	<u>(141)</u>	<u>(152)</u>
At the end of the period	<u>8,546</u>	<u>7,643</u>

22 RETIREMENT BENEFITS (CONTINUED)

The analysis of the scheme assets at the balance sheet date were as follows:

Lancashire County Pension Fund

	Total of pension schemes Fair value assets 2022 £000	Total of pension schemes Fair value assets 2021 £000
Equity Instruments	6	2,751
Government bonds	53	-
Property	105	833
Cash / liquidity	165	129
Other assets	6,256	2,152
	<u>6,585</u>	<u>5,865</u>

Greater Manchester Pension Fund:

	Total of pension schemes Fair value assets 2022 £000	Total of pension schemes Fair value assets 2021 £000
Equity Instruments	1,314	1,280
Government bonds	294	213
Property	157	125
Cash / liquidity	196	160
	<u>1,961</u>	<u>1,778</u>

The estimated amounts of contributions expected to be paid to the schemes during the financial period ending 31 March 2022 are £Nil (2021: £Nil) in respect of Lancashire County Pension Fund and £9,000 (2021: £9,000) in respect of Greater Manchester Pension Fund.

23 LEASING COMMITMENTS

At the reporting end date the Group and Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	88	57	88	57
Between two and five years	126	14	126	14
	<u>214</u>	<u>71</u>	<u>214</u>	<u>71</u>

24 TAXATION

Alternative Futures Group Limited as a registered charity is exempt from Corporation Tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

25 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee incorporated within the United Kingdom and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

As at 31 March 2022, the company had 10 members (2021: 10).

26 CONTINGENT LIABILITIES

The Group provides a Death in Service benefit for all staff however the insurance policy does not provide the benefit to any staff aged over 75. The Directors are aware of a small cohort of staff who are aged over 75, and the estimated death in service benefit relating to those staff if it were to arise would be £199k.

The group is unaware of any other material liabilities for which provision has not been made in these financial statements.

27 RELATED PARTY TRANSACTIONS

There have been no related party transactions in the period other than trustee remuneration and expenses, as disclosed in Note 9, and transactions with the subsidiary Red Hazels Developments Limited disclosed below:

	2022 £	2021 £
Monies transferred to Red Hazels to pay creditors	-	89,493
Amounts discharged by AFG	(30)	(14,113)
Amounts owed from Red Hazels at 31 March	<u>67,285</u>	<u>75,380</u>

During the year, the bank account of Red Hazels Developments Limited was closed and an amount of £8,095 (2021: £Nil) was transferred to Alternative Futures Group Limited.

ALTERNATIVE FUTURES GROUP LIMITED

England & Wales - Charity number 1008587

Accounts



ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE YEAR ENDING
31 MARCH 2021**

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Alternative Futures Group Limited

Chair's Statement

After 14 privileged years at Alternative Futures Group (AFG), and 8 years as Chair, this will be my last entry in the accounts following my decision to step down effective 31st October 2021. In all my years leading the organisation, this must be the most extraordinary year, not only for the Charity, but also for global society as a whole.



We started 2020/21 with the onset of the Covid-19 pandemic and the unknown challenges it was going to bring to the organisation and the way we would live. In Health & Social Care provision, the Covid-19 challenges were extremely acute, with not only the requirement to protect the people we support, but also the need to protect our workforce in delivering front-line services.

Despite all the challenges the organisation faced through two unprecedented waves of Covid-19, PPE shortages, lockdowns etc., our staff acted incredibly bravely, tirelessly, and diligently to ensure our services continued providing high quality, amazing, care to the people we support.

The Board and I remain immensely proud and humbled by the stories of staff going the extra mile to ensure the safety, continuity of support, and normality of life (where possible) for the people we support during such a tough set of circumstances. We were also amazed by the sacrifices staff made in extreme circumstances, such as locking down in services, working extra shifts, and walking to work when public transport failed them.

To this end, I would like to pass on my sincere, personal thank you along with the gratitude of the entire Board to all our front-line workers for all they did, and continue to do, during this pandemic. You are all superheroes and your dedication to your role and the people we support is incredible.

Tragically, the organisation did not escape the devastating impact of Covid-19, and sadly 2 staff and 6 people supported lost their lives during 2020/21. Our hearts and thoughts will be with them and their families, always.

To test the organisation even further, during storm Christoph in January 2021 our largest independent hospital Lea Court in Warrington suffered a significant flood. Staff and patients were rescued by the emergency services in the middle of the night by boat! Once again the organisation rallied and following a short stay and recovery at our head office, all patients were safely repatriated the following evening to our other hospital facilities or to that of partner organisations. We have since completed a full clean-up and renovation of the unit over a 10-month period, and re-opened it as our flagship hospital in late-November 2021. My thanks and appreciation goes out to all the staff who kindly and unselfishly supported the evacuation and re-housing of the people we support that very difficult and challenging day.

Whilst the year was dominated by Covid-19, the organisation continued with the launch of its 5-year strategic plan. Our goal, to trailblaze once more and make AFG the leading provider of digitally-connected support services. At AFG, we recognise that many of the people we support have a real opportunity to increase their self-independence and inclusion through the use of digital technology, much of which is already available to them today. AFG will lead the way to make this a reality for them and help them achieve the greatest level of independence, choice and control they can. In 2020/21, we commenced a number of pilots to explore these opportunities with a view to integrate successes into our future service models.

Our strategic plan was equally focused on addressing the organisations current financial challenges in order to move the organisation to a stronger position of financial stability. I am pleased to report that at the end of this financial year, the overall organisation returned an operating surplus, our first surplus in 5 years, showing that our strategic plan is working and on track to move us into a more financially sustainable position over the near future.

As part of our financial plan, we also continued our cost reduction programme. In 2020/21, we made several property disposals including the sale of Childwall Brook and Tesito House. These were planned disposals of two independent hospitals that were no longer in service or required by our

commissioners. Similarly, the organisation made a bold decision during Covid-19 to move all head office staff to home working. This accelerated our plans to downsize from our large corporate head

office and find a new home more fitting to AFGs future plans. We disposed of Lion Court mid-2021 and we currently are seeking a new head office to meet our future strategic needs. I would like to thank all our corporate staff for their seamless transition to home working and their continued hard work in supporting our operational colleagues.

I am also delighted to report that the Annual Business Plan achieved the majority of its key aims, objectives and financial targets for the year (Covid-19 impact aside). Our key highlights being the launch of our new Quality Assurance Framework and the launch of our Butterfly Moments initiative. For the latter it was fantastic to see so many Butterfly Moments captured on digital image on the organisation's Yammer channel. Creating a world where people control their lives is our vision and to see the people we support achieve so many of their personal goals in their lives is fantastic. Congratulations to all of them.

In our markets, Adult Social Care has continued to lack the critical investment it requires at Local Authority level as the Government failed to address the reform and funding required in social care. In Mental Health provision, despite some increased Government funding, the planned changes in local commissioning and partnership working have paused whilst the NHS continues its creation of the new Integrated Care Systems (ICSs).

As for funding, in Adult Social Care, Local Authority care rates for supported living day support increased in line with National Minimum Wage by an average of 2.2% with many commissioners freezing rates for night-time support (waking night and sleep-in). Local Authorities continued to not recognise the costs associated with Support Worker enhanced terms and conditions despite the organisation further championing these benefits. In Mental Health, the NHS and Clinical Commissioning Groups awarded providers with a 1.5% rate increase, meaning our Mental Health Rehabilitation Services again fell short of covering the Charity's cost increases from NMW (2.2%) and inflation (2%). Consequently, our financial situation remains extremely challenging and we continue to seek more ways of improving our cost efficiency without compromising the quality of services.

In the year, we have seen no changes to our excellent Executive Team, led formidably by Ian Pritchard our Chief Executive. On behalf of the Board, I would like to pass on our sincere thanks to them and all of the senior leadership team their commitment, hard work and leadership in ensuring the organisation continues to successfully deliver its strategic plan and navigate its immediate and long-term challenges.

In summary, we close this financial year a step further to a much more financially sustainable and purposeful position for the organisation than we did at the close of financial year ending March 2020. Today, more than it has in the past 5 years, AFG remains robust, operationally resilient and stable, with an improving financial outlook and a secure asset base. Reputationally, the organisation continues to be held in high regard by our many loyal commissioners, the people we support and their families, who value our services, our staff, and our values, and see us as their trusted partners.

Looking ahead, I have total belief that AFG now has the right foundations and strategy to create a financially sustainable and successful future and return to the trailblazing organisation it was back in 1992. I look forward to keeping in touch with the organisation and continuing to watch and hear the amazing stories it creates. To close I would like to relay my final thank you to all those in the organisation;

My special thanks to the amazing people we continue to support on a daily basis, they continue to be our inspiration, at the heart of everything we do and remain at the forefront of our mission and vision for the future.

My thanks also to the front-line colleagues, managers and corporate staff at AFG for the fantastic professional and dedicated work they do for our beneficiaries.

My thanks also go to my colleagues on the Board, whose experience, time and dedication helps us to continue to lead the business through its current and future challenges.

Alternative Futures Group Limited Chair's Statement

Finally, thank you to the organisation for 14 happy, privileged, and memorable years. I wish the organisation all the very best for its 30th year in 2022 and of course its future beyond.

A handwritten signature in black ink, reading "Brian Walsh", enclosed within a light gray rectangular border.

Brian Walsh (on behalf of Chris Hannah)
Chair of Alternative Futures Group

Alternative Futures Group Limited
Trustees, Executive Officers, Company Information and Advisors

Trustees:

Trustee	Position	Changes in the Year
Chris Hannah	Chair of the Board	Resigned 31 October 2021
Brian Walsh	Chair of the Board	Appointed 1 November 2021
Iain Bell	Chair of Audit & Risk Committee	
Jonathan Lloyd	Chair of Performance Committee	Resigned 10 November 2021
Mike Clarke	Chair of Red Hazels Developments Limited	
Jane McDonald	Chair of Quality and Safety Committee	
Linda Whalley		Interim Chair of Performance Committee – effective 10 November 2021
Janet Wilkinson	Chair of Appointments Committee & Remuneration Committee	
Claire Harris		Appointed 29 January 2020 Resigned 15 October 2021
Neil Matthewman		Appointed 29 January 2020 Resigned 14 October 2020
Andrew Denton		Appointed 22 April 2020 Resigned 8 July 2021
Michelle Wood		Appointed 14 September 2020
Alex Fox		Appointed 10 November 2021
Nicola Cook		Appointed 10 November 2021
Helen Bellairs		Appointed 10 November 2021

Executive Officers:

Executive Officer	Position	Changes in the Year
Ian Pritchard	Chief Executive Officer	
Kirsty Muldoon	Director of Learning Disability, People and Digital	
Chris Stephens	Director of Finance, Procurement, Estates & Risk	
Christopher Hughes	Director of Mental Health and Quality	
Andrew Kendall	Director of Corporate & Commercial Development	

Company Information and Advisors:

Company Registration Numbers:	02679915 Companies House 1008587 Charity Commission
Registered and Principal Office:	Lion Court Kings Business Park Prescot Knowsley Merseyside L34 1BN
External Auditors:	RSM UK Audit LLP 20 Chapel Street Liverpool L3 9AG
Internal Auditors:	Beever & Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Investment Advisors:	Stanhope Consulting 35 Portman Square London W1H 6LR

Bankers:	HSBC Bank plc 99-101 Lord Street Liverpool L2 6PG	Barclays Unit 3 Riverside 2, Campbell Road, Stoke on Trent, Staffordshire. ST4 4RJ	
Principal Solicitors:	DWF 1 Scott Place 2 Hardman Street Manchester M3 3AA	Pannone Corporate LLP 378-380 Deansgate Manchester M3 4LY	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2021

The Trustees of Alternative Futures Group (AFG) present their report and audited financial statements for the year ended 31 March 2021. The Trustees have prepared this report under the Companies Act 2006, and in accordance with Financial Reporting Standard 102 (FRS 102) as applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102.

Legal status

Alternative Futures Limited was founded in 1992 and changed its name to Alternative Futures Group Limited (AFG) in 2007.

During the year the Group consisted of two legal entities:

- Alternative Futures Group Limited - a company limited by guarantee (Company Registration Number 02679915), a registered charity (Charity Commission Number 1008587), and a Public Benefit entity. AFG is governed by its Articles of Association, which were last amended in May 2014.
- Red Hazels Developments Limited, a private limited company limited by shares (Company Registration Number 09498298), founded in 2015 as a wholly owned subsidiary of AFG to deliver commercial activities.

The Trustees of AFG are its Directors of the charitable company for the purposes of Company law. The Trustees who served throughout the year and up to the date of signing this report are listed on page 4.

Charitable Purpose

AFG's charitable purpose is to offer relief to people with learning disabilities, mental health or any other special needs, and to relieve the stresses and financial needs through, but not limited to, the provision of accommodation, support, education and training.

Each year, the Trustees lead a review of performance against our charitable objects, aims and objectives, using the results from that to inform and formulate our future plans and ensure that the Charity continues to deliver high quality services in line with its purpose.

Corporate Plan: Mission, Values and objectives

AFG is one of the leading charitable providers of learning disability and mental health support services in the North West of England, changing lives and creating independence for the people it supports. We are proud that our accommodation and services improve the quality of life and independence for some 905 people.

Our Vision:	A world where people control their lives
Our Mission:	Together with our people and partners we will unlock skills, gifts and talents to support everyone's right to choose and achieve their aspirations

Our Values:	We are one	We succeed together with a shared purpose and vision.
	We raise the bar	We learn from the past, are adaptive and excited by our future. We innovate and lead the way. We strive for best quality with least waste. Better never stops.
	Every person matters	We are people focused and value skills, gifts and potential. We listen. How people think and feel, matters. Everyone has a voice.
	We make a positive difference	We change lives. Our 'can do' attitude and passion enables people to be the best they can be.
	We take ownership	We do the right thing, are solution focused and get results. We are responsible for our behaviour and hold each other to account.

How we deliver our Mission and Vision is underpinned by our Values, which were refreshed and re-launched during 2018 following consultation with our staff and the people we support. Our new values act as our organisational compass, everybody within AFG strives to demonstrate these values every day, and in everything that we do.

Principal Activities

AFG is a not-for-profit, trading charity that provides a broad range of care and support services for; (1) adults with learning disabilities, autism, acquired brain injury; (2) adults with a mental health treatment and rehabilitation need.

For learning disabilities, autism and acquired brain injury, our services cover a wide-range of supported living and outreach services to enable the people we support to live their lives to the maximum levels of independence and control they can achieve.

For mental health, our services extend from short-term clinical rehabilitation support to people with long-term mental health issues in our six independent hospitals, through to supported living and outreach services, which enable people to move up and down that pathway as their support needs change. Our offer enables us to provide a wide-ranging service through a number of interventions on that pathway and a range of other community models.

Person-centred care is at the core of our work. As such, we provide personalised support services appropriate to the individual aspirations hopes, and ambitions for the people we support. Our personalised support continues to evolve over time alongside the changing support needs and aspirations of the people we support.

In 2020/21, we introduced a number of new digital pilots into our service activity. The organisation is aiming to become a pioneer in the use of digital technology to assist the people we support navigate and succeed in the modern world gaining even greater independence, choice and control of their lives.

During 2020/2021, our residential and non-residential activity was funded through contracts with either Local Authorities or the NHS.

Public Benefit

Alternative Futures Group is a Public Benefit Entity. In accordance with our objectives and activities for 2020/21, and with due regard to the Charity Commission's guidance on the operation of the public benefit requirement of the Charities Act 2011, the Trustees confirm that AFG has undertaken

appropriate activities during the year which further our purpose for the public benefit, which are set out in the Principal Activities section above.

Governance Structure

The organisation operates under the regulations and guidance of both the Charity Commission and the Care Quality Commission.

The Board is led by the Chair and the support of up to eleven voluntary Trustees. The Chair and Trustees bring a range of senior professional, commercial and sector experience to the organisation.

The Board is responsible for determining and setting the strategic direction of the organisation as well as responsible for reviewing its operating and financial position. The Board is also responsible for establishing and overseeing the organisations control and risk management frameworks and ensuring the organisation achieves its aims and objectives. The Board meets formally at least four times a year.

Under the Articles of Association, Trustees serve a term of up to three years, and may be considered for a maximum of three terms. The Chair may serve a maximum of three terms of office. A skills analysis of Board Members has been undertaken, and each time a Board vacancy arises, consideration is given to the skills and competencies required to continue to manage the future risks and challenges that the organisation faces.

Trustee recruitment is led by the Appointments Committee, which is chaired by Janet Wilkinson. The Appointments Committee make recommendations to the Board on the appointment of Trustees, the formal appointment of Trustees being a power reserved to the Board. Trustee recruitment is supported by independent specialists where required. New Trustees receive an induction and training programme tailored to their needs, and regular Board development events are held to maintain skills. Annual assessments of performance for the Board, the Committees and individual Trustees are led by the Chair with the support of the Appointments Committee.

The subsidiary, Red Hazels Developments Limited, has 2 Board Members, Mike Clarke (Chair), and the Chief Executive, Ian Pritchard.

Board and Executive Officers Remuneration

The Chair of the Board receives remuneration from the organisation in the form of an honorarium, as well as reimbursement of expenses incurred. The remaining Trustees are not remunerated and receive only reimbursement of expenses incurred. The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee.

The remuneration of the Executive Officers including the Chief Executive is determined by the Board. Executive pay is subject to regular sector benchmarking undertaken by the Remuneration Committee.

Board Committees

The Board delegates some of its responsibilities to the Committees; Audit & Risk Committee, Finance & Performance Committee, Quality & Safety Committee, Appointments Committee & Remuneration Committee.

Audit & Risk Committee

The Audit & Risk Committee met six times during the year and its work included:

- reviewing the external auditor's plans for the audit of the Group's financial statements;
- reviewing the external auditor's management report and audit highlights memorandum;
- reviewing the financial statements for the year;
- agreeing the internal audit plan for the year and reviewing reports from the internal auditors on the Group's system of internal control, monitoring and responding to those reports and compliance with recommendations; and
- reviewing the processes in place for monitoring, evaluating and managing the risks facing the Group, including deep-dive discussions relating to the Group's strategic risks.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2021

Performance Committee

The Performance Committee met seven times during the year and its work included gaining assurance on:

- all aspects of financial and operational performance.
- project management office activities linked to investment and strategic business plan.
- treasury management and investment performance, including loan covenant compliance.

Quality & Safety Committee

The Quality & Safety Committee met four times during the year and its work included gaining assurance on:

- all aspects of operational quality and safety within our services and estates.
- regulatory compliance to care quality commission and commissioner requirements.
- serious events, complaints and whistleblowing incidents.

Appointments Committee

The Appointments Committee met on three occasions during the year, and is responsible for:

- Trustee succession planning and recruitment:
- identifying, approving and appointing the Chair and Members for each committee.

Remuneration Committee

The Remuneration Committee met on four occasions during the year, and is responsible for:

- recommending to the Board the organisation's pay framework.
- recommending the terms and conditions of employment for the Chief Executive and the Executive Directors, and their annual salary review.

Salaries for Executives are benchmarked with sector comparators.

Governance Code

The Board has adopted the principles of the Charity Commission Code of Governance.

Employees

The strength of the organisation, and its ability to meet its charitable purpose and vision lies in the quality, commitment and contribution of its employees. We actively encourage the involvement of employees in our decision-making process, and to do that we have an elected Employee Partnership Forum (EPF), which is jointly chaired by the CEO and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters, and includes representatives from recognised Trade Unions, Unison and the Royal College of Nursing. The body meets every eight weeks.

We provide information to our employees throughout the year on AFG's objectives, progress and activities through regular team meetings, and monthly briefings from the Chief Executive and the Executive Team. We have a People & Organisational Development Strategy in place, which recognises the importance and contribution of the employees to the on-going success of the Group, and we recognise the achievements of our employees through our "Celebrate Success" awards.

This year's Employee Engagement Survey (EES) results received our best return rate to date of 55% as well as a high engagement score of 80%. The results were extremely positive considering the challenging environment we operate in and the impact / risks of the Covid-19 pandemic. Action plans were created and executed at team and organisational level in response to the feedback.

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The organisation has detailed health and safety policies and a robust safety management system in place and provides training and education to all of our staff on health and safety matters appropriate to their role.

The Executive Team, led by the Chief Executive, are responsible for the day-to-day running of the business. The Executive Team work closely with the Board to develop and execute the organisation's strategic objectives. The members of the Executive Team are shown on page 4.

Covid-19

The onset of the Covid-19 pandemic in early 2020 represented a significant health & safety risk for our staff and the people we support, and as such a major operational risk and challenge for the organisation. The Government and Local Authorities were slow to respond to provider needs and increased costs during the first wave of Covid-19. Subsequent to that, infection control monies provided by the Government and Local Authorities were inadequate and prioritised to the regulated Care Home sector, largely ignoring non-regulated Supported Living and Homecare services.

As part of the organisation's response to Covid-19, the organisation closed the head office and directed all 80+ corporate staff and executives to work from home. The organisation had made previous investments in IT and training which allowed for a successful and seamless transfer to remote working practices. This practice continues today with all corporate and management staff now permanently working from home.

In our services, the organisation followed (the ever evolving) Government and Public Health England COVID guidance for the Support Living sector. New risk assessments, operational processes and guidelines were put in place and continually updated to ensure we operated all our services effectively and safely to protect both staff and the people we support. The organisation made significant investments in personal protective equipment for use in services and created service-level contingency plans to cover significant outbreaks and lockdowns. Operational managers were kept out of services to limit transmission risk and to provide a contingency workforce where required. Service quality checks were maintained and performed digitally by managers and the quality team during lockdown phases.

During the peak of both waves of the virus, the organisation successfully dealt with >200 staff (approx. 10%) of the workforce absent due to self-isolation or infection. Approximately 50 staff were furloughed due to being clinically extremely vulnerable. Sadly, the organisation lost 2 fantastic colleagues and 6 beloved people supported as a result of the first two waves of Covid-19 (see Going Concern section of the Strategic Report).

Equality and Diversity

The organisation is committed to equality of opportunity for all employees, and to having a diverse workforce that reflects the communities within which we operate. We are also committed to supporting disabled people, both in recruitment and in retention of employees who become disabled whilst employed by the organisation.

The organisation ensures that staff recruitment, discipline and development issues are dealt with equally and that all employees are treated in the same way.

Social Impact & Value

We have been working with Social Value UK to develop our approach to social value. We plan to achieve Level 1 Commit by the end of March 2022.

AFG takes an ethical, values-based and environmentally sustainable approach to how we conduct our business. As a charity providing support to people with disabilities, we are committed to being socially responsible. Our Charitable Purpose, alongside our Vision, Mission and Values, evidence our position as a values-led organisation and a responsible employer within the communities we work. This is underpinned by our approach to service delivery, service development, and performance

improvement. In addition, we continually engage our stakeholders, particularly our local communities, in the work we do. In each community we serve we consider the social value we bring: To the people we support; the employment and development opportunities for local people; and the positive impact we can bring to the wider community.

In 2020/21, a significant part of our social value activities were somewhat restricted by Government restrictions due to Covid-19. We hope to return to a full schedule of activity in future years.

Streamlined Energy and Carbon Reporting

Under Statutory Instrument SI2018/1155, the Charity is required to report on energy usage and carbon emissions.

In discharging its duties under this requirement, the Charity engages the services of a third party to calculate its energy usage and carbon emissions. The calculation refers to all energy usage billed during the period, with the calculation including all months and all sites.

The energy usage of the Charity for the year ended 31 March 2021 is 2,275,082 kWh (1,595,631 kWh of which relates to gas, 667,878 kWh of which relates to electricity and 11,573 kWh relating to transport fuel), (2020: 3,551,695 kWh). Emissions from the combustion of gas tCO₂e are 293.39 tonnes CO₂e (2020: 462 tonnes CO₂e), emissions from the combustion of fuel for transport purposes are 2.90 tonnes CO₂e (2020: 20 tonnes CO₂e) and emissions from purchased electricity are 155.7 tonnes CO₂e (2020: 245 tonnes CO₂e). This equates to an Intensity Ratio of 71 kg CO₂ per m² per hospital space (2020: 0.4 tCO₂e/FTE).

The methodology adopted is the "Shift" methodology, using DEFRA (2020) conversion factors in line with the Environmental Reporting Guidelines (2020), as the majority of the financial year falls in to the 2020 calendar year.

There were no other material emissions as a result of the organisation's activities.

We are currently developing our plans to get to Net Zero Carbon which will be ahead of 2050. As a consequence of the sale of our Head Office and home working arrangements for corporate employees, we have made substantial carbon emission reductions. Over the next few years, we intend to roll out a range of environmental measures across all our estates as well as supporting and training all our staff to reduce their environmental impact both at work and at home. The planned estates measures will include: LED lighting, solar panels, moving away from gas boilers to electric heat pumps, and additional insulation where required.

Related Parties and Co-Operation with Other Organisations

Other than the Chair, the Trustees do not receive remuneration from their work with AFG. Remuneration for the Chair was agreed with the Charity Commission in 2011. The remuneration of the Chair is considered annually by the Remuneration Committee. Details of the Chair's remuneration are set out in note 8. There were no other transactions with Trustees, and no connections between Trustees and Senior Managers have been disclosed during the year. Therefore, no related party transactions have been reported.

Engaging with the People We Support

The people we support are at the heart of everything we do at AFG. In a challenging year with the COVID-19 pandemic and lockdowns we have been creative and done things differently.

With the help and support of our frontline operational staff, we kept everyone actively involved through virtual get togethers, competitions and daily activities. Digital technology, social media and video calls kept things as normal as possible and enabled the people we support to keep in touch with their friends, family and loved ones. The people we support have continued to be involved in recruiting and interviewing new support staff. Being confident to give an opinion and be part of the decision-making process about who support them results in better outcomes for all.

In day-to-day activity, the people we support have key roles in our Butterfly Moments Committee. The committee manages a butterfly fund used to co-create events and activities for everyone. We've previously had great success with our annual AFG Fun Day bringing together the people we support from across all our services. We had to take the tough decision this year to postpone the event due to COVID-19 but we are committed to hosting this again next year. The committee are also working on a new Service User Conference, which we'll launch next year. This will provide additional opportunity to share insight and gain feedback on things that are important to everyone we support.

We capture and celebrate our amazing 'Butterfly Moments'. Those positive moments in life where someone we support has achieved something important in their day-to-day life or achieved a personal goal. We build on these moments and look at the future possibilities we can achieve together. We continue to seek feedback from the people we support through conversation, feedback groups and an annual survey. This helps us to continuously improve both individual support plans and the way our local services are delivered.

Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. This responsibility applies to all of the organisations within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within the day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of the risks to which the Group is exposed.

A process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the year up to the date of the approval of the annual report and financial statements. The Audit & Risk Committee regularly receives and considers reports from the Group's senior leadership and its auditors about risk management and internal control arrangements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, are set out below.

Corporate Planning and Budgeting

The corporate planning and budgeting process is used to set objectives, agree action plans and allocate resources. The Group's progress towards meeting the strategic and annual objectives is monitored monthly by the Executive Team and quarterly by the Performance Committee and the Board.

The Group's annual budget was approved by the Board at the start of the 2020/21 financial year.

Audit & Risk Committee

The Audit & Risk Committee reports to the Board on internal controls and alerts them to any emerging issues. The Audit & Risk Committee ensures that corrective action is taken in relation to any significant control issues highlighted by the internal and external auditors. As part of its review of the organisation's internal control system, the Committee oversees the performance of the internal and external auditors. The Audit and Risk Committee provides advice to the Board and provides an annual review to them, through the internal auditors, which focusses on the effectiveness of the internal control system, including the Group's systems for managing risk.

Internal Audit Programme

Internal Audit is an important element of the internal controls process. Internal Audit is responsible for the annual review of the effectiveness of the internal control system within the organisation.

Effective 17 April 2020, Beever & Struthers were appointed as the internal auditor provider for the Charity. The internal audit programme for 2020/21 provided both assurance and advisory support to the Trustees and the Executive team and have helped improve the internal control environment within the organisation.

External Audit

External Audit provides feedback to the Board on the operation of the internal financial controls reviewed as part of the annual audit of the year-end accounts and financial statements. Each year, after the year-end audit, a management letter is presented to the Board.

As part of the quarterly Board reporting cycle, reports outlining the latest operational and financial results compared to the target for the year, and statutory compliance reports, are presented, enabling the Board to maintain oversight of the Group's strategic performance and on-going compliance.

Engagement with suppliers, customers and others in a business relationship

Included within the strategic report on page 19-21 is the Section 172 statement that includes further details regarding how the Charity fosters relationships with suppliers, customers, service users and others with whom it has a business relationship.

STRATEGIC REPORT

Achievements, Performance & Public Benefit

During 2020/21 we have continued our focus on the key strategic aims of:

- Expand our reach and positively impact more lives - achieving the personal goals and ambitions for the people we support (Butterfly Moments).
- Achieve financial stability and sustainability.
- Become the provider, partner and employer of choice.
- Become a market leader in digitally-connected support.
- Develop and deliver high quality, outcome-based services.

The organisation continues on its journey to a financially sustainable future with this year's aim to achieve at least a break-even position or small deficit.

We continue to grow slowly and modestly as an organisation with a number of new services commencing across our footprint. Despite the restrictions of Covid-19, we achieved our target of Butterfly Moments for the year, many of which incorporated aspects of the people we support interacting with technology during lockdown.

We were delighted to build our employee engagement scores and return rates. Our first all digital survey recorded a 55% return rate and an 81% EES score.

We commenced 10 digital pilots in the year as part of our digital strategy implementation, with fantastic feedback from staff and the people we supported. A particular high note was the success of our robotic dogs.

Alongside this the organisation has maintained AFG's high quality of service provision in all our services and for those in regulated activity to (at least) a minimum CQC rating of "good" in all domains within Supported Living and Adult Care Homes (ACH), and in all except one of its Treatment & Recovery Centres. Further, One TRC is rated as overall Outstanding, and the ACH is rated Outstanding for Effective Care. One of our Treatment & Recovery Centres, Weaver Lodge, received a Requires Improvement rating from its last inspection in March 2019. The issues identified were rectified immediately and according to our CQC Engagement visits the service has been considered as low risk since then, so there has been no re-inspection or re-rating of the service.

Financial stability

An overview of the financial performance of the individual entities is provided below:

- Alternative Futures Group Limited achieved a surplus for the year, after interest and tax, of £1.21m, including investment income of £0.8m (2020: £2.05m deficit);
- Red Hazels Developments Limited made a deficit of £NIL (2020: £2,456 deficit);
- Overall, the funds of the Group amount to £24.8m (2020: £23.6m)
- The year on year reduction in underlying Income arises due to the loss of the Tameside contract, albeit with a consequential reduction in associated costs.

The amounts in the remainder of this section relate to the consolidated Group position only.

Operating performance

The Group's Net Income/Expenditure for the year was 2.6% (2020: -3.4%), resulting in a surplus for the year of £1.2m (2020: £2.1m deficit). Whilst the prior year performance was adversely impacted by the establishment of a credit note provision with a value of £1.4m, the current year performance benefits both from the receipt of furlough monies and from higher than usual levels of income/gains on the investment portfolio (2021: Income/Capital Gain of £0.8m, 2020: Income/Capital Loss of £0.2m). The year on year reduction in Income reflects the loss of the Tameside contract, although cost reduction actions taken help to mitigate the overall impact of the performance of the Charity. The current year numbers also include exceptional items relating to the impairment of Lion Court, £1.5m and profit arising on the disposal of properties, £1.1m (note 5).

The underlying performance of the supported living part of the business provides an indication of the on-going challenges of the social care sector in the UK, which continues to go through a period of

sustained austerity, alongside an increasing cost base driven primarily by above inflation increases to National Living Wage. The key challenges that the Trustees have faced during the year include:

- maintaining income from our commissioners at a level which is sufficient to cover the increasing statutory costs of the National Living Wage;
- financial and operational challenges associated with the Covid-19 pandemic;

To help mitigate the impact of these issues the Trustees:

- continued to look for opportunities to both deliver operational cost savings and to ensure capital assets no longer required are disposed of efficiently at market value;
- have an ongoing process to monitor the viability of contracts with our commissioners;
- have further developed the Cost Model that helps to inform both internal opportunities for cost savings to be realised, as well as pricing discussions with our commissioners;
- continue to operate a variable sleep-in rate model for staff so the amounts we pay staff for sleep in shifts are commensurate with the levels of income we receive from our commissioners;
- ensure all covid monies offered by commissioners have been claimed.

Whilst the organisation has delivered a Surplus for the year of £1.21m, a significant contributor is the “super” investment income returns of £0.8m, as financial markets have started to recover as a consequence of the Covid-19 vaccine roll out. Included within the reported surplus is a loss of £1.5m relating to the impairment of Lion Court, and a profit arising on disposal of properties of £1.1m. Looking forward, the underlying operating performance of the Supported Living area of the business continues to require ongoing attention to ensure the longer-term viability of the Charity.

Quality remains a key priority for the Board, and we are pleased to report that we have maintained strong performance against the Care Quality Commission (CQC) standards across all our Treatment & Recovery Centres.

Quarter 1 of 2020 saw the start of the growth of the COVID-19 pandemic, both across the globe and in the UK, with the country going into “lockdown” on the 23 March 2020. The growth of the pandemic means that many organisations (including AFG), economies and health systems have been impacted across the globe. Actions taken by the organisation can be seen in the Strategic Risks section, with the impact also considered as part of the Going Concern review.

Business Development and Growth

During the year we developed our Learning Disability offer for young people in transition which several commissioners have shown an interest in. We reviewed the scope for expansion in direct payments but concluded that opportunities were relatively limited. In Mental Health we carried out a comprehensive review of the North-West market which has enabled us to develop a targeted action plan for growth.

During the year, we were successful in winning places on frameworks in Lancashire, Rochdale and Cheshire West and Chester which will all provide future opportunities.

We have started the implementation of our new Finance & Procurement System which will be completed in the 2021/22 financial year. Additionally, through a procurement process the organisation has selected a new Care Management system which will replace the ageing Carista system. The new Care Management System will be piloted in 2021/22 with wider roll-out in the following year.

During the year we also piloted digital projects using technology to improve the independence and quality of life for the people we support. This will inform our work to become a market leader in digitally connected support.

Financial Review and Results

An overview of the financial performance of the Group is included within the financial stability section above.

Defined Benefit Pension Funds

The Lancashire County Pension Fund Defined Benefit and the Greater Manchester Pension Fund Defined Benefit scheme reported a pension asset of £701k at 31 March 2021 (2020: £1,014k), since the charity is unable to recover any surplus through either reduced contributions in the future or through refunds from the scheme this has not been recognised. The actuarial loss from the two schemes of £298k (2020: £159k gain) and the favourable movement in the derecognised asset of £313k (2020: £114k adverse) are both shown through other gains and losses on the face of the consolidated statement of financial activities.

Treasury Management

During the year the organisation repaid the loan facility it had in place with Barclays Bank Plc. The loan was settled using the proceeds from the sale of Tesito House.

Surplus cash is invested across a diversified portfolio of investments. At the end of the year the total value of the portfolio assets amounted to £9.844m (2020: £4.010m). There was an unrealised gain on investment of £0.712m (2020: £1.060m unrealised loss) during the year and a realised gain of £0.029m (2020: £0.722m). The funds held in investments are used to further the charitable purpose and public benefit. The return on investment was £0.162m (2020: £0.155m) excluding Unrealised Gains and Losses within the Portfolio Market Valuation for the year.

The Trustees are satisfied that the investment assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Cash flows

Cash inflows and outflows for the year are set out in the cash flow statement. Net cash inflows from operating activities are from the delivery of our core services and amounted to £4.825m (2020: (£15k)). The movement on financing activities on page 31 show the repayment of loans which amounted to £3.001m (2020: £0.34m). The most significant cash flows arise from the purchase of investments £5.3m and the sale of fixed assets £5.1m. The Group's cash balance at the end of the financial year was £4.909m (2020: £3.556m).

The Group ended the year with net current assets of £2.460m (2020: £1.001m).

Property Disposals

Three properties were sold during the financial year, with a further property (see property impairment section below) being sold between 31 March 2021 and the signing of the financial statements. Details of the disposals can be seen in Note 28 of the financial statements.

Property Impairment

Included within the Income & Expenditure Account is an impairment of £1.532m relating to the property known as Lion Court.

During the year a decision was made to permanently move all corporate staff previously working out of Lion Court to home based working arrangements. As the property was therefore no longer being used as the head office of the Charity, it is unable to adopt the value in use assumption, hence the impairment.

The impairment recognised is based on the market value of the property.

The property was subsequently disposed of in August 2021.

Achievement against 2020/21 Financial Key Performance Indicators

The key financial performance indicators for the year and targets for 2020/21 are set out below:

End of Year KPIs	Target - FY2020-21	Actual as at 31/3/20	Actual as at 31/3/21	Commentary
Debtor Days - Gross	< 30	49 days	28 days	Year on Year improvement, as a consequence of investment in Credit Control team, and working closely with Commissioners
Creditor Days	> 30	39 days	64 days	Extract from Payment Practices Report submitted to Companies House - 1/10/20 to 31/3/21. Covid-19 has resulted in some delays to supplier payments. Implementation of new Finance system will assist in resolving.
Investment Income - Return %	3% p.a.	3.8%	2.1%	Income relatively low due to falling bond yields as well as dividend cuts within equities and reduced income from property fund due to the pandemic.
Investment Funds - Growth %	3% p.a.	-4.59%	17.50%	Strong rally in corporate bond and equity markets from the lows seen in March 2020 following central bank intervention
Gearing %	< 35%	12.7%	0.0%	Barclays Bank Loan repaid in full during the year. AFG has no Debt at Balance Sheet date

Achievement against 2020/21 Non-Financial Key Performance Indicators

In April 2020 we agreed a new set of Key Performance Indicators that align to our five strategic objectives. The table below summarises performance against several of our key targets:

Key Performance indicator	Target	Actual
Number of Butterfly Moments	979	1,044
Employee Engagement Score	80%	81%
Average win rate for referrals	20%	52%
Number of digital pilot projects	10	10
CQC ratings > "Good"	12	9 (2 unrated / 1 requires improvement)

Assets held on behalf of People that we Support

At 31 March 2021, AFG held funds of £23,902 (2020: £14,610) in its HSBC Bank Account, on behalf of people that we support, which are included in the balance sheet as both an Asset and as a Liability, and in note 16. AFG has no title to this money.

Additionally, AFG has corporate appointeeship responsibility for administering the personal funds of a number of people that we support. The appointeeship enables AFG to assist the people that we support with their financial planning and budgeting, supporting them to plan their own spending and living expenses, and helping them to claim the state benefits to which they are entitled.

These funds are not reported within the Financial Statements of the Group.

Investments Policy and Performance

Under the Memorandum and Articles of Association, the Trustees are able to make any investments which they deem appropriate. Trustees appoint a qualified investment advisor to support their investment decisions, and the Performance Committee reviews the Group's Investment Policy annually. The Performance Committee have restricted investment into property and hedge funds each to 6% of the portfolio, and do not allow investment into private equities or commodities to minimise risk. The portfolio is split between cash (52%), equities (34%), Government and Corporate bonds (12%) Other including emerging markets and property (2%).

Investment performance is reviewed annually against a total return target of 3% per annum. The Trustees were satisfied with the total return of 2.1% (2020: 3.8%) Return and 17.5% growth achieved

for the financial year. All investments have been made within the agreed policy.

Reserves Policy and Performance

Total funds held amount to £24,804k (2020: £23,594k) of which £1,185k is restricted (2020: £1,542k), with the remaining £23,619k unrestricted (2020: £22,052k). To establish an appropriate level of working capital, and to protect the future operations of the organisation from the effects of any unforeseen variations, the Board holds free reserves in its unrestricted funds. The level of reserves is monitored by the Trustees throughout the year, and the Trustees review the Group's Reserves Policy annually.

The Reserves Policy sets a minimum target of free reserves of £5.5m (revised during the year, 2020: £4.3m), with the available level of reserves being £8.2m. The minimum target of free reserves is based on the Board's assessment of the level of reserves required to off-set significant payment delays from commissioners, and the potential loss of a significant contract. The level of reserve headroom was £2.6m (calculated as the difference between Unrestricted Funds adjusted for Fixed Assets (excluding Investments), budgeted capital expenditure and a self-insurance provision, compared to the minimum target) at the end of the year which the Trustees consider to be satisfactory.

Principal Risks and Uncertainties

The main factors and influences that will have an effect on the future performance of the Group are considered regularly by the Executive Team and the Board. Those events or risks that could prevent the strategic objectives from being achieved are recorded and monitored for each area of the business.

The key controls required to manage each risk, together with the person responsible for the control are also recorded. The risks are then assessed according to the probability of the risk occurring and the potential impact given the current control environment. The key risks monitored by the Board are shown below:

Strategic Risk	Mitigating Actions being taken
Government failure to address Social Care reform and sector funding. AFG Learning Disability contracts become financially unsustainable to provide quality care.	• Local authorities made aware of the requirement for additional funding to ensure viability of services. • The Chief Executive has engaged with Members of Parliament to warn of financial unsustainability of the sector in the areas in which we operate. • Our cost models have been shared with a number of commissioners to provide visibility re. rates required to achieve financial sustainability. • The organisation continues to identify areas for cost reduction, especially in areas where costs are not funded within commissioners' fees. • The organisation continues to closely monitor the financial viability of all commissioner contracts and will take appropriate actions as required.
UK political, economic, environmental and social factors (such as Brexit, economic performance, inflation, tax/NI increases, Covid-19 impact) significantly impact AFG's ability to attract and retain our Workforce on national minimum wage.	• Local authorities made aware of the requirement for additional funding to cover costs associated with workforce shortages (agency), increased recruitment activity and attraction / retention (improved pay). • Additional investments made from reserves to support recruitment initiatives of new staff and retention of current staff. • Increased use of casual staff and agency.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2021

Strategic Risk	Mitigating Actions being taken
A further Covid-19 outbreak causes reduced workforce capacity impacting our ability to deliver care and support.	• High percentage of AFG staff vaccinated. • Strong management oversight (Both Executive and Operational); • Adherence to UK government guidelines re. social distancing, use of personal protective equipment and track and trace; • Restricting work-force movement and use of agency as appropriate; • Home working of all corporate staff; • Building work-force resilience/contingency through the enabling of corporate staff to provide front line support if required
AFG's clinical and care governance arrangements are not sufficient to achieve a minimum 'Good' CQC rating across all of the services provided	• Quality & Compliance function providing oversight of the support services provided by the Charity • At 31 March 2021, 6 out of 7 of AFG services rated Good or Better. 3 additional services rated Good since 31 March 2021 and 2 services remain unrated.

Fraud

The Group has a clear anti-fraud policy that has been approved by the Board. The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit and Risk Committee. There were no reported instances of fraud during the year.

Directors' and Officers' Liability Insurance

The Group has insurance policies in place which indemnify its Board members and Executive Officers against liability when acting on behalf of the Group.

Section 172 Statement

Section 172 of the Companies Act 2006 outlines how the Trustees have a duty to promote the success of the Charity to achieve its Charitable purpose. The Trustees of the Charity should perform this duty having regard to:

- The likely consequence of any decision in the long term;
- The interests of the Charity's employees;
- The need to foster the Charity's relationships with suppliers, customers and others;
- The impact of the Charity's operations on the community and the environment;
- The desirability of the Charity maintaining a reputation for high standards of business conduct;
- The need to act fairly between beneficiaries of the Charity.

In discharging our Section 172 duties we have given due regard to the matters set out above. In addition, we also give regard to other factors which we consider relevant to the decisions being made. Those factors for example include our relationships with our regulators and government agencies.

In discharging our duties, the following should be noted:

The likely consequence of any decision in the long term

Social Care continues to be underfunded year on year by the UK Government which puts significant strain on the provider sector. The much anticipated Social Care green paper has yet to materialise and now appears to be a fading ambition. To maintain a level of control against these significant market challenges and the subsequent impact of this with year-on-year erosion of the Charity's reserves, the Charity has been operating against an initial three-year plan. This plan has formed the basis of a new five-year strategy which was launched by the organisation in April 2020. During the

year the decision making of the Trustees has been made against the back-drop of this plan and the forthcoming future strategy. The Charity must seek to maintain control of its own survival and future despite the uncertainties and difficulties the market presents us. Our new strategy outlines the plan for this and informs the Trustees future decision making framework.

The interests of the Charity's employees

The ability of the organisation to deliver against its overall Strategy, Annual Business Plan and Budget, as well as our commitments to our customers and the people we support lies in the quality, commitment, and contribution of our employees. We continue to actively encourage the involvement of employees in our decision-making process, and in this regard, we have an Employee Partnership Forum (EPF), which is jointly chaired by the Chief Executive Officer and a staff representative. The EPF is the formal staff negotiating and consultative body for all employee-related matters. We undertake an annual Employee Engagement Survey and use the feedback received to influence decision-making and shape future workforce priorities. We communicate regularly with our employees through team meetings, service visits, Executive briefings, and our internal social network platform.

AFG's Vision and Values were developed by our employees and our employees are intrinsic to generating the positive and capable culture we have at AFG. AFG has a specific People & Organisational Development Strategy that aims to attract, develop, and engage our workforce. We hold an annual staff awards event called "Celebrate Success" in which we recognise and reward employees that have gone above and beyond in their duties. We have a "Credit Where Credit is Due" employee recognition scheme, and we provide an employee discount platform amongst other employee benefits.

The need to foster the Charity's relationships with suppliers, customers, service users and others

During the period both the Trustees and Executive engaged in virtual service "Walkabouts" to meet service users and staff, thus fostering a good understanding of what is working well and where there are opportunities for improvement.

The Executive and Senior Leadership team have strong relationships with all those who commission our services (whether that be local authorities, clinical commissioning groups or private individuals). AFG's work is all about working with people collaboratively so building strong relationships with our commissioners, partners and suppliers is seen as vitally important to the long-term success and sustainability of the Charity. Where issues are raised by our commissioners or partners, the organisation looks to resolve these issues promptly. The Executive continue to work closely with our regulators, The Charity Commission, and the Care Quality Commission. AFG are part of the CQC Market Oversight scheme in which we have developed excellent relationships and understanding (see also the "Engaging with the People we Support" section of the Strategic Report).

The impact of the Charity's operations on the community and the environment

Alternative Futures Group is a community-based charity providing care and supported living services for adults with learning disabilities, autism and acquired brain injury, as well as adults with mental health and rehabilitation need. By definition of our service activity we encourage the people we support to actively participate in community activities and promote the benefits of the community to support their independent living. Our community services hold regular community events that invite the community to get involved with supporting and promoting our services within the community. This helps encourage the people we support to access their community more, forge new relationships and build their confidence and independence. Equally it helps promote a greater awareness to the community of our services and the positive impact of the people we support, our staff and the Charities purpose.

AFG are committed to being a socially responsible organisation and delivering significant social value to communities and society in all our activity, with the organisation looking to achieve Level 1 Commit status by the end of March 2022.

AFG are also an environmentally focused organisation fully aware of our responsibilities and carbon footprint. We are moving towards being a fully digital and paperless organisation in the future. We

have home-working policies that reduce travel requirements and have sold the corporate headquarters post year-end. We re-cycle most of our office waste and we re-cycle and donate IT equipment, furniture and other goods to other charities and the local community. The Charity acknowledges its reporting requirements under Companies Act 2006 regarding energy use and carbon emissions and is looking at measures to further reduce its carbon footprint (see Section 172 Statement page 19).

The desirability of the Charity maintaining a reputation for high standards of business conduct

The Charity operates under the strict regulation of both the Charity Commission and the Care Quality Commission.

The Charity engages the services of an internal audit provider to ensure the control environment within which the organisation operates is robust. Additionally, the Audit & Risk Committee of the Charity works closely with the Executive to ensure strategic risks are identified, the potential impact of these risks is understood with appropriate action taken to mitigate. The Charity also operates a Finance Committee and Quality & Compliance Committee, providing the Executive with a more detailed level of oversight in these areas.

The Charity operates a “whistle-blower” hotline (the service being provided by our internal auditors) which provides an appropriate and independent channel for concerns to be reported.

The Trustees are custodians of the Charity and the above enables the Charity to be operated within a strong governance framework, thus ensuring that risk is identified and mitigated and that the decision making process is robust and subject to appropriate oversight and scrutiny.

The need to act fairly between beneficiaries of the Charity

The engagement of the people we support is critical to the successful operation of the Charity. Service User engagement is led by our local managers, who seek advice from local groups on how to increase their involvement and as well as exploring new methods of seeking feedback.

The Service User Representative Forum (SURF) was established a number of years ago to ensure the views and opinions of the people we support are taken into account in the way our services are delivered.

Future Plans - Our 2021/22 Objectives

At the end of 2019/20, the Board signed off a new 5-year Strategic Plan 2020-25 which was launched to the organisation in April 2020. The plan aims to return AFG to being a market-leading pioneer within our sectors by developing contemporary, innovative and digitally-connected support services for our beneficiaries. AFG’s vision of a “world where people control their own lives” means we will support and equip our beneficiaries to thrive and prosper in an ever-changing digital world with a “people plus technology” approach to support provision. AFG’s digitally connected support offer will enable, encourage and support our beneficiaries to achieve their maximum potential for independence, choice and control over their lives.

In 2019/20, we delivered a business plan that built the foundations of our 5-year strategic plan. We standardised, optimised and streamlined our operations and corporate services as we responded to the critical financial challenges within our marketplace. In 2020/21, we delivered a business plan that would protect our current business, build new partnerships to help us develop and grow, and we pioneered new ways of working, new digital technologies and new service models. Throughout this time, the organisation continues to challenge and change the cultural foundations of the organisation to create a new mindset, philosophy and leadership style that has set a new tone for the organisation. Greater openness, transparency and engagement with our staff and the people we support is key to ensure everyone is enthusiastic and involved in creating the organisations new future and long-term legacy.

For 2021/22, we continue with the great progress we made in 2019/20 and 2020/21 as we commence the second year of our 5-year strategic plan. For the forthcoming year 2021/22, we aim to “aspire, accelerate and achieve”. Aspire – we will emerge from the Covid pandemic stronger and more

together, with a single-minded ambition to grow our reach and our positive impact on lives. Accelerate – we will build on the foundations we've laid in year one continuing to develop our service offer, our digital work, and our quality agenda. Achieve – we will complete our cost reduction programme that we started in 2019 to enable the charity to be financially sustainable.

Auditors

A resolution to re-appoint RSM UK Audit LLP as the Group's external auditors for 2021/22 was proposed and agreed at the Board Meeting 10 November 2021.

Going Concern

Accounting standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements.

In early 2020, the Charity along with much of the UK and global economy started to be impacted by the Covid-19 pandemic, with the challenge for the Charity being the on-going delivery of support and the sourcing of required levels of personal protective equipment to help ensure the safety of both our staff and the people we support. As reported in the prior year financial statements, it is pleasing to report that the Charity has been able to navigate through this extremely challenging period well.

Whilst the Charity has navigated its way through the pandemic extremely well, statutory measures are now in place requiring visitors to a registered care home to be fully vaccinated, with a consultation period also being launched on 9 September seeking to extend the requirement to other health and social care settings. This coupled with ongoing under funding of the social care sector means that the Charity is likely to experience ongoing recruitment challenges in the future.

In considering the appropriateness of the going concern assumption, Income & Expenditure and Cash-flow projections have been prepared for a period of 12 months from the date of signing of the financial statements. As part of this exercise, consideration is given to the reasonableness of the key assumptions underpinning the financial statements. As at 31 March 2021 the Charity reported a cash balance of £4.909m and liquid investments of £9.844m. Since the 31 March 2021 trading performance continues to remain stable and the liquidity of the Charity has further benefitted, by £2.0m sale proceeds from the disposal of its corporate headquarters, to help improve its cash position.

The Trustees are confident the Charity has sufficient cash and liquid investments to continue its operational activities for the foreseeable future. Therefore, the Trustees continue to adopt the Going Concern basis of accounting in preparing the financial statements.

Statement of Trustees' Responsibilities

The Trustees, as the Directors of AFG, are responsible for preparing the Trustees' Annual Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity and Group will continue in operation.

Alternative Futures Group Limited
Report of the Trustees and Strategic Report
For the year ended 31 March 2021

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Report of the Trustees which also contains a directors' report as required by company law and the incorporated Strategic Report was approved on 20 December 2021 and signed on its behalf by:



Brian Walsh

Chair – Alternative Futures Group
20 December 2021

Opinion

We have audited the financial statements of Alternative Futures Group Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including 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 Companies Act 2006.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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 trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006 and Charities Act 2011. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included:

- reviewing the financial statements including the Trustees' Report,
- remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission (CQC) regulation. Audit procedures performed included but were not limited to;

- inquiry of management directly involved with monitoring whether the group is in compliance with these law and regulations,
- reviewing board minutes to review for any regulatory discussions; and
- reviewing CQC inspection reports where they have occurred during the financial period.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to;

- testing manual journal entries and other adjustments
- evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- challenging judgements and estimates.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

Date: 20 December 2021

Alternative Futures Group Limited
Consolidated Statement of Financial Activities (including Consolidated Income & Expenditure Account)
For the year ended 31 March 2021

	Note	Unrestricted funds £000	Restricted funds £000	Total 2021 £000	Unrestricted funds £000	Restricted funds £000	Total 2020 £000
Income							
Charitable activities	1	59,157	0	59,157	60,653	0	60,653
Investments	2	91	0	91	155	0	155
Government Grants	3	704	0	704	0	0	0
Total income		59,952	0	59,952	60,808	0	60,808
Expenditure on:							
Charitable activities (including exceptional cost amounting to £447,000 (2020 £28,320))	4 & 5	59,435	23	59,458	62,482	35	62,517
Raising funds		40	-	40	50	0	50
Total expenditure		59,475	23	59,498	62,532	35	62,567
Net Gain/ (Loss) on investments	13	741	0	741	(338)	0	(338)
Net Income/ (expense)		1,218	(23)	1,195	(2,062)	(35)	(2,097)
Gross Transfers between Funds		334	(334)	0	0	0	0
Net (expenses)/ income before other recognised gains and losses		1,552	(357)	1,195	(2,062)	(35)	(2,097)
Other recognised gains/(losses)							
Actuarial gain/(loss) on defined benefit pension scheme	22	(298)	-	(298)	159	0	159
Movement in pension scheme asset derecognised	22	313	-	313	(114)	0	(114)
Total other recognised gains and (losses)		15	-	15	45	0	45
Net movement in funds		1,567	(357)	1,210	(2,017)	(35)	(2,052)
Reconciliation of funds							
Total funds brought forward		22,052	1,542	23,594	24,069	1,577	25,646
Total funds carried forward	18	23,619	1,185	24,804	22,052	1,542	23,594

There were no new or discontinued operations undertaken during the year.

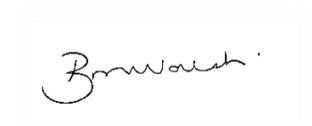
There are no recognised gains or losses, other than those included in the Statement of Financial Activities.

Alternative Futures Group Limited
Consolidated Balance Sheet
As at 31 March 2021

Company No: 02679915
Charity No: 1008587

	Note	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	10		1,326		1,277
Tangible assets	11		11,174		17,306
Investments	13		9,844		4,010
			22,344		22,593
Current assets					
Stocks	14	-		8	
Debtors	15	4,482		5,463	
Cash in hand and at bank		4,909		3,556	
		9,391		9,027	
Current liabilities					
Creditors: amounts falling due within one year	16	(6,931)		(8,026)	
Net current assets			2,460		1,001
Total assets less current liabilities			24,804		23,594
Total net assets			24,804		23,594
Funds:					
Unrestricted funds	18		23,619		22,052
Restricted funds			1,185		1,542
			24,804		23,594

The financial statements were approved and authorised for issue by the Board of Trustees on 20 December 2021, and signed on their behalf by:

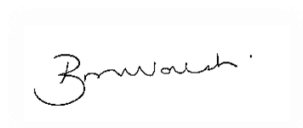


Brian Walsh – Chair

	Note	2021	2020
		£000	£000
Fixed assets			
Intangible assets	10	1,326	1,276
Tangible assets	11	11,174	17,407
Investments in subsidiary	12	0	0
Investments	13	9,844	4,010
		<u>22,344</u>	<u>22,693</u>
Current assets			
Stocks	14	-	8
Debtors	15	4,557	5,463
Cash in hand		4,898	3,556
		<u>9,455</u>	<u>9,027</u>
Creditors: amounts falling due within one year	16	<u>(6,887)</u>	<u>(7,917)</u>
Net current assets		<u>2,568</u>	<u>1,110</u>
Total assets less current liabilities		<u>24,912</u>	<u>23,803</u>
Total net assets		<u>24,912</u>	<u>23,803</u>
Funds:			
Unrestricted funds	18	23,727	22,261
Restricted funds		1,185	1,542
		<u>24,912</u>	<u>23,803</u>

The entity has taken the exemption from presenting its unconsolidated income and expenditure account under section 408 of the Companies Act 2006. The unconsolidated gain in relation to the company for the year was £1,458,559 (2020: loss £2,049,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 20 December 2021, and signed on their behalf by:



Brian Walsh – Chair

Alternative Futures Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Cash flows used in operating activities	20	4,868	15
Net cash used in operating activities		4,868	15
Investing activities			
Purchase of fixed assets		(479)	(481)
Proceeds from sale of fixed assets		5,258	0
Purchase of investments		(5,550)	(1,439)
Proceeds from sale of investments		257	4,242
Net cash generated from investing activities		(514)	2,322
Financing activities			
Repayments of bank loans		(3,001)	(343)
Net cash (used in) financing activities		(3,001)	(343)
Net (increase) in cash and cash equivalents		1,353	1,994
Cash and cash equivalents at beginning of year		3,556	1,562
Cash and cash equivalents at end of year		4,909	3,556
Relating to			
Cash at bank and in hand		4,909	3,556

Analysis of changes in net debt

	At 1 April 2020 £000	Cashflows £000	At 31 March 2021 £000
Cash and cash equivalents			
Cash	3,556	1,353	4,909
Overdrafts	-	-	-
Total	3,556	1,353	4,909
Borrowings			
Debt due within one year	(3,001)	3,001	-
Debt due after one year	-	-	-
Total	(3,001)	3,001	-

ACCOUNTING POLICIES

General Information

Alternative Futures Group Limited is a private company, limited by guarantee, incorporated and registered in England, and a registered charity.

The address of the registered office and principal place of business is: Lion Court, Kings Drive, Kings Business Park, Prescot, Merseyside, L34 1BN.

The company and the group's principal activities are stated in The Report of the Trustees on page 6.

Basis of Preparation

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Monetary amounts in the financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced Disclosure Exemption

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are provided on a consolidated basis:

- Section 7 Statement of Cash Flows – presentation of a statement of cashflow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going Concern

Accounting Standards require the Board of Trustees to consider the appropriateness of the going concern assumption in the preparation of the Charity's financial statements. This assessment is included within the Strategic Report.

As part of this review the Group has prepared detailed financial forecasts looking forward 12 months from the date of signature of the financial statements. As part of this exercise consideration is given to the reasonableness of the key assumptions underpinning the financial forecasts. As at 31 March 2021 the Charity reported a cash balance of £4.909m and liquid investments of £9.844m. During the year the liquidity of the Charity has benefitted from the disposal of three of its properties. Since 31 March 2021, the trading performance continues to remain stable.

The Charity continues to have in place contracts with a number of commissioners which form the basis of its operating model and provide it with income and cash-flow to sustain its operations.

The continued and detailed focus on Operating performance, strengthening of the liquidity position and continuous forward planning to mitigate changes in market conditions and risk exposure all mean that the going concern basis of accounting has been adopted.

ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The consolidated financial statements incorporate those of Alternative Futures Group Limited and of its subsidiary, Red Hazels Developments Limited (ie entity that the Group controls through its power to govern the financial and operating policies, so as to obtain economic benefits). All financial statements are made up to 31 March 2021.

All intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The investment in the subsidiary undertaking is stated at cost.

Income

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Income is recognised in the period in which the service is provided.

Where there is doubt regarding the accuracy of the invoicing / recoverability of the debt, the organisation has in place a Credit Note provisioning policy.

Income from Charitable activities

Income from charitable activities represents the total amount receivable by the Charity, after determination by outside agencies and consideration of an individual's entitlement.

Government Grants

Government grants received are recognised in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income, when the amount can be quantified with reasonable accuracy and when the amount is likely to be received. During the period the Charity has recognised monies in the SOFA primarily relating to the Coronavirus Job Retention Scheme (Note 3).

Additionally, the Charity received personal protective equipment from the Government at nil cost to help ensure the safety of staff and service users during the Covid-19 pandemic. No amounts have been included in the financial statements relating to these items due to difficulties re. measurement.

Investment income

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to that expenditure. Expenditure is recognised when, and to the extent that, a liability is incurred or increases without a commensurate increase in recognised assets or decrease in liabilities. All expenditure is accounted for on an accruals basis and is classified under appropriate headings that aggregate all costs relating to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories in proportion to the income of each category.

Other expenditure

Other expenditure represents those items not falling into any other heading.

ACCOUNTING POLICIES (CONTINUED)

Intangible Fixed Assets Including Goodwill and Software

Intangible fixed assets include goodwill and software. Goodwill relates to contracts acquired in 2013 and is stated at cost, net of amortisation and impairment. Goodwill has been amortised over 3 years, representing the life of the contract, and has been fully amortised in previous years.

Intangible assets also include acquired software costs together with capitalised development expenditure in relation to time costs of individuals working on the design configuration and testing of new software systems. They are amortised over 5 years once the software is available for its intended use, which is the intended useful life of the software. AFG capitalises development expenditure as an intangible asset when it can demonstrate the following:

- the technical feasibility of completing the development, so the intangible asset will be available for use;
- the intention to complete the development and use the intangible asset;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- its ability to measure reliably the expenditure attributable to the intangible asset during development.

Where these criteria are not met, expenditure is charged to the Statement of Financial Activities as research costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment.

Tangible fixed assets comprise freehold land and buildings, office furniture and equipment, vehicles, and property furniture and furnishings. Property furniture and fittings for new schemes are capitalised as tangible fixed assets for AFG's own use, whilst replacement items are capitalised if their value as a single item or as a group of items purchased together, is £300 or more.

Depreciation is provided so as to write off the cost of the assets, other than freehold land, on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are:

Freehold properties	2-10% on cost
Furniture & Equipment	5-33% on cost

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset. Shortfalls between the carrying value of the fixed assets and their recoverable amounts, being the higher of the fair value less costs to sell and value in use are recognised as impairment losses and recognised as an expense within the Statement of Financial Activities.

ACCOUNTING POLICIES (CONTINUED)

Investments

Investments including investment property, but excluding the investment in the subsidiary, are stated at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Listed investments held are stated at the quoted market price. In the separate accounts of the charity, the investment in the subsidiary is initially measured at cost, and subsequently measured at cost less any accumulated impairment losses.

Where cash is held within the Investment Portfolio, this is invested when the advisors consider market conditions to be suitable.

Stock

Stock relates to catering supplies held within the Treatment and Recovery centres.

During the pandemic the organisation has accumulated a stock of personal protective equipment, however, given this was obtained at nil cost through the Government PPE portal, this is shown at zero value in the financial statements.

Financial Instruments

AFG's Financial Instruments are considered as Basic Financial Instruments in accordance with Section 11 of FRS102. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for bank loans, which are subsequently measured at amortised cost using the effective interest method, and listed investments which are valued at fair value through profit or loss.

Debtors

Trade and other debtors are recognised at the amount invoiced, with the Charity carrying a credit note provision, the provision being based on the age of the debt. The value of the credit note provision is formally reviewed annually as part of the Statutory Accounts process, with an ongoing monthly review of the overall Trade Debtors position. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and In Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where AFG has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Retirement Benefits - Pension Schemes

Contributions are made by AFG to the four pension schemes that are in operation, as follows:

- The National Health Service (NHS) Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury. The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined

Retirement Benefits - Pension Schemes cont

contribution scheme; the amount charged against profits represents the contributions to the scheme.

- A stakeholder pension scheme, for certain senior members of staff, at a contribution rate of up to 14% of annual basic pay. The amount charged to the Statement of Financial Activities 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 balance sheet.
- Two defined benefit pension schemes in respect of admissions of staff as a result of TUPE transfers are funded by the participating employees and employers in the scheme. Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the income and expenditure account. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income and expenditure account during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the income and expenditure account as other finance costs or income. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme surpluses (to the extent that they can be recovered) or deficits are recognised in full on the balance sheet.

The assets of these schemes are administered, by Trustees, in funds independent from those of the Charity.

Leasing Commitments

Rentals paid under operating leases are charged to the statement of financial activities over the life of the lease on a straight-line basis.

Realised Gains & Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Fund Accounting

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

ACCOUNTING POLICIES (CONTINUED)

Restricted funds

Restricted funds are subject to specific restrictive conditions imposed by the donor or grant making body. All restricted funds are accounted for as restricted income and expenditure for the purposes charged to the fund, together with a fair allocation of overheads and support costs.

Critical Accounting Estimates and Areas of Judgement

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not consider any accounting estimates to be critical.

The key assumptions and area of judgement applied by Alternative Futures Group Limited are as follows:

- Management make judgements on an annual basis as to whether the value of any of the properties of the organisation have suffered an impairment in value. During the year a decision was made to dispose of the head office property (Lion Court) and as a consequence the organisation was no longer able to take advantage of the "value in use" principle, with an impairment being recognised in the financial statements. The impairment recognised reflects the market value of the property. The property was sold in August 2021.

During the year management have not obtained valuations on the other properties of the organisation, with the view being there has been no material change in the carrying value of these properties. All properties continue to generate a positive contribution to the overall performance of the Charity.

- Given the ageing of the debt of the Charity, management continue to carry a credit note provision. The provision in place arises as a consequence of invoicing errors, such errors dating back a number of years. Management continue to review the appropriateness of the provision, with the provision made being estimated based on the aging of the balance. The Charity will continue to work closely with its commissioners to ensure the resolution of issues and the optimisation of recovery.

1 CHARITABLE ACTIVITIES INCOME

	2021 £000	2020 £000
Supported living services	48,135	50,450
Independent Hospitals	11,022	10,203
	<u>59,157</u>	<u>60,653</u>

All income in the current and prior year was unrestricted

2 INVESTMENT INCOME

	2021 £000	2020 £000
Dividends – UK equity	38	74
Dividends – Overseas equities	15	24
Dividends – other	14	21
Interest – UK fixed interest securities	24	25
Interest on cash deposits	-	11
	<u>91</u>	<u>155</u>

All current and prior year income was unrestricted.

3 GOVERNMENT AND LOCAL AUTHORITY GRANTS

	2021 £000	2020 £000
Coronavirus Job Retention Scheme	635	-
Infection Control income from Local Authorities	69	-
	<u>704</u>	<u>-</u>

All current year income was unrestricted.

4 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct staff costs £000	Direct non-staff costs £000	Operational Management Support costs £000	Corporate Support costs £000	2021 £000	2020 £000
Provision of support and care						
Supported living	42,285	407	1,847	5,006	49,545	53,179
Independent Hospitals	4,930	3,052	422	1,054	9,458	9,220
Adult Care Homes	-	-	-	-	-	-
Adult Care Homes with Nursing	-	8	-	-	8	118
Total charitable activities	<u>47,215</u>	<u>3,467</u>	<u>2,269</u>	<u>6,060</u>	<u>59,011</u>	<u>62,517</u>

4 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	Unrestricted	Restricted	2021	Unrestricted	Restricted	2020
	£000	£000	£000	£000	£000	£000
Provision of support and care						
Supported living	49,545	-	49,545	53,179	-	53,179
Independent Hospitals	9,435	23	9,458	9,185	35	9,220
Adult Care Homes	-	-	-	-	-	-
Adult Care Homes with Nursing	8	-	8	118	-	118
Total charitable activities	58,988	23	59,011	62,482	35	62,517

5 EXCEPTIONAL ITEMS

	2021 £000	2020 £000
(Profit)/Loss on the Sale of Assets	(1,088)	-
Impairment of properties within Tangible Assets	1,532	-
Staff Costs, including redundancy, taxes and pensions	3	28
	447	28

In 2020 exceptional items related to redundancy costs following completion of an organisational restructure. All exceptional income/expenditure in the current and prior years was unrestricted.

6 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	2021 £000	2020 £000
OPERATIONAL SERVICE SUPPORT COSTS		
Operational Support / CQC Registered Addresses / Regional Offices	80	334
Operational Management / Workforce Planning / Rostering	703	835
Operational Services ICT Infrastructure	619	890
Operational Services Learning & Development Costs	595	928
Operational Services Quality Support Costs	272	298
	2,269	3,285

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	2021 £000	2020 £000
CORPORATE SUPPORT COSTS		
Financial, Transaction & Reporting, Banking & Audit Costs	829	532
HR & Recruitment Costs	1,216	1,208
ICT, Software Licencing, Depreciation and Support Desk	1,624	1,452
Insurance Costs	642	504
Governance & Administration	665	915
Risk & Assurance	56	160
Premises Running Costs	636	422
Legal Fees	111	110
Chief Executive Department	281	220
	<u>6,060</u>	<u>5,523</u>

During the year the organisation has continued to review its cost base to ensure costs are appropriately reported as either Operational or Corporate costs.

Governance costs include internal audit fees of £ 55,836 (2020: £54,479) and external audit fees of £77,850 (2020: £60,503), Trustee development £ NIL (2020: £1,405). Trustee indemnity insurance (2020: £8,452) is not individually identified, but contained within the overall Social Care Insurance Premium.

Staff costs included within support costs amount to £4,743,284 (2020: £5,269,144).

7 NET EXPENDITURE FOR THE YEAR

This is stated after charging:

	2021 £000	2020 £000
Operating lease rentals	200	183
Depreciation and amortisation:		
Intangible fixed assets, owned	123	206
Tangible fixed assets, owned	737	948
Bank interest payable on bank loan	35	75
Auditor's remuneration:		
- audit fees	78	60
- consultancy fees	0	8
- internal audit fees	56	54
	<u> </u>	<u> </u>

8 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL

Staff costs during the year were as follows:

	2021	2020
Group		
	£000	£000
Wages and salaries	47,280	50,649
Social security costs	3,374	3,423
Employer pension costs – operating cost in respect of DB Schemes	31	64
Employer pension costs – costs of contributions paid to DC schemes	1,273	1,200
Redundancy payments	3	28
	<u>51,961</u>	<u>55,364</u>

	2021	2020
Company		
	£000	£000
Wages and salaries	47,280	50,649
Social security costs	3,374	3,423
Employer pension costs – operating cost in respect of DB Schemes	31	64
Employer pension costs – costs of contributions paid to DC schemes	1,273	1,200
Redundancy payments	3	28
	<u>51,961</u>	<u>55,364</u>

In concluding the previous year's restructuring plan and move to a divisional model, a small number of redundant roles were carried over into 2020-21, giving rise to a £2,690 (2020 £28,320) cost in the year.

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

	Number of employees	
	2021	2020
£60,001 to £70,000	1	2
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	2	2
£110,001 to £120,000	2	1
£130,001 to £140,000	-	-
£150,001 to £160,000	1	1
	<u>6</u>	<u>6</u>

8 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE KEY MANAGEMENT PERSONNEL (CONTINUED)

The key management personnel of the charity comprise the executive team and Head of Corporate Services, but does not include the Chair. Total cost to the charity for employee benefits of the key management personnel of the Group was £820,038 (2020 £831,426).

During the year the following amounts were paid to pension schemes:

	2021 £000	2020 £000
Pension contributions to money purchase schemes	971	977
Pension contributions to defined benefit schemes	302	223
	<u>1,273</u>	<u>1,200</u>

Pension contributions are allocated to unrestricted funds. Costs are allocated to activity cost categories in proportion to the income generated by each activity.

The numbers of staff to whom retirement benefits are accruing are as follows:

	Number of employees	
	2021	2020
Money Purchase Schemes	1,595	1,612
Defined Benefit Schemes	<u>77</u>	<u>98</u>
	<u>1,672</u>	<u>1,710</u>

During the year five higher paid employees (2020: four) participated in a money purchase pension scheme. Employer contributions for the higher paid employees were £56,807 (2020: £39,685).

One of the higher paid employees (2020: two) does not participate in a pension scheme.

The Chair of the Board of Trustees, Chris Hannah, received remuneration in the year of £15,000 (2020: £15,000), as allowed in the Memorandum and Articles of Association and agreement from the Charity Commission in June 2011. The Chair received £ Nil pension contributions during the year (2020: £ Nil). The Chair's remuneration is based on independent national and sector benchmarking and is approved by the Remuneration Committee. During the year the Chair will attend quarterly Board meetings, if required Extra-ordinary Board meetings and various workshops. Additionally, the Chair works closely with the Chief Executive Officer in the development of the strategy of the Charity.

No other Trustees, or persons with a family or business connection with a Trustee received remuneration in the year, directly or indirectly, from either the charity or an institution or company controlled by the charity. The trustees received no pension contributions. No Trustees (2020: 3) received reimbursement for travelling expenses in the current year (2020: £1,405).

9 STAFF NUMBERS

Group

The average number of employees during the year was as follows:

	No of employees	
	2021	2020
Management and Operational Care and Support Staff	1,878	2,070
Governance and administration of the charity	10	9
	<u>1,888</u>	<u>2,079</u>

The average number of employees on a full-time equivalent basis during the year was as follows:

	No of employees	
	2021	2020
Management and Operational Care and Support Staff	1,653	1,818
Governance and administration of the charity	10	9
	<u>1,663</u>	<u>1,827</u>

Red Hazels Developments Ltd did not have any employees in either year.

10 INTANGIBLE ASSETS

Group and Company

	Capitalised development costs £000	Software £000	Goodwill £000	Total £000
Cost				
As at 1 April 2020	48	1,523	1,300	2,871
Additions	173	-	-	173
As at 31 March 2021	<u>221</u>	<u>1,523</u>	<u>1,300</u>	<u>3,044</u>
Amortisation				
As at 1 April 2020	-	295	1,300	1,595
Provided in the year	-	123	-	123
As at 31 March 2021	<u>-</u>	<u>418</u>	<u>1,300</u>	<u>1,718</u>
Net book amount at 31 March 2021	<u>221</u>	<u>1,105</u>	<u>-</u>	<u>1,326</u>
Net book amount at 31 March 2020	<u>48</u>	<u>1,228</u>	<u>-</u>	<u>1,276</u>

Capitalised development costs relate to the development of the new Procurement & Finance System (expected to go live quarter four 2021/22 financial year), and the new Care Management System (pilot 2021/22 financial year with go live 2022/23 financial year) . No amortisation has been charged in relation to these assets until they are available for use.

Amortisation charged in the year on software has been recognised within charitable activities expenditure.

11 TANGIBLE FIXED ASSETS
Group

	Freehold land and buildings £000	Furniture and equipment £000	Total £000
Cost			
As at 1 April 2020	23,952	5,900	29,852
Additions	69	237	306
Disposals at Cost	(7,454)	(234)	(7,688)
As at 31 March 2021	<u>16,567</u>	<u>5,903</u>	<u>22,470</u>
Depreciation and Impairment			
As at 1 April 2020	8,024	4,522	12,546
Disposals at Cost	(3,326)	(193)	(3,519)
Impairment in the Year	1,532	-	1,532
Provided in the year	<u>542</u>	<u>195</u>	<u>737</u>
As at 31 March 2021	<u>6,772</u>	<u>4,524</u>	<u>11,296</u>
Net book amount at 31 March 2021	<u>9,795</u>	<u>1,379</u>	<u>11,174</u>
Net book amount at 31 March 2020	<u>15,928</u>	<u>1,378</u>	<u>17,306</u>

The cost of land held within freehold land and buildings amounts to £3,275,557 (2020: £4,522,357) and is not depreciated.

Included within freehold land and buildings above is one property (2020: two properties) under long leasehold of net book value £1,203,484 (2020: £6,856,372).

The previous bank loan from Barclays was secured by way of legal charges over four properties but has been settled in full in November 2020. The organisation is currently in the process of removing these charges from the Companies Register.

During the year the Charity made a decision for all its corporate staff to move to home based contractual arrangements. As a consequence, the Charity was no longer able to take advantage of the value in use assumption for the Head Office property known as Lion Court, resulting in an impairment to the value of the property of £1.5m. The Charity disposed of the property in August 2021.

11 TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Freehold land and buildings £000	Furniture and equipment £000	Total £000
Cost			
As at 1 April 2020	24,054	5,899	29,953
Additions	69	237	306
Disposals at Cost	<u>(7,555)</u>	<u>(234)</u>	<u>(7,789)</u>
As at 31 March 2021	<u>16,568</u>	<u>5,902</u>	<u>22,470</u>
Depreciation			
As at 1 April 2020	8,024	4,522	12,546
Disposals at Cost	(3,326)	(193)	(3,519)
Impairment in the Year	1,532	-	1,532
Provided in the year	<u>542</u>	<u>195</u>	<u>737</u>
As at 31 March 2021	<u>6,772</u>	<u>4,524</u>	<u>11,296</u>
Net book amount at 31 March 2021	<u>9,796</u>	<u>1,378</u>	<u>11,174</u>
Net book amount at 31 March 2020	<u>16,030</u>	<u>1,377</u>	<u>17,407</u>

12 INVESTMENTS IN SUBSIDIARY

Company	Registered office	Principal activity	Shares held Class	%
Red Hazels Developments Limited (Company number 09498298)	Lion Court Kings Business Park, Prescot Liverpool L34 1BN United Kingdom	Property development	Ordinary	100

The charity holds one share of £10 in its wholly owned trading subsidiary company Red Hazels Developments Limited. This is the only share allotted, called up and fully paid.

Prior to the signing of the Statutory Financial Statements, the Directors of the parent Alternative Futures Group Limited have taken the decision to close-down and strike-off at Companies House, Red Hazels Developments Ltd.

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The amounts included within the consolidated accounts for the subsidiary company are:

	2021 £000	2020 £000
Turnover	0	0
Expenditure, including Interest paid and received	4	3
Profit/(Loss) for the financial year	0	(2)
Total Assets	12	0
Total (Liabilities)	(120)	(108)
Equity at end of year	(108)	(108)

13 FIXED ASSET INVESTMENTS

Movement in fixed assets investments

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Fixed asset investments held for return:				
Listed investments	9,844	3,810	9,844	3,810
Investment properties	-	200	-	200
	<u>9,844</u>	<u>4,010</u>	<u>9,844</u>	<u>4,010</u>

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Listed investments				
Fair value brought forward	3,810	6,951	3,810	6,951
Additions to investments at cost	5,550	1,439	5,550	1,439
Disposal at carrying value	(257)	(4,242)	(257)	(4,242)
Changes in fair value	741	(338)	741	(338)
Fair value carried forward	<u>9,844</u>	<u>3,810</u>	<u>9,844</u>	<u>3,810</u>
Historical cost at 31 March	8,849	3,824	8,849	3,824

Listed investments at fair value comprised:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Equities – UK	1,472	1,165	1,472	1,165
Equities – Overseas	1,856	1,204	1,856	1,204
Fixed interest securities – UK	1,214	1,234	1,214	1,234
Property – UK	202	207	202	207
Cash held for investment	5,100	0	5,100	0
Fair value carried forward	<u>9,844</u>	<u>3,810</u>	<u>9,844</u>	<u>3,810</u>

13 FIXED ASSET INVESTMENTS (CONTINUED)

The following holdings each constituted more than 5% of the year end fair value of the portfolio:

	£'000
iShares Index Linked	474
Rathbone Ethical Bond	324
Troy Trojan	472
Baillie Gifford International	439
Evenlode Income	317
Artemis Income	345
M&G Charifund	312
Hermes Emerging Markets	338
Sarasin Global Higher Dividend	290

Investment properties held at the prior year-end comprised of The Newlands building valued at £200,000 and this property was disposed on 28th October 2020.

14 STOCK

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Food products	-	8	-	8
	-	8	-	8

Stock relates to catering supplies held within the Treatment and Recovery centres, the value of which was immaterial as the Balance Sheet date.

During the pandemic the organisation has accumulated a stock of personal protective equipment, however, given this was obtained at nil cost through the Government PPE portal, so this is shown at nil value in the financial statements.

15 DEBTORS

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	2,815	3,615	2,815	3,615
Amounts owed from group	-	-	75	-
Prepayments	58	38	58	38
Accrued income	1,599	1,798	1,599	1,798
Other	10	12	10	12
	<u>4,482</u>	<u>5,463</u>	<u>4,557</u>	<u>5,463</u>

Trade debtors are stated after a credit note provision of £1,640,000 (2020: £1,440,000).

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loans and overdraft	0	3,001	0	3,001
Trade creditors	1,434	1,039	1,434	1,039
Accruals and deferred income	3,616	2,707	3,572	2,598
Social security and other taxes	1,317	840	1,317	840
Other creditors	564	439	564	439
	<u>6,931</u>	<u>8,026</u>	<u>6,887</u>	<u>7,917</u>

The bank loan from Barclays was settled in full on 12th November 2020, following the sale of the Tesito House facility in September 2020. Barclays are in the process of removing the legal charges over four properties, included within the total fixed asset cost within Note 11.

Included in other creditors is an amount of £189,159 (2020: £198,772) due to pension schemes which was paid subsequent to the year end.

Deferred Income at the end of the year was £1,548,274 (2020: £666,324) of which £324,565 (2020: £78,634) related to timing of invoices raised around year-end, £656,585 (2020 : NIL) related to Covid Infection control support, and the other £567,124 (2020: £587,690) related to invoices and payments in query, where monies received from commissioners do not match the amounts invoiced under the care-plans. Income deferred in the current year was £1,355,320 and amounts released from prior year was £473,370.

17 FINANCIAL INSTRUMENTS

	2021	2020
	£000	£000
Financial assets:		
Debt instruments measured at amortised cost	4,424	5,425
Instruments measured at fair value through profit or loss	<u>9,744</u>	<u>3,810</u>
	<u>14,168</u>	<u>9,235</u>
Financial liabilities:		
Measured at amortised cost	<u>4,066</u>	<u>6,520</u>

18 MOVEMENT IN FUNDS

GROUP

	At 1 April 2020	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	22,052	59,952	(59,475)	741	334	15	23,619
Restricted funds: gifted properties	1,542	0	(23)	0	(334)	0	1,185
Total funds	<u>23,594</u>	<u>59,952</u>	<u>(59,498)</u>	<u>741</u>	<u>0</u>	<u>15</u>	<u>24,804</u>

COMPANY

	At 1 April 2020	Income	Expenditure	Gain on investment assets	Gross Transfer between Funds	Pension	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
Unrestricted funds:							
Unrestricted funds	22,261	59,952	(59,576)	741	334	15	23,727
Restricted funds: gifted properties	1,542	0	(23)	0	(334)	0	1,185
Total funds	<u>23,803</u>	<u>59,952</u>	<u>(59,599)</u>	<u>741</u>	<u>(0)</u>	<u>15</u>	<u>24,912</u>

Purpose of Restricted Fund

Restricted funds represent the book value of properties held which were gifted for use as treatment centres within Alternative Futures Group. The properties can only be used for this purpose. Any proposed change of use, including ceasing activities at the properties or a sale of the properties would require permission from the donor.

Purpose of Unrestricted Fund

Unrestricted funds are for the use of Alternative Futures Group Limited's charitable objectives.

18 MOVEMENT IN FUNDS (CONTINUED)

PRIOR YEAR MOVEMENT IN FUNDS

GROUP

	At 1 April 2019	Income	Expenditure	Gain on investment assets	Pension	At 31 March 2020
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	24,069	60,807	(62,531)	(338)	45	22,052
Restricted funds: gifted properties	1,577	0	(35)	0	0	1,542
Total funds	<u>25,646</u>	<u>60,807</u>	<u>(62,566)</u>	<u>(338)</u>	<u>45</u>	<u>23,594</u>

COMPANY

	At 1 April 2019	Income	Expenditure	Gain on investment assets	Pension	At 31 March 2020
	£000	£000	£000	£000	£000	£000
Unrestricted funds:						
Unrestricted funds	24,276	60,807	(62,529)	(338)	45	22,261
Restricted funds: gifted properties	1,577	0	(35)	0	0	1,542
Total funds	<u>25,853</u>	<u>60,807</u>	<u>(62,564)</u>	<u>(338)</u>	<u>45</u>	<u>23,803</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2021 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2021 £000
Intangible fixed assets	1,326	-	1,326
Tangible fixed assets	9,989	1,185	11,174
Investments	9,844	-	9,844
Current assets	9,391	-	9,391
Current liabilities	(6,931)	-	(6,931)
Long term liabilities	-	-	-
Net assets	23,619	1,185	24,804
COMPANY	Unrestricted funds £000	Restricted funds £000	2021 £000
Intangible fixed assets	1,326	-	1,326
Tangible fixed assets	9,989	1,185	11,174
Investments	9,844	-	9,844
Current assets	9,455	-	9,455
Current liabilities	(6,887)	-	(6,887)
Long term liabilities	-	-	-
Net assets	23,727	1,185	24,912

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Fund balances at 31 March 2020 are represented by:

GROUP	Unrestricted funds £000	Restricted funds £000	2020 £000
Intangible fixed assets	1,277	-	1,277
Tangible fixed assets	15,764	1,542	17,306
Investments	4,010	-	4,010
Current assets	9,027	-	9,027
Current liabilities	(8,026)	-	(8,026)
Long term liabilities	-	-	-
Net assets	<u>22,052</u>	<u>1,542</u>	<u>23,594</u>

COMPANY	Unrestricted funds £000	Restricted funds £000	2020 £000
Intangible fixed assets	1,276	-	1,276
Tangible fixed assets	15,865	1,542	17,407
Investments	4,010	-	4,010
Current assets	9,028	-	9,027
Current liabilities	(7,917)	-	(7,917)
Long term liabilities	-	-	-
Net assets	<u>22,261</u>	<u>1,542</u>	<u>23,803</u>

20 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM CONSOLIDATED OPERATING ACTIVITIES

	2021 £000	2020 £000
Net Income/(Expenditure)	<u>1,195</u>	<u>(2,097)</u>
Adjustments for:		
(Profit) on disposal of tangible assets	(1,088)	0
Loss / (Gains) on investments	(741)	338
Amortisation charges	123	206
Depreciation charges	737	948
DB Scheme costs less contributions payable	41	67
DB Scheme net Finance cost/(income)	(26)	(22)
Doubtful Debt Provision	200	-
Impairment of Tangible Fixed Assets	<u>1,532</u>	<u>0</u>
	1,973	(560)
Movements in working capital:		
(Increase) / decrease in stock	8	0
(Increase) /decrease in debtors	981	907
(Decrease) / increase in creditors	<u>1,906</u>	<u>(332)</u>
Net cash generated by operating activities	<u><u>4,868</u></u>	<u><u>15</u></u>

21 CAPITAL COMMITMENTS

The charity had total capital commitments of £88,160 at 31 March 2021 (2020: £40,422). Capital commitments in respect of intangible assets were £Nil (2020: £Nil). Capital commitments in respect of tangible assets were £88,160 (2020: £40,422).

22 RETIREMENT BENEFITS

Contributions are made to the four pension schemes that are in operation, as follows:

- The NHS Superannuation Scheme in respect of certain employees who have the benefit of existing membership of the scheme by virtue of their NHS employment. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury.

The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the amount charged against profits represents the contributions payable to the scheme.

- Stakeholder pension scheme with banded contributions up to 14% depending on grade are available to all staff.
- Two defined benefit schemes (as noted below) as a result of staff joining the company by means of TUPE transfer.

The assets of these schemes are administered, by Trustees, in funds independent from those of the group.

Defined benefit plans

Lancashire County Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced 10 November 2008. The figures cover the period from 1 April 2020 to 31 March 2021 and all the data items relate to the same period.

Greater Manchester Pension Fund

These figures arise as a result of an admission of staff, as a result of a TUPE transfer, which commenced in June 2007.

The Balance Sheet and other disclosures as at 2021 are based on the last full actuarial valuations as at 31 March 2016 and updated to 31 March 2021, and include the pension schemes in aggregate.

Overall assumptions:

	Total of pension schemes 2021 %	Total of pension schemes 2020 %
Key assumptions used:		
Discount rate	2.1	2.4
Expected return on plan assets	15.7	(3.1)
Equities	15.7	(3.1)
Bonds	15.7	(3.1)
Property	15.7	(3.1)
Cash other	15.7	(3.1)
Rate of inflation	2.8	2.1
Expected rate of salary increases	3.9	3.2
Future pension increases	2.8	2.1

22 RETIREMENT BENEFITS (CONTINUED)

The average life expectancy for a current pensioner on the balance sheet date is:

	Total of pension schemes 2021 Years	Total of pension schemes 2020 Years
Male	21.5	21.4
Female	24.2	24.1

The average life expectancy for a future pensioner retiring at 65 aged at the balance sheet date:

	Total of pension schemes 2021 Years	Total of pension schemes 2020 Years
Male	22.9	22.9
Female	26.1	25.9

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Amounts recognised in the statement of financial activities in respect of these defined benefit schemes are as follows:

	Total of pension schemes 2021 £000	Total of pension schemes 2020 £000
Current service cost	49	64
Past service costs	-	15
Interest cost	136	144
Interest income	(162)	(166)
Administration costs	1	1
	<u>24</u>	<u>58</u>

Actuarial gains and losses are reported in the statement of financial activities. The loss recognised in 2021 was £298,000 (2020: £159,000 gain).

An additional gain of £313,000 (2020: £114,000 loss) has been included in the Statement of Financial Activities this year in relation to the movement in the asset in the Greater Manchester Pension Fund and the Lancashire County Pension Fund being derecognised from the Balance Sheet, in accordance with Charities SORP requirements, since the charity is unable to recover any surplus through either reduced contribution in the future or through refunds from the scheme.

The actual return on scheme assets was £583,000 (2020: £46,000) for Lancashire County Pension Fund and £380,000 (2020: £105,000) for Greater Manchester Pension Fund.

22 RETIREMENT BENEFITS (CONTINUED)

The amount included in the Balance Sheet arising from the Group's obligation in respect of defined benefit retirement schemes is as follows:

	Total 2021 £000	Total 2020 £000
Fair value of scheme assets	7,643	6,881
Present value of defined benefit obligations	<u>(6,942)</u>	<u>(5,867)</u>
Asset in scheme	701	1,014
Asset on Greater Manchester scheme derecognised in year	(36)	(149)
Asset on Lancashire scheme derecognised in year	<u>(665)</u>	<u>(865)</u>
Recognised in balance sheet	<u>0</u>	<u>0</u>

Movements in the present value of defined benefit obligations in the current period were as follows:

	Total 2021 £000	Total 2020 £000
At start of period	5,867	6,112
Current service cost	49	64
Past service cost	-	15
Interest cost	136	144
Actuarial (gains) and losses	1,033	(254)
Contributions by plan participants	9	10
Benefits paid	<u>(152)</u>	<u>(224)</u>
At the end of the period	<u>6,942</u>	<u>5,867</u>

Movements in the fair value in the share of scheme assets in the current period were as follows:

	Total 2021 £000	Total 2020 £000
At start of period	6,881	7,012
Interest income	162	166
Administrative expenses	(1)	(1)
Return on plan assets less amounts included in net interest	735	(95)
Employer contributions	9	13
Members contributions	9	10
Benefits paid	<u>(152)</u>	<u>(224)</u>
At the end of the period	<u>7,643</u>	<u>6,881</u>

22 RETIREMENT BENEFITS (CONTINUED)

The analysis of the scheme assets at the balance sheet date were as follows:

Lancashire County Pension Fund

	Total of pension schemes Fair value assets 2021 £000	Total of pension schemes Fair value assets 2020 £000
Equity Instruments	2,751	2,866
Government bonds	0	0
Other bonds	0	135
Property	833	459
Cash / liquidity	129	151
Other assets	2,152	1,794
	<u>5,865</u>	<u>5,405</u>

Greater Manchester Pension Fund:

	Total of pension schemes Fair value assets 2021 £000	Total of pension schemes Fair value assets 2020 £000
Equity Instruments	1,280	1,018
Government bonds	213	221
Other bonds	0	0
Property	124	103
Cash / liquidity	160	133
	<u>1,778</u>	<u>1,476</u>

The estimated amounts of contributions expected to be paid to the schemes during the financial period ending 31 March 2022 are £Nil (2020: £ Nil) in respect of Lancashire County Pension Fund and £9,000 (2020: £13,000) in respect of Greater Manchester Pension Fund.

23 LEASING COMMITMENTS

At the reporting end date the Group and Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£000	£	£000
Within one year	57	148	57	148
Between two and five years	14	50	14	50
	<u>71</u>	<u>198</u>	<u>71</u>	<u>198</u>

24 TAXATION

Alternative Futures Group Limited as a registered charity is exempt from Corporation Tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

25 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee incorporated within the United Kingdom and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

As at 31 March 2021, the company had 10 members (2020: 9).

26 CONTINGENT LIABILITIES

In January 2019, the charity suffered a serious untoward incident at one of our Treatment and Recovery Centres that tragically resulted in a patient death. An investigation by the Regulator (Care Quality Commission) concluded in December 2019 with no criminal action against AFG. Due to the impact of Covid-19, the inquest into the patient death has been significantly delayed, with the case now likely to be heard March – May 2022. Until such time the inquest progresses, we remain unable to assess the likelihood of any liability. As a result, no liability has been recognised as a provision within the accounts.

The Group provides a Death in Service benefit for all staff however the insurance policy does not provide the benefit to any staff aged over 75. The Directors are aware of a small cohort of staff who are aged over 75, and the estimated death in service benefit relating to those staff if it were to arise would be £143k.

The group is unaware of any other material liabilities for which provision has not been made in these financial statements.

27 RELATED PARTY TRANSACTIONS

There have been no related party transactions in the period other than trustee remuneration and expenses, as disclosed in Note 8, and transactions with the subsidiary Red Hazels Developments Limited disclosed below:

	£
Amounts charged to Red Hazels for administrative costs paid by AFG	-
Monies transferred to Red Hazels to pay creditors	89,493
Amounts discharged by AFG	(14,113)
Amount owed from Red Hazels at 31 March 2021	75,380

28 POST BALANCE SHEET EVENTS

Sale of Lion Court

AFG completed the sale of the property known as Lion Court on 13th August 2021 for an amount of £2.0m, after having impaired the value of the building by £1.5m during the current Financial Year.

Lea Court

During January 2021, the organisation was required to close the Lea Court Treatment & Recovery Centre as a consequence of flood damage caused by Storm Christoph. Work to reinstate the property has now completed, the centre has re-opened, and the return of patients commenced in late November 2021. Costs associated with both property re-instatement and business interruption were substantially covered by the insurance arrangements the organisation had in place at the time.

Red Hazels Developments Ltd

Prior to the signing of the Statutory Financial Statements, the Directors of the parent Alternative Futures Group Limited have taken the decision to close-down and strike-off at Companies House, Red Hazels Developments Ltd.