

Co-operative and Community Benefit
Societies Act 2014, number 8374

Regulator of Social Housing Number 4843

TBG OPEN DOOR LIMITED

Annual Report and Financial Statements

Year ended 31 March 2020

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1. Association Information

Directors

Ursula Bennion	Chair
Surjit Dhande	Vice-chair
Maureen Adams	(appointed 8 April 2020)
Jeremy Arnold	(appointed 7 November 2019)
Jeffrey Baker	(resigned 1 August 2019)
Marie Li Mow Ching	
Julie Jones	(resigned 12 September 2019)
Terry Rogers	(resigned 1 August 2019)
John Stephen	

Co-Optee

Dasos Christou	(appointed 4 May 2020)
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Chief Executive Officer

Tim Mulvenna

Company Secretary

Mike Gerrard (resigned 18 October 2019)

Tim Mulvenna (appointed 21 October 2019, resigned 23 January 2020)

Shaun Mclean (appointed 23 January 2020)

Registered Office

2 Bristol Avenue
Colindale
London
NW9 4EW

Registered Number

09847846

Auditor

Grant Thornton UK LLP
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Bankers

Santander UK PLC
T54 Ground Floor Ops
Bridle Road
Bootle
Liverpool
L30 4GB

Registration Number

A Registered Society under the Co-Operative and Community Benefit Societies Act 2014, number 8374.
Registered by the Regulator of Social Housing, No. 4843

2. Report of the Directors

The Board is pleased to present the financial statements of TBG Open Door Limited for the year ended 31 March 2020.

Principal activities

TBG Open Door Limited is a housing association ("the Association") within TheBarnetGroup structure and subsidiary of Barnet Homes Limited for the development and management of affordable housing. The association is a registered Co-Operative and Community Benefit Society with the Financial Conduct Authority (FCA) effective 31 March 2020 and is registered with the Regulator of Social Housing (RSH) as a provider of social housing. The Association complies with the RSH's regulatory framework.

The services offered by TBG Open Door strongly support the London Borough of Barnet in the delivery of its new Housing Strategy 2015 – 2025 by seeking to:

- Increase the housing supply, thereby preventing homelessness, including making a financial contribution towards general fund pressures arising from homelessness demand;
- Provide homes that people can afford;
- Support vulnerable people; and
- Provide efficient and effective housing services via partner organisations.

Results for the year

The result for the year to 31 March 2020 was a deficit of £482,000 (2019: £184,000 deficit).

Business Review

The Board elected to convert the Company to a Co-Operative and Community Benefit Society. This decision followed legal and financial advice from independent advisors. The application for conversion was approved by the Financial Conduct Authority (responsible for governance of Co-Operative and Community Benefit Societies) on 31 March 2020.

The Association will generate losses for the first ten to fifteen years, in line with the business plan. The long-term business plan does though confirm the financial viability based on a set of reasonable assumptions and supported by stress-testing of those assumptions.

The initial business plan for the Association was to develop 320 new homes in the London Borough of Barnet, enabled by a £65 million loan facility from the London Borough of Barnet. This has now been increased to 341 new homes and a loan facility of £66.7 million. Additional loan facilities have been agreed post year-end and this means that more homes can be acquired such that it is anticipated that TBG Open Door will own and manage approximately 1,000 units within the next 3-4 years.

The development programme and the financial viability of TBG Open Door Limited is supported by a grant of £23.9m from the London Borough of Barnet, funded from Right to Buy receipts. The grant is provided to support the construction of the properties which will be let at an affordable rent, being at most 65% of market rent.

The funding is being drawn down to fund the construction of the properties, which began in March 2018 and ending in early 2022. The rate of interest on each tranche of the loan shall be the prevailing interest rate offered to the lender at the date of utilisation request by the Public Works Loan Board (PWL) for the relevant period, less 0.2% where the certainty discount applies plus 1.24% per annum margin.

The Association is a registered provider with the Regulator of Social Housing.

Now that the UK has left the EU and the transitional period ends on 31 December 2020, the impact of the final agreement and the Brexit process is unknown. The Association has risks via its suppliers and contractors where impacts on labour markets, materials supply chains (be that repairs for existing properties or building materials for scheme developments) and similar will impact TBG Open Door. The Board do not believe the risks from Brexit are so severe as to materially affect the business.

Directors

The names of the Directors who served during the period can be found on page 2.

Third party indemnity provision for Directors

Directors are provided with indemnity insurance procured through The Barnet Group Limited for Personal Accident and Directors' and Officers' liability.

Disabled persons

The Association is committed to equality and diversity and our goal is to embed it into our practices and everything we do. We want to ensure that all the people we support receive the best possible service and that everyone is supported to develop and achieve to the best of their abilities.

Our objective is to ensure that services are provided fairly to all the people we support and that the people we support have equal opportunities.

For the people we support, we will:

- Treat the people we support with dignity and respect;
- Consult and involve the people we support in planning the delivery of services;
- Engage with hard to reach groups to get their views;
- Target our services in a person-centred way to ensure our service reflect the needs of the people we support.

Charitable donations

No charitable donations were made by the Association for the year to 31 March 2020 (2019: £nil).

EU Political donations and expenditure

No political donations or expenditure were made for the year to 31 March 2020 (2019: £nil).

Donations to non-EU Political parties

No political donations or expenditure were made for the year to 31 March 2020 (2019: £nil).

Health and safety

The Board of Directors is aware of its responsibilities on all matters relating to health and safety. The Association has detailed health and safety policies and provides staff training and education on health and safety matters.

Payment policy

The Association pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 3 days of receipt of the invoice.

Statement of Directors' Responsibilities

The board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Directors' Remuneration Report

The Directors are defined as being the Board members of TBG Open Door Limited. The Independent Directors receive emoluments and are entitled to reimbursement of incidental expenses incurred when attending board meetings and other formal events in their capacity as board members. The Independent Directors are not entitled to pension benefits. These are the only transactions with the Independent Directors of the Company. Directors' remuneration is disclosed in note 6 to the financial statement. Executive Directors did not receive any remuneration from TBG Open Door Limited.

Code of Governance

The Association has adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and confirm that the Association complies fully with the Code. An annual review of compliance is performed by the Board, with the most recent review in June 2020, demonstrating continued compliance.

Going Concern

The accounts are prepared on a going concern basis.

As previously stated, the Association has made a deficit of £482,000 in the year and as a result has a negative net assets position. Expenditure relates to management and repairs of completed properties, costs relating to prospective new development schemes and the construction of further properties. The Association is operating to a long-term business plan which enables rental income from completed properties to generate cash to pay off the debt funding accrued in the construction period. The business plan is updated and reviewed by the Board at each Board meeting. The Association has additional loan facilities that include an allowance for working capital to fund the business whilst the Association makes losses for a number of years. The loan agreements also permit the Association to negotiate with the lender, the option to sell some properties, amend the loan terms or other options to support the financial viability of the Association. TheBarnetGroup Limited, as the shareholders parent company, has committed to supporting the Association both financially and operationally if required.

Accordingly, the Board are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Auditor

Following a tender process carried out in July 2020, the Board approved the re-appointment of Grant Thornton UK LLP as auditors and Grant Thornton UK LLP has expressed their willingness to remain in office. A resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting.

Other information

The strategic report below and the remainder of these financial statements, includes important information regarding events after the year-end, Covid-19 and other relevant matter pertinent to the Association and understanding the operations and financial position of the Association. As such the entire Annual report and financial statements document should be read, not only the Report of the Directors.

Approval and signature

The report of the Directors was approved by the Board on 22 July 2020, and signed on its behalf by:



Ursula Bennion, Chair

3. Strategic Report

COVID-19

Firstly, myself and the entire Board wish to extend our condolences to all staff, residents and members of the communities served by The Barnet Group, who have lost loved ones to Coronavirus. The pandemic has affected our lives in so many ways. Some impacts will be temporary, but others will be longer term and permanent. We will work with all our partners to mitigate the negative impacts and continue to support our most vulnerable service users going forward.

The terrible Coronavirus that forced the lockdown of most of the UK started just before the year-end, meaning that the impact on the results for the financial year ended 31 March 2020 has been minimal. Government rules around services that could remain open and guidance to residents meant that delivering repairs services was amended to 'emergencies only' whilst Open Door continued to deliver its statutory compliance services.

Review of Results

The result for the year was a deficit of £482,000 (2019: £184,000 deficit). The deficit includes £307,000 of costs relating to work done on development opportunities that the organisation could not progress with, generally due to these opportunities not being long-term viable.

TBG Open Door Limited has no usable revenue reserves. The Statement of Financial Position presents an Income and Expenditure reserve deficit of £846,000 at 31 March 2020 (2019: £364,000 deficit).

Principal risks and uncertainties

The Association's principal source of income is the future rent from newly built or acquired properties. The main risks to income are variations in the permitted rent increases set by the government and an increase in losses from bad debts, potentially from the impact of Welfare Reform.

The financial impact of COVID-19 in the March 2021 financial year should not be too significant due to the limited number of properties being let. The main risk is delays to those schemes under development at the time of the lockdown (including because the contractor may suffer financial difficulties and thus not be able to complete a scheme). These delays may lead to additional costs that mean the scheme becomes less viable than anticipated and so impairments of schemes may be required. The initial lockdown period was only for 4-5 weeks so is not expected to result in any impairments. If further lockdowns or other issues are experienced later, this may affect the financial position. The impact on services however is likely to be significant; customers not wanting service people to enter their homes, along with the use of court powers being limited will likely mean that there will be periods where 100% compliance with all statutory health and safety requirements will not be met. There are contingency plans in place to minimise this, but these cannot guarantee compliance. Other financial metrics like arrears will likely be affected (example not being able to evict tenants during the lockdown period and so rent arrears increasing), but this will not be too material on only 56 properties. The longer-term economic effect of COVID-19 and its impact on current and future customers is unknown and may be more material in the longer-term.

The initial programme of 320 units (and now 341) units in Barnet is part of a long-term strategy to position TBG Open Door Limited as a growing provider of affordable housing in the borough.

In the construction of the properties, the Association has made reasonable assumptions of costs across the whole programme to ensure all the units can be completed with the available funds. In addition, the association 'buys in' the services of skilled staff to ensure the timely completion of the schemes.

In terms of funding, the Association is partially funded by a loan facility of up to £66.7m for which interest is charged at the prevailing Public Works Loan Board rate, less 0.2% certainty discount (where applicable) plus 1.24%. This rate is fixed from drawdown through to repayment and the Association will ensure the development programme is completed to time to reduce the possibility of significant variations in interest cost.

Modelling of the business plan and stress testing has demonstrated contingency to accommodate some variation in interest rate. The Association will benefit from £23.9m of grant funding which significantly contributes to the viability of each scheme.

The health and safety of residents is of prime importance to the Association. The risks of non-compliance and thus a potential impact on the safety of residents is a significant risk for the Association. Board receives updates on compliance at each Board meeting and management monitor performance on a monthly basis.

There continues to be significant uncertainty as to the terms the UK will have negotiated with the EU once the current transition period of Brexit ends. It is not currently possible to accurately evaluate all the potential impacts on TBG Open Door, its customers, suppliers or the wider economy. Utilising guidance published by the Regulator of Social Housing and other sources, the main areas of risk assessed are supply of materials both for the construction of the properties in progress but also day to day repairs. Suppliers and contractors have all provided assurance that they have appropriate supply chain mitigations to mitigate this risk. Review of these supply chains and their mitigations are reviewed on an ongoing basis and reflected in the Association's risk register.

Post Year-end event

The Association has signed two loan agreements totalling up to £215 million with London Borough of Barnet. These loans are to fund acquisition projects. The first will see Open Door Homes acquire 156 already let properties from London Borough of Barnet. The second is to acquire 500 homes on the 'open market' and then rent these homes to people nominated by London Borough of Barnet. Both these projects have Board approval but have compliance and other controls in place to ensure the projects deliver to the financial returns in the business case. Both these loans can be drawn down in tranches, they do not need to be drawn in full in a single transaction.

Key performance indicators

By the end of the year, a total of 56 homes were occupied by tenants. This has been the first full year of properties being occupied and so a number of key performance measures are tracked; below are the key ones:

	31 March 2020
Properties with a current LGSR certificate	100%
Properties surveyed for electrical safety within the last 5 years	100%
Overall tenant satisfaction with ODH as a landlord	92.6%
Number of FRA remedial actions overdue	0%
Arrears as a percentage of the rent debit	1.0%

Value for Money

The Association was established to deliver new homes that people can afford, contribute to the Council's General Fund pressures and establish a viable, asset-owning subsidiary of TheBarnetGroup.

The Association began construction of its first properties in the prior periods and the first lettings to tenants took place during 2018/19. As a result, the assessment of value for money (and the performance of these metrics) using the Regulator of Social Housing standard VFM measures was not appropriate in prior years. These standard measures are now monitored by the Executive Team and the Board and targets set by the Board. Performance is shown below:

	31-Mar-2019		31-Mar-2020		31-Mar-2020	31-Mar-2021	31-Mar-2022
	Actual	Sector	Actual	Budget	Budget	Forecast	
Metric 1 Reinvestment	62.0%	6.2%	56.4%	84.0%	54.0%	27.0%	
Metric 2a New supply delivered (social housing)	100.0%	1.5%	33.9%	52.0%	86.3%	33.5%	
Metric 2b New supply delivered (non- social housing)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Metric 3 Gearing	67.0%	43.4%	65.8%	76.0%	81.3%	87.1%	
Metric 4 EBITDA-MRI Interest Cover	-46%	184%	-4%	51%	63%	81%	
Metric 5 Headline Social Housing Cost Per Unit	£8,270	£3,690	£10,857	£4,723	£2,290	£2,910	
Metric 6a Operating margin (social housing lettings)	-28.0%	29.2%	39.0%	34.0%	54.9%	60.6%	
Metric 6b Operating margin (overall)	-38.0%	25.8%	-27.6%	34.0%	54.9%	60.6%	
Metric 7 Return on Capital employed	-0.4%	3.8%	-0.3%	1.0%	1.2%	2.2%	

The above table shows how as a new organisation the standard metrics have significant fluctuations year to year as units complete, but also the significant impact of cost incurred on schemes that are unable to progress once feasibility work is completed. The £307,000 of such 'abortive' costs in the current year explain the very high Cost per unit and also the overall negative operating margin, whilst the housing property operating margin was strong. As the acquisition programs move forward and the current schemes on site begin to complete, this is what accounts for the improved results of most metrics in the future years.

The Association has a Value for Money strategy and will continue to monitor compliance using the regulatory requirements of the Regulator of Social Housing, including amending the measures used to reflect the growth of the business.

Future Developments – TBG Open Door Limited

The discussions within the Group regarding the future of the TBG Open Door Limited services have provided the opportunity for achieving the following objectives as outlined in the TBG Open Door Limited Business Plan:

- Develop quality new housing, including new types of construction and to deliver alternative tenure types
- Access grant opportunities and alternative funding streams
- Become asset owning and to use those assets over time to leverage further development and business opportunities
- Support the Council in delivering its housing strategy
- Support the Council in reducing or cross subsidising homelessness costs

This ambition, aimed at further supporting the Council in its strategic objectives, is also in keeping with TheBarnetGroup's mission to operate with a "Public sector ethos but with a private sector commercial focus".

The Governance and Financial Viability Standard

The Board confirm that TBG Open Door is compliant with the Governance and Financial Viability Standard issued by the Regulator of Social Housing.

Monitoring arrangement

The Association is monitored by its Board together with oversight of internal controls and risks by TheBarnetGroup's Audit and Risk Committee. In addition, the financial performance of the Association is monitored by its immediate parent, Barnet Homes Limited.

Annual General Meeting (AGM)

The AGM will take place on 23 November 2020.

Approval and signature

The strategic report was approved by the Board on 22 July 2020 and signed on its behalf by:



Ursula Bennion, Chair

Independent auditor's report to the members of TBG Open Door Limited

Opinion

We have audited the financial statements of TBG Open Door Limited (the 'society') for the year ended 31 March 2020, which comprise the statement of comprehensive income, statement of changes in reserves, statement of financial position, statement of cash flow and the explanatory notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 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 society's affairs as at 31 March 2020 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. 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 society 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

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

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

Independent auditor's report to the members of TBG Open Door Limited

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities, set out on pages 4 - 5, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of TBG Open Door Limited

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the society's members, as a body, in accordance with regulations made under Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

16 October 2020

TBG OPEN DOOR LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020	2019
		£'000	£'000
Turnover	3	602	254
Operating Costs	3	(771)	(352)
Other Income	3	3	1
Operating loss		(166)	(97)
Interest and financing costs	7	(317)	(87)
Interest receivable		1	-
Deficit before taxation		(482)	(184)
Taxation	8	-	-
Deficit after tax		(482)	(184)
Other comprehensive income		-	-
Total comprehensive loss for the year		(482)	(184)

Statement of Changes in Reserves

	Revenue Reserve
	£'000
Balance at 1 April 2018	(180)
Deficit for the year	(184)
Balance at 31 March 2019	(364)
Deficit for the year	(482)
Balance at 31 March 2020	(846)

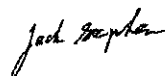
All the above relate to continuing activities

The accompanying accounting policies and notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 22 July 2020 and signed on its behalf by:



Ursula Bennion, Chair



John Stephen



Shaun McLean, Company Secretary

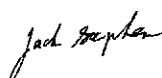
TBG OPEN DOOR LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
ASSETS			
Tangible Assets			
Tangible Fixed Assets - Housing Properties	9	52,625	23,126
Other Tangible Fixed Assets	10	42	53
Current assets			
Trade and other debtors	11	343	1,447
Cash and cash equivalents		827	3,371
		<u>1,170</u>	<u>4,818</u>
Total Assets		<u>53,837</u>	<u>27,997</u>
LIABILITIES			
Current Liabilities			
Creditors: Amounts due within 1 year	12	<u>(3,892)</u>	<u>(3,014)</u>
Total assets less current liabilities		49,945	24,983
Creditors: Amounts due after more than 1 year			
Loans	14	(33,652)	(14,995)
Grant	13	(17,139)	(10,352)
Total Net Liabilities		<u>(846)</u>	<u>(364)</u>
Capital and reserves			
Revenue reserve		<u>(846)</u>	<u>(364)</u>
Total Equity		<u>(846)</u>	<u>(364)</u>

The financial statements were authorised and approved by the Board on 22 July 2020 and signed on its behalf by:



Ursula Bennion, Chair



John Stephen



Shaun McLean, Company Secretary

Co-operative and Community Benefit Society Number: 8374

The accompanying accounting policies and notes form part of these financial statements.

TBG OPEN DOOR LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH 2020

		2020	2019
		£'000	£'000
Cash flows from operating activities			
Net cash generated/(utilised) from operating activities	(a)	1,457	(1,827)
Cash flows from investing activities			
Purchase and construction of housing properties		(29,663)	(14,339)
Purchase of other tangible fixed assets		-	(53)
Grant received		6,822	7,620
Net Cash used in investing activities		(22,841)	(6,772)
Cash flows from financing activities			
Loans drawn		20,157	11,947
Loans repaid		(1,000)	-
Interest paid		(317)	(80)
Net Cash used in financing activities		18,840	11,867
Net change in cash and cash equivalents	(c)	(2,544)	3,268
Cash and cash equivalents at beginning of year		3,371	103
Cash and cash equivalents at end of year		827	3,371

The accompanying accounting policies and notes form part of these financial statements.

TBG OPEN DOOR LIMITED
STATEMENT OF CASH FLOW CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£'000	£'000
(a) Reconciliation of deficit to net cash generate/(utilised) from operating activities		
Loss for the year	(482)	(184)
Adjustment for non-cash items:		
Depreciation of housing properties	164	46
Amortisation of grant	(32)	(9)
Other depreciation & amortisation	10	-
(Increase)/decrease in trade and other debtors	1,104	(207)
Increase/(decrease) in trade and other creditors	376	(1,560)
Interest paid	317	87
Net cash generated/(utilised) from operating activities	1,457	(1,827)

(b) Reconciliation of net cashflow to movement in net debt

Decrease/(increase) in cash in the year	2,544	(3,268)
New loans	20,157	11,947
Loans repaid	(1,000)	-
Change in net debt	21,701	8,679
Net debt brought forward	12,124	3,445
Net debt carried forward	33,825	12,124

(c) Analysis of changes in net debt

	At 1 April 2019	Cash flow	At 31 March 2020
Debt due within one year	500	500	1,000
Debt due after one year	14,995	18,657	33,652
	<u>15,495</u>	<u>19,157</u>	<u>34,652</u>
Cash at bank	3,371	(2,544)	827
Total net debt	<u>12,124</u>	<u>21,701</u>	<u>33,825</u>

TBG OPEN DOOR LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

1. Legal Status

TBG Open Door Limited (the "Association") was a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006, but converted to Co-operative and Community Benefit Society on 31 March 2020 meaning the Association is now registered under the Cooperative and Community Benefit Society Act 2014 and is a registered provider of social housing. The Association is also registered with the Financial Conduct Authority (FCA).

TBG Open Door Limited is an entity within TheBarnetGroup structure and subsidiary of Barnet Homes Limited, for the development and management of affordable housing. The Association was incorporated on 29 October 2015 and registered with the regulator of Social Housing as a registered provider of social housing on 7 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are presented in British Pounds Sterling (£), the functional currency of the Association.

Disclosure exemptions

The individual accounts of TBG Open Door Limited have adopted the following disclosure exemptions:

Financial instrument disclosures, including:

- categories of financial instruments
- items of income
- losses relating to financial instruments
- exposure to and management of financial risks

Going concern

The Association has made a deficit of £482,000 in the year and as a result has a negative net assets position. Expenditure relates to management and repairs of completed properties, costs relating to prospective new development schemes and the construction of further properties. The Association is operating to a long-term business plan which enables rental income from completed properties to generate cash to pay off the debt funding accrued in the construction period. The business plan is updated and reviewed by the Board at each Board meeting. The Association has agreed loan facilities that include an allowance for working capital to fund the business whilst the Association makes losses for a number of years. The loan agreements also permit the Association to negotiate with the lender, the option to sell some properties, amend the loan terms or other options to support the financial viability of the Association.

TheBarnetGroup Limited, as the shareholders parent company, has committed to supporting the Association both financially and operationally if required.

Accordingly, the Board are satisfied that it is appropriate to prepare the accounts on a going concern basis.

TBG OPEN DOOR LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Significant management judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the organisation that have the most significant effect on the amounts recognised in the financial statements:

Valuation and impairment of social housing properties

Annually, the Association assess whether the carrying value of the properties represents a fair value of the assets or whether an indicator of impairment exists. In making the judgment, management considered the criteria set out in the SORP. No indicators of impairment have been identified as existing at the year-end and as such the assets are reflected at historical cost less any depreciation to date.

Fixed Asset vs Investment Properties

All the Association's properties are 'social housing' as they are held for their social benefit, i.e. they are rented out at subsidised rates to eligible tenants.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Economic life of assets

An estimation of the useful economic life of the organisation's assets are determined by management and disclosed within the accounting policies. The estimates are based on industry standards adjusted to reflect our own experience, quality of components and maintenance procedures.

Bad and doubtful debts

Provision is made against rent for current and former tenants and against sundry debts to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on historical experience and future expectations.

Turnover and Revenue recognition

Turnover comprises rental income and grant receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of voids. Properties let at affordable rent are inclusive of service charges.

Taxation

For the year ended 31 March 2020, the Association is subject to corporation tax, as it has not yet been granted charitable status, as recognised by HMRC. Tax is recognised for income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

VAT

The Association was not registered for VAT at 31 March 2020. The financial statements include VAT.

TBG OPEN DOOR LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Housing Properties

Housing properties are properties held for the provision of social housing. Properties during construction are stated at cost and included in fixed assets. Properties under construction are transferred to "completed housing properties" when they are available for letting. No depreciation is provided on the properties until they are ready for use. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements

Capitalised Development Costs

Only directly attributable project costs are capitalised in housing property costs. These costs include acquisition, construction, capitalised interest and overheads. Staff costs which are directly attributable in bringing housing properties into working condition for their intended use are capitalised as development allowances.

Pre-contract costs

Pre-contract costs are recognised as an asset only if they are directly attributable to bringing the asset to its intended operating condition and specific contract, can be separately identified, measured reliably and when there is virtual certainty that a contract will be obtained and is expected to result in future net cash inflows.

Government Grants

Grants are paid by the London Borough of Barnet to subsidise the cost of constructing housing properties. Grants on completed housing properties are accounted for using the accrual model as set out in FRS102 and the Housing SORP 2018. Grants are recognised as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset.

Government grants released on sale of property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Donated Land

The difference between the fair value of the donated land and the consideration paid for it is recognised as a government grant and included in the Statement of Financial Position as a liability.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets, to the extent that it accrues in respect of the period of development, if it represents interest on borrowings specifically financing the development programme after deduction of relevant grants received in advance. Other interest payable is charged to income and expenditure in the year.

TBG OPEN DOOR LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Depreciation of Housing Properties

The Association separately identifies the major components which comprise its housing properties and charge depreciation to write down the cost of each component, to its estimated residual value, on a straight-line basis, over its estimated useful economic life. The estimated useful life of the major components is as follows:

Component	Lifecycle - years
Main Structure	100
Roof	50
Doors and Windows	40
Gas Heating	30
Boiler	15
Kitchens	30
Bathrooms	40
Lifts	20
Electrical	30

Freehold land is not depreciated.

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other Tangible Fixed Assets

Other tangible fixed assets are measured at cost less accumulated depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives (with no charge in the year of acquisition) as follows:

Computers and software	3 to 5 years
------------------------	--------------

Financial Instruments

Financial Instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

Equity and reserves

Retained earnings include all current retained results.

TBG OPEN DOOR LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities are recognised when the Association has a present obligation as a result of a past event, and it is probable that the Association will be required to settle that obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material. The Association has no contingent assets.

TBG OPEN DOOR LIMITED

3. TURNOVER, OPERATING COSTS AND OPERATING DEFICIT

	2020	2020	2020	2019	2019
	Turnover	Operating Costs	Operating Surplus/(Deficit)	Turnover	Operating Deficit
	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	602	(366)	236	254	(71)
Other Social Housing Activities	3	(405)	(402)	1	(26)
	605	(771)	(166)	255	(97)

Other social housing activity costs primarily relates to abortive costs on unsuccessful development schemes.

Social Housing Lettings

	2020	2020	2019
	Affordable Housing	Total	Total
	£'000	£'000	£'000
Income			
Rent Receivable	570	570	150
Other Grants	-	-	95
Amortised Grant	32	32	9
Turnover from Social Housing Lettings	602	602	254
Expenditure			
Management	170	170	174
Service Charge costs	22	22	7
Depreciation of housing properties	164	164	46
Other costs	10	10	98
Operating costs on Social Housing Lettings	366	366	325
Operating surplus on Social Housing Lettings	236	236	71
Void losses	4	4	2

TBG OPEN DOOR LIMITED

4. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

	2020 Number of Properties	2019 Number of Properties
Social Housing - Affordable Rent		
Total accommodation owned and Managed	56	37
Accommodation in development at year end	225	214

5. OPERATING SURPLUS

The operating loss has been arrived at after charging the following:

	2020 £'000	2019 £'000
Depreciation of housing properties	164	46
Depreciation of other fixed assets	11	-
Auditors remuneration (excluding VAT)		
- Fees payable to the Associations Auditors for the audit of the financial statements	10	8
- Fees payable to the Auditors for other services	22	20
- Tax compliance services	5	5

There are no employees of the association apart from the Non- Executive Directors.

6. DIRECTORS

6.1 NON- EXECUTIVE DIRECTORS

The Non-Executive Directors are defined as being the members of TBG Open Door Limited's Board, who are not executive officers of TBG Open Door Limited. The Non-Executive Directors received emoluments for the financial year and were entitled to reimbursement of incidental expenses incurred when attending board meetings and other formal events in their capacity as board members.

	2020 £	2019 £
Emoluments Received:		
Sharon Slotnick	-	938
Surjit Dhande	5,000	5,000
Julie Jones (resigned 12 September 2019)	2,347	5,000
Terence Rogers (resigned 1 August 2019)	991	2,385
Jeffrey Baker (resigned 1 August 2019)	883	2,424
John Stephen	2,083	2,500
Jeremy Arnold	5,000	5,000
Marie Li Mow Ching	5,000	5,000
Ursula Bennion	3,750	1,563
	25,054	29,810

TBG OPEN DOOR LIMITED

6.2 EXECUTIVE DIRECTORS

No remuneration was paid by TBG Open Door Limited to the Executive Directors during the period under review.

7. INTEREST AND FINANCING COSTS

	2020	2019
	£'000	£'000
Interest payable on borrowing	901	334
Interest capitalised on housing properties under construction	(590)	(251)
Amortisation of loan issue cost	6	4
	<u>317</u>	<u>87</u>

Interest capitalised was at an average rate of 3.69% (2019: 3.71%)

8. TAXATION

Tax charge per accounts

	2020	2019
	£'000	£'000
Analysis of tax charge/(credit) for the period		
Current tax		
UK corporation tax at 19.00% (PY: 19.00%)	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
Provision for deferred tax		
Movement in Provision:		
Provision at start of period	-	-
Deferred tax charged in the Statement of comprehensive income for the period	-	-
	<u>-</u>	<u>-</u>
Provision at end of the period	<u>-</u>	<u>-</u>
Deferred tax (asset)/liability not recognised	<u>(114)</u>	<u>(48)</u>

TBG OPEN DOOR LIMITED
8. TAXATION CONTINUED

Reconciliation of tax charge

Loss on ordinary activities before tax	(482)	(482)	(184)	(184)
Tax on loss on ordinary activities at standard CT rate of 19.00% (PY: 19.00%)	(92)	(92)	(35)	(35)
Effects of:				
Fixed asset differences	31	31	9	9
Expenses not deductible for tax purposes	61	-	-	-
Income not taxable for tax purposes	(6)	(6)	(4)	(4)
Adjust closing deferred tax to average rate of 19%	-	-	6	6
Adjust opening deferred tax to average rate of 19%	(6)	(6)	(3)	(3)
Adjustments to brought forward values	(50)	-	-	-
Deferred tax not recognised	62	73	27	27
Tax charge for the period	-	-	-	-

TBG OPEN DOOR LIMITED
9. TANGIBLE FIXED ASSETS: HOUSING PROPERTIES

	Social Housing Properties held for letting	Housing Properties for Letting Under Construction	Total Housing Properties
	£'000	£'000	£'000
Cost			
At 1 April 2019	7,677	15,495	23,172
Additions:			
Construction costs	-	29,663	29,663
Schemes completed	5,344	(5,344)	-
At 31 March 2020	<u>13,021</u>	<u>39,814</u>	<u>52,835</u>
Depreciation			
At 1 April 2019	46	-	46
Charge for the year	164	-	164
At 31 March 2020	<u>210</u>	<u>-</u>	<u>210</u>
Net book value			
At 31 March 2020	<u>12,811</u>	<u>39,814</u>	<u>52,625</u>
At 31 March 2019	<u>7,631</u>	<u>15,495</u>	<u>23,126</u>
Social Housing Assistance			
		2020	2019
		£'000	£'000
Total accumulated social housing grant received or receivable at 31 March:			
Recognised in the Statement of Comprehensive Income		41	9
Held as Deferred Income		17,175	10,386
		<u>17,216</u>	<u>10,395</u>
Finance Costs			
		2020	2019
		£'000	£'000
Amount of finance costs included in the year		590	251
Aggregate amount of finance costs included in housing properties		<u>855</u>	<u>265</u>

TBG OPEN DOOR LIMITED**10. OTHER FIXED ASSETS**

	2020 £'000
	Computers and software
Cost	
At 1 April 2019	53
Additions:	-
At 31 March 2020	<u>53</u>
Depreciation and impairment	
At 1 April 2019	-
Charge for the year	11
At 31 March 2020	<u>11</u>
Net Book Value	
At 31 March 2020	<u>42</u>
At 31 March 2019	<u>53</u>

11. TRADE AND OTHER DEBTORS

	2020 £'000	2019 £'000
Rent Receivable	7	1
Amount due from group companies	99	1,410
Other Debtors	237	36
	<u>343</u>	<u>1,447</u>

12. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Loans - due to group companies (see Note 14)	1,000	500
Rent Received in Advance	14	12
Deferred Grant Income (see Note 13)	38	34
Trade creditors	242	258
Accruals	678	2,071
Amount due to group companies	1,920	139
	<u>3,892</u>	<u>3,014</u>

The Association aims to pay all suppliers within the contract or invoice payment terms.

TBG OPEN DOOR LIMITED
13. DEFERRED GRANT INCOME

	2020	2019
	£'000	£'000
At 1 April	10,386	2,775
Grant Received in the year	6,823	7,620
Released to income in the year	(32)	(9)
At 31 March	<u>17,177</u>	<u>10,386</u>
Amounts to be released within 1 year	<u>38</u>	<u>34</u>
Amounts to be released in more than 1 year	<u>17,139</u>	<u>10,352</u>

14. DEBT ANALYSIS

	2020	2019
	£'000	£'000
Borrowings		
Due within one year:		
Loans	<u>1,000</u>	<u>500</u>
Due after more than one year:		
Loans	33,968	15,139
Less: loan issue costs	(316)	(144)
	<u>33,652</u>	<u>14,995</u>
Total Borrowings	<u>34,652</u>	<u>15,495</u>

Security

Loans are secured on all the properties of the organisation.

Terms of Repayment and Interest Rates

The rate of interest on each loan for each interest period is the prevailing interest rate offered to the lender at the date of utilisation request by the Public Works Loan Board for the relevant period and type of loan, less 0.2% certainty discount where applicable plus 1.24%p.a.

	2020	2019
	£'000	£'000
Loans repayable by instalments:		
In five or more years	33,968	15,139
Between two and five years	-	-
Between one and two years	-	-
In one year or less and on demand	<u>1,000</u>	<u>500</u>
	<u>34,968</u>	<u>15,639</u>

At 31 March 2020 the entity had undrawn loan facility of £32m (2019: £40m).

TBG OPEN DOOR LIMITED**15. RELATED PARTY TRANSACTIONS**

	2020	2019
	£'000	£'000
Amount due to Barnet Homes Limited	530	3,447
Invoices from Barnet Homes Limited	966	1,931
Invoices to Barnet Homes Limited	2	-
Loan from Barnet Homes Limited	1,000	500
Invoices to Bumblebee Lettings Limited	8	-
Amount due from Bumblebee Lettings Limited	8	-
Loan and grant receipts from London Borough of Barnet	25,651	18,891
Loan payable to London Borough of Barnet	33,968	15,139

TBG Open Door Ltd is a Community Benefit Society. It is wholly owned by Barnet Homes Limited which is in turn owned by TheBarnetGroup Limited, a local authority controlled trading company, wholly owned by London Borough of Barnet.

16. EQUITY**Share capital**

The Association is limited by guarantee and therefore has no share capital. Each member agrees to contribute £1 in the event of the association winding up.

Number of Members

At 31 March 2019	1
Joined in year	-
At 31 March 2020	<u>1</u>

17. CAPITAL COMMITMENTS

	2020	2019
	£'000	£'000
Capital expenditure contracted for but not provided for in the financial statements	<u>19,409</u>	<u>41,281</u>
Capital expenditure authorised by the Board but not yet under contract	<u>6,018</u>	<u>4,927</u>

