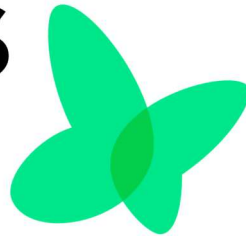


Company No: 02679915
Charity No: 1008587

Alternative Futures Group



ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE YEAR ENDING
31 MARCH 2025**

Alternative Futures Group Limited
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For the year ended 31 March 2025

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Brian Walsh
Chair of Alternative Futures Group Limited

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

Reference and administration details

Trustees:

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

Executive Officers:

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

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

Company Information and Advisors:

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

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

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

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

Legal status

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

During the year the Group consisted of two legal entities:

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

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

Objectives and activities

Charitable Purpose

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

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

Corporate Plan: Mission, Values and objectives

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

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

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

Principal Activities

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

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

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

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

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

Public Benefit

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

Governance: Structure and Management

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

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

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

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

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

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

Board and Executive Officers Remuneration

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

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

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

Board Committees

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

Audit & Risk Committee

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

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

Finance & Performance Committee

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

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

Quality & Safety Committee

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

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

Appointments Committee

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

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

Remuneration Committee

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

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

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

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

Governance Code

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

Employees

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

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

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

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

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

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

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

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

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

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

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

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

Health & Safety

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

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

Equality and Diversity

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

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

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

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

Social Impact & Value

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

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

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

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

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

Streamlined Energy and Carbon Reporting

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

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

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

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

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

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

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

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

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

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

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

Related Parties and Co-Operation with Other Organisations

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

Engaging with the People We Support

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

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

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

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

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

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

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

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

Internal Control Assurance

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

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

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

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

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

Corporate Planning and Budgeting

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

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

Audit & Risk Committee

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

Internal Audit Programme

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

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

External Audit

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

Engagement with suppliers, customers and others in a business relationship

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

STRATEGIC REPORT

Achievements and objectives

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



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

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

Strategy Progress - 2024/25

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

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

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

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

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

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

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

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

Financial stability

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

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

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

Operating performance

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

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

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

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

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

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

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

Business Development and Growth

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

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

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

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

Financial Review

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

Defined Benefit Pension Funds

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

Treasury Management

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

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

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Cash flows

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

Property Impairment

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

Cash

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

Achievement against 2024/25 Financial Key Performance Indicators

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

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

Achievement against Non-Financial Key Performance Indicators

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

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

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

Butterfly Moments

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

Funds held as custodian

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

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

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

Investments Policy and Performance

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

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

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

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

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

Reserves Policy and Performance

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

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

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

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

Principal Risks and Uncertainties

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

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

Strategic Risk	Mitigating Actions being taken
IF AFG is not a financially sustainable organisation THEN this will adversely impact AFG's ability to operate and deliver its charitable objectives.	<ul style="list-style-type: none"> • Annual Budget Setting • Quarterly Reforecasting • Monthly financial Performance Review • Recovery of legacy debt
IF AFG does not have effective corporate governance systems and processes in place THEN this could lead to regulatory compliance and legal/financial challenges.	<ul style="list-style-type: none"> • Regular review of Board Assurance Framework • Develop new Compliance Framework • Mandatory Data protection training for all employees
IF AFG does not deliver safe care due to ineffective quality governance arrangements THEN this will have adverse reputational, commercial and regulatory compliance impacts.	<ul style="list-style-type: none"> • Embed new quality assurance framework • Implement co-production & outcomes framework • Recruitment of a new Director of Quality Improvement
IF AFG does not create the conditions for a positive and effective organisational culture THEN this could adversely affect staff performance and delivery against strategic objectives.	<ul style="list-style-type: none"> • Delivery of Culture Development programme • Maintaining Real Living Wage commitment • Maintaining Great Place to Work accreditation • Implementation of EDI strategy • Delivery of Leadership Development Programmes • Enhanced Employee Value Proposition
IF AFG's digital systems and equipment are not developed, maintained or sufficiently resilient THEN this will impact AFG's ability to deliver safe care and operate efficiently.	<ul style="list-style-type: none"> • Transition to new Care Management Software with customised, future proof solution. • Enhancing use of Microsoft tools • Completion of additional cyber/penetration testing

Fraud

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

Directors' and Officers' Liability Insurance

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

Section 172 Statement

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

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

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

In discharging our duties, the following should be noted:

The likely consequence of any decision in the long term

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

The interests of the Charity's employees

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

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

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

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

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

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

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

The need to act fairly between beneficiaries of the Charity

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

Future Plans - Our 2025/26 Objectives

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

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

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

Auditor

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

Going Concern

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

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

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

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

Post balance sheet events

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

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

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

Statement of Trustees' Responsibilities

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

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

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

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

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

In so far as the Trustees are aware:

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

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

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



Brian Walsh

Chair – Alternative Futures Group Limited
03 December 2025

Opinion

We have audited the financial statements of Alternative Futures Group Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)

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

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

Date: 03 December 2025

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

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

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

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

Company No: 02679915
Charity No: 1008587

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

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



Brian Walsh – Chair
03 December 2025

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

Company No: 02679915
Charity No: 1008587

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

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

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



Brian Walsh – Chair

03 December 2025

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

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

Analysis of changes in net funds

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

ACCOUNTING POLICIES

General Information

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

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

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

Basis of Preparation

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

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

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

Reduced Disclosure Exemption

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

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

Going Concern

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

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

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

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

ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

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

Basis of Consolidation

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

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

The investment in the subsidiary undertaking is stated at cost.

Income

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

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

Income from Charitable activities

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

Investment income

Investment income is recognised on a receivable basis.

Expenditure

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

Charitable expenditure

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

ACCOUNTING POLICIES (CONTINUED)

Support costs

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

Employee benefits

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

Other expenditure

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

Intangible Fixed Assets Including Goodwill and Software

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

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

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

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

Tangible Fixed Assets and Depreciation

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

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

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

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

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

ACCOUNTING POLICIES (CONTINUED)

Impairment of Fixed Assets

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

Investments

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

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

Financial Instruments

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

Debtors

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

Cash at Bank and In Hand

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

Creditors

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

Retirement Benefits - Pension Schemes

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

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

ACCOUNTING POLICIES (CONTINUED)

Retirement Benefits - Pension Schemes (continued)

A stakeholder pension scheme, for certain senior members of staff, at a contribution rate of up to 14% of annual basic pay. The amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

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

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

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

Leasing Commitments

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

Fund Accounting

Unrestricted funds

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

Restricted funds

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

ACCOUNTING POLICIES (CONTINUED)

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

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

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

2 CHARITABLE ACTIVITIES INCOME

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

All income in the current and prior year was unrestricted.

3 INVESTMENT INCOME

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

All current and prior year income was unrestricted.

4 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

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

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

5 EXCEPTIONAL ITEMS

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

6 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

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

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

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

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

7 NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging:

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

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

Staff costs during the year were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

9 STAFF NUMBERS

Group

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

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

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

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

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

10 INTANGIBLE ASSETS
Group

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

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

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

11 TANGIBLE FIXED ASSETS

Group

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

Company

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

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

12 INVESTMENTS IN SUBSIDIARY

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

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

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

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

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

13 FIXED ASSET INVESTMENTS

Movement in fixed assets investments

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

13 FIXED ASSET INVESTMENTS (CONTINUED)

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

Listed investments at fair value comprised:

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

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

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

14 DEBTORS

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

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

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

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

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

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

16 GROUP FINANCIAL INSTRUMENTS

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

17 MOVEMENT IN FUNDS

GROUP

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

COMPANY

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

Purpose of Restricted Fund

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

Purpose of Unrestricted Fund

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

17 MOVEMENT IN FUNDS (CONTINUED)

PRIOR YEAR MOVEMENT IN FUNDS

GROUP

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

COMPANY

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

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2025 are represented by:

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

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

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Fund balances at 31 March 2024 are represented by:

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

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

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

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

20 CAPITAL COMMITMENTS

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

21 RETIREMENT BENEFITS

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

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

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

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

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

Defined benefit plans

Lancashire County Pension Fund

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

Greater Manchester Pension Fund

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

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

Overall assumptions:

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

21 RETIREMENT BENEFITS (CONTINUED)

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

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

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

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

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

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

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

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

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

21 RETIREMENT BENEFITS (CONTINUED)

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

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

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

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

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

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

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

21 RETIREMENT BENEFITS (CONTINUED)

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

Lancashire County Pension Fund

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

Greater Manchester Pension Fund:

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

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

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

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

22 LEASING COMMITMENTS

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

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

23 TAXATION

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

24 LEGAL STATUS OF THE CHARITY

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

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

25 CONTINGENT LIABILITIES

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

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

26 RELATED PARTY TRANSACTIONS

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

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

26 RELATED PARTY TRANSACTIONS (CONTINUED)

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

27 POST BALANCE SHEET EVENTS

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

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

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