

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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For the year ended 31 March 2024

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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.

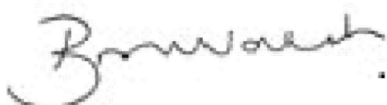
Looking ahead, I have no doubt that the organisation will be equipped to navigate its significant challenges and obstacles and continue its success. We will continue to make the necessary decisions to ensure AFG provides only the very best care and support to the people we are very privileged to support.

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: | <p>We are one</p> <p>We raise the bar</p> <p>Every person matters</p> <p>We make a positive difference</p> <p>We take ownership</p> | <p>We succeed together with a shared purpose and vision.</p> <p>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.</p> <p>We are people focused and value skills, gifts and potential. We listen. How people think and feel, matters. Everyone has a voice.</p> <p>We change lives. Our 'can do' attitude and passion enables people to be the best they can be.</p> <p>We do the right thing, are solution focused and get results. We are responsible for our behaviour and hold each other to account.</p> |

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: | | |

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

| | | |
|---|----------------------------|----------------------------|
| | | |
| 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. | <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 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 |
|---|--|
| | <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 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:

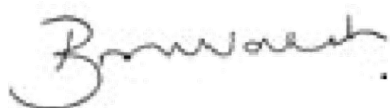
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 £000 | Restricted funds £000 | Total 2024 £000 | Unrestricted funds £000 | Restricted funds £000 | Total 2023 £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 |

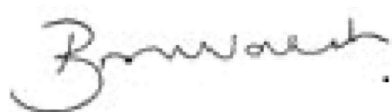
There were no new or discontinued operations undertaken during the year.
There are no recognised gains or losses, other than those included in the Statement of Financial Activities.

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:

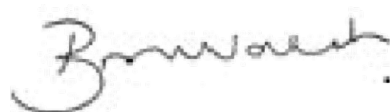


Brian Walsh – Chair

| | 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 | | <u>(633)</u> | <u>(733)</u> |
| Net increase in cash and cash equivalents | | 5,063 | 216 |
| Cash and cash equivalents at beginning of year | | <u>5,055</u> | <u>4,839</u> |
| Cash and cash equivalents at end of year | | <u><u>10,118</u></u> | <u><u>5,055</u></u> |
| Relating to | | | |
| Cash at bank and in hand | | <u><u>10,118</u></u> | <u><u>5,055</u></u> |

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 |
| | <u>119</u> | <u>14</u> |

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 | <u>13,900</u> | <u>13,236</u> | <u>13,900</u> | <u>13,236</u> |
| | <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 | <u>669</u> | <u>(245)</u> | <u>669</u> | <u>(245)</u> |
| 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 £000 | 2023 £000 | 2024 £000 | 2023 £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.