

Company No. 09842642

TBG Flex Limited
Annual Report and Financial Statements
Year ended 31 March 2020

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1. Company Information

Directors

Rebecca Toloui-Marks	Chair
Washington Ainabe	
Samantha Court	(resigned 1 August 2019)
Nigel Perryman	(resigned 1 August 2019)
Terry Rogers	(resigned 1 August 2019)
John Stephen	(appointed 1 August 2019)
Nigel Turner	(appointed 1 August 2019)
Robert Webber	(appointed 1 August 2019)

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 09842642

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

2. Report of the Directors

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

Principal activities

TBG Flex Limited is a Company within TheBarnetGroup structure for the recruitment and employment of staff. TBG Flex Limited is the Group's preferred vehicle for employing new permanent and temporary staff when needed, and will be fundamental to making our business growth strategies commercially viable in the future.

TBG Flex Limited offers flexible benefits for all its employees.

Results for the year

The result for the year to 31 March 2020 was a surplus of £201,000 (2019: £131,000).

Dividends

The Directors do not propose a dividend for the year.

Directors

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

3rd party indemnity provision for Directors

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

Disabled persons

TBG Flex Limited 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 all the people we support have equal opportunities.

For the people we support, we:

- Treat all 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.

Employee information

We aim to achieve and promote equality of opportunity in all aspects of our recruitment, training, policies and practice and to facilitate a working environment where employees feel safe, supported, able to challenge, feel engaged with the organisation and where any discrimination is dealt with effectively.

As an employer we:

- Take positive action to develop a workforce that reflects the people we support;
- Ensure that all employees are supported to develop and grow to the best of their ability;
- Value the contribution our employees make toward achieving our objectives;
- Ensure that all our existing and future employees have equal opportunities.

Charitable donations

No charitable donations were made by TBG Flex Limited 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).

Payment policy

The Company pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 9 days of receipt of the invoice.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Flex 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. Executive Directors, who are fully employed as officers of the Company, receive pension benefits. Directors' remuneration is disclosed in note 10 to the financial statements.

Code of Governance

The Company has adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and confirm that the Company complies fully with the Code.

Going Concern

The company's business activities, its current financial position and factors likely to affect its future development are set out in the strategic report. In preparing the financial statements on the going concern basis, the Board considered the following:

- Management has prepared forecasts (including monthly cash flows) of expected results for the 2020/21 financial year and the following year. These demonstrate that the company has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least for the 12 months following the approval of these accounts.
- That in the event of a disorderly Brexit, the company has sufficient liquid resources and suitable mitigating actions available in the short, medium and long-term to manage the impact of increased inflation and potential increased operating costs.
- That in the event the Covid-19 crisis endures for much of the next few months, the company has sufficient liquid resources and suitable mitigating actions available in the short, medium and long-term to manage the impact on operational and financing activities.
- The London Borough of Barnet has confirmed its intention to offer support to TheBarnetGroup Limited if this is required; such support would then allow TheBarnet Group to support Bumblebee Lettings Limited if the forecasts are materially inaccurate.

The Directors have reviewed the Company's forecasts as described above and on this basis as well as the London Borough of Barnet's stated intention to support TheBarnetGroup, the Board consider preparation of the Financial Statements on a going concern basis to be appropriate.

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:



Rebecca Toloui-Marks, Chair

3. Strategic Report

COVID-19

Firstly, myself and the entire Board wish to extend our condolences to all staff who may 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 staff as much as possible.

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. The company's financial position is 'linked' to the number of staff it has for other entities within TheBarnetGroup Limited and so should not be affected by the pandemic, unless new staff cannot be recruited, though this is unlikely as the labour market is expected to have ready access to prospective employees as a result of the macro-economic effects of the pandemic.

Staff illness will mean that the fellow Group companies that TBG Flex supply staff to will be required to utilise additional agency and contract staff, which would be additional costs for those companies; TBG Flex is contractually permitted to recharge costs even when staff are of ill.

Review of Results

The result for the year was a surplus of £201,000 (2019: £131,000). The key indicator of performance of the company is the number of staff recruited and then supplied to other Group companies. During the year, the number of staff supplied to the Group companies increased from 315 to 361.

The Statement of Financial Position presents retained earnings of £372,000 at 31 March 2020 (2019: £171,000).

Principal risks and uncertainties

TBG Flex's principal source of income is fees from group members for the employment of staff. As such the Company is dependent on the level of activity of other group companies. The recent and possible continued rise in the London Living Wage will mean increased employment costs for the Company.

Other members of TheBarnetGroup are charged a 4% annual fee by TBG Flex for the employment of staff. The margin will be kept under review to ensure that it contributes to a viable surplus for TBG Flex.

Staff employed through TBG Flex are entitled to a benefits package of between 5% and 10% depending on their role, which can be used flexibly, including for pension contributions.

TBG Flex employs many people at or slightly above the London Living Wage (LLW). As such the Company may be exposed to changes to the economy and wage levels arising from Brexit. In mitigation, payment at LLW puts the company among the highest payers locally, meaning it is less likely to suffer than comparable businesses paying lower wages. During the current year, the Company has continued to fill vacancies arising from staff turnover and new posts.

The number of staff employed through TBG Flex is as follows:

Employees at 31 March 2020 (2019 in brackets)	
Barnet Homes Limited	187 (155)
Your Choice (Barnet) Limited	174 (160)
Total	361 (315)

Future Developments – TBG Flex Limited

Numbers of staff employed have increased substantially in the year and there are plans to further increase the number of employees within the Barnet Group employed by TBG Flex over the five-year budget period as follows:

TBG Flex staff	Figure at 31 March 2020	Annual increase				
		2020/21	2021/22	2022/23	2023/24	2024/25
Conversion of agency staff	361	25	10	0	0	0
Permanent appointments		25	15	15	15	15
Total		411	436	451	466	481

Approval and signature

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



Rebecca Toloui-Marks, Chair

Independent auditor's report to the members of TBG Flex Limited

Opinion

We have audited the financial statements of TBG Flex Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flow, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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.

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, 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 directors are 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.

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 strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4 the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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.

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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

**Victoria McLoughlin BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds**

16 October 2020

TBG FLEX LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED TO 31 MARCH 2020

Statement of Comprehensive Income

	Note	2020 £'000	2019 £'000
Revenue	3	<u>9,874</u>	<u>7,865</u>
Employee Benefits	10	(9,491)	(7,583)
Other expenses	4	<u>(180)</u>	<u>(150)</u>
Operating profit	5	203	132
Finance income	6	-	-
Finance costs	6	<u>(2)</u>	<u>(1)</u>
Profit before tax		201	131
Income Tax Expense	13	<u>-</u>	<u>-</u>
Profit after tax		201	131
Total comprehensive income for the period		<u>201</u>	<u>131</u>

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

TBG FLEX LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets		-	-
Current assets			
Trade and other receivables	7	31	11
Cash and cash equivalents	8	801	381
		<u>832</u>	<u>392</u>
Total assets		<u>832</u>	<u>392</u>
EQUITY and LIABILITIES			
EQUITY			
Revenue reserve		372	171
Retained earnings		<u>372</u>	<u>171</u>
Total Equity		<u>372</u>	<u>171</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	460	221
Current tax liabilities	13	-	-
		<u>460</u>	<u>221</u>
Total liabilities		<u>460</u>	<u>221</u>
Total equity and liabilities		<u>832</u>	<u>392</u>

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



Rebecca Toloui-Marks, Chair

Company Number: 09842642

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

TBG FLEX LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2020 £'000
Cash flows from operating activities			
Profit before tax		201	131
Interest income		-	-
Increase in trade and other receivables		(20)	(8)
Increase/(decrease) in trade and other payables		239	(114)
Net cash from operating activities		420	9
Cash flows from investing activities			
Interest received		-	-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Net increase in cash and cash equivalents		420	9
Cash and cash equivalents at beginning of period		381	372
Cash and cash equivalents at end of period	8	801	381

Statement of Changes in Equity	Total revenue reserve and retained earnings £'000
Balance as at 1 April 2018	40
Profit for the period	131
Balance as at 31 March 2019	171
Balance as at 1 April 2019	171
Profit for the period	201
Balance as at 31 March 2020	372

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

TBG FLEX LIMITED

ACCOUNTING POLICIES AND EXPLNATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

1. General information and statement of compliance with IFRS

The Company is incorporated and domiciled in England. The address of the Registered Office is 2 Bristol Avenue, Colindale, London N9 4EW.

The Company's registration number is 09842642.

The Company's principal activities are the recruitment and employment of new staff within TheBarnetGroup.

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and as developed and published by the International Accounting Standards Board (IASB) and on a historical cost basis.

Implementation of new accounting standards and policies.

IAS 8.30 requires entities to disclose Standards issued but not yet effective that they will apply in the future. As part of this disclosure, entities must provide known or reasonably estimable information relevant to assessing the possible impact the new IFRS will have on their financial statements in the period of initial application. For new or amended IFRS or Interpretations that are expected to have a material impact, entities should consider disclosing the title of the new IFRS Standard, the nature of the expected change in accounting policy, the effective date of the Standard, and the date at which the entity intends to first apply the Standard (IAS 8.31). Where there is not expected to be a material impact, it is not necessary to do this, and doing so may actually contribute to disclosure overload. At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

IFRS 16 'Lease Accounting'

The new Standard for Lease accounting (IFRS 16) is in effect for the financial year ended 31 March 2020. TBG Flex Limited has no leases and so there is nil effect from this change.

Presentation of financial statements

The financial statements are presented in accordance with IAS 1 presentation of financial statements (Revised 2007).

The Company has elected to present the statement of comprehensive income in one statement: the 'Statement of Comprehensive Income'.

TBG FLEX LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements are for the period from 01 April 2019 to 31 March 2020 and are presented in British Pounds Sterling rounded to the nearest thousand.

The financial statements have been prepared in accordance with IFRS's as adopted for use in the European Union, IFRIC Interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies of the Company are set out below and have been consistently applied in this first accounting period.

Going Concern

The company's business activities, its current financial position and factors likely to affect its future development are set out in the strategic report. In preparing the financial statements on the going concern basis, the Board considered the following:

- Management has prepared forecasts (including monthly cash flows) of expected results for the 2020/21 financial year and the following year. These demonstrate that the company has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least for the 12 months following the approval of these accounts.
- That in the event of a disorderly Brexit, the company has sufficient liquid resources and suitable mitigating actions available in the short, medium and long-term to manage the impact of increased inflation and potential increased operating costs.
- That in the event the Covid-19 crisis endures for much of the next few months, the company has sufficient liquid resources and suitable mitigating actions available in the short, medium and long-term to manage the impact on operational and financing activities.
- The London Borough of Barnet has confirmed its intention to offer support to TheBarnetGroup Limited if this is required; such support would then allow TheBarnet Group to support Bumblebee Lettings Limited if the forecasts are materially inaccurate.

The Directors have reviewed the Company's forecasts as described above and on this basis as well as the London Borough of Barnet's stated intention to support TheBarnetGroup, the Board consider preparation of the Financial Statements on a going concern basis to be appropriate.

Revenue

The Companies revenue is derived from recruitment and employment of staff for the group companies. Revenue represents the value (excluding value added tax) of services supplied and management fee to which the Company was entitled in respect of the financial period. Revenue comprises the value of services provided (excluding VAT) in the normal course of business. All revenue is measured at fair value of consideration. Revenue from recharges are recognised when the recharge is incurred and it is probable that the economic benefit of the service will flow to the Company and the amount can be measured reliably.

Interest income

Interest received on bank deposits and inter-company loans is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. Any interest receivable that is due has been accrued accordingly.

Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

TBG FLEX LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value, except for financial assets and financial liabilities carried at fair value through profit and loss, which is measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

Financial assets can be classified in the following categories: at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss. The classification depends on the business model within which the financial asset is held and contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition.

All income and expenses relating to financial assets are recognised in profit and loss and are presented within 'finance cost', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds trade and other receivables at amortised cost.

The Company recognises impairment losses for most financial assets (except for purchased or originated credit-impaired financial assets) on initial recognition at an amount equal to 12-month expected credit losses, which reflect the portion of lifetime cash shortfalls resulting from possible default events within 12 months after the reporting date. However, if there is a significant increase in credit risk since initial recognition, the impairment loss is measured at an amount equal to full lifetime expected credit losses, which reflect the lifetime cash shortfalls resulting from all possible default events over the life of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

Loss allowances for the loan to associated company are initially measured at an amount equal to 12-month expected credit losses. If there is a significant increase in credit risk since initial recognition, the impairment loss will be measured at an amount equal to full lifetime expected credit losses.

TBG FLEX LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION

Financial liabilities

Financial liabilities include borrowings and trade and other payables.

Financial liabilities

Financial liabilities include borrowings and trade and other payables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in profit or loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Contract assets

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised when the Company satisfies a performance obligation but does not have an unconditional right to consideration. Contract assets are in contrast to receivables, which represent the Company's unconditional right to an amount of consideration (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets are subject to the impairment requirements under IFRS 9. Consistent with trade and other receivables, the Company measures lifetime expected credit losses for contract assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or when consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or when the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost.

Generally, this results in their recognition at their nominal value.

Income tax

The relationship between the Company, TheBarnet Group Limited and the London Borough of Barnet has been recognised as one of mutual trading. Consequently, any activities between the Company, its parent company and the London Borough of Barnet are not liable to Corporation Tax. Albeit not under a direct ALMO structure, HM Revenue and Customs states that in substance the Company's trading activities are that of an ALMO, therefore profits and losses incurred as a result, fall outside the scope of Corporation Tax. Income tax expense represents the sum of tax currently payable and deferred tax where applicable. The Corporation Tax currently payable is based on the taxable profit for the period from taxable ordinary activities, which have been generated from trading with third parties and investment income (interest received).

TBG FLEX LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION

Deferred tax is provided on timing differences that have arisen but not reversed by the statement of financial position date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited in other comprehensive income or directly to equity (such as share-based payments), in which case the related deferred tax is also charged or credited in other comprehensive income or directly to equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits repayable on demand and other short-term liquid resources. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Short term liquid resources are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. They comprise term deposits with financial institutions.

Equity and reserves

Retained earnings include all current retained profits.

Post-employment benefits and short-term employee benefits

The Company operates a personal Pension Scheme with Legal & General to which both Employees and the Employer make contributions. Employees also have the option each year to use some of their salary to purchase a medical savings plan, dental health cover or participate in a voucher scheme.

A "defined contribution plan" is a pension plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations after its payment of the fixed contribution.

The contributions to the plan are recognised as an expense in the period relevant to when the employee services are received.

Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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 effect is material. The Company has no contingent assets.

BASIS OF PREPARATION

Significant management judgements in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal estimated results.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

Determining the timing of revenue recognition

Please refer to the paragraphs under the heading “Revenue from contracts with customers” for the significant judgements applied in determining:

- Whether to recognise revenue over time or at a point in time; and
- The method used for measuring revenue over time arising from various service contracts.

Capitalisation and amortisation of contract costs arising from revenue contracts

Provisions

Provisions would mainly be in relation to insurance excess on public liability claims, staff redundancy and pension strain costs and disrepair claims.

The estimate includes potential legal and compensation costs. It is possible that some of the claims may take several years to process through the legal system. Estimation uncertainties exist particularly with regard to the timing and amount of expenditure.

TBG FLEX LIMITED**3. REVENUE**

Revenue is attributable to the principal activities of the Company and arises solely within the United Kingdom.

	2020	2019
	£'000	£'000
Recharges and Management fee paid by companies within TheBarnetGroup in respect of:		
Income from recharges	9,496	7,563
Management fee	378	302
Total income	9,874	7,865
<hr/>		
Total revenue	9,874	7,865
<hr/> <hr/>		

The company's principal activity is the recruitment and employment of staff. In addition, TBG Flex offers flexible benefits to employees within TheBarnetGroup.

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2020	2019
	£'000	£'000
Contract assets	2	2
Loss allowance	-	-
Total Contract assets	2	2
<hr/> <hr/>		
Contract liabilities	-	-

The timing of receipt of payment for all performance obligations is similar to the timing of the satisfaction of performance obligations.

	2020	2019
	£'000	£'000
Revenue recognised that was included in the contract liability at the beginning of the period	-	-
Revenue recognised from performance obligations satisfied in previous periods	-	-

TBG FLEX LIMITED
3. REVENUE CONTINUED

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows, together with the expected timing of the satisfaction of the performance obligations:

	2020	2019
	£'000	£'000
Within one year	-	-
One to two years	-	-
More than two years	-	-

4. OTHER EXPENSES

	2020	2019
	£'000	£'000
Professional fees	37	49
Auditor's remuneration - statutory audit	8	5
Auditor's remuneration - for other services	3	6
Insurance	12	2
Other expenses	120	88
	180	150

The other services provided by the auditor relate to corporation tax compliance, consolidation work and online services to file the statutory accounts with Companies House and HMRC.

5. PROFIT FOR THE YEAR

The profit for the period has been arrived at after charging the following:

	2020	2019
	£'000	£'000
Employee salaries and benefits	9,491	7,583
Auditor's remuneration		
- Fees payable to the company's auditor's for the audit of the financial statements	8	5
- Fees payable to the company's auditor's for other services (detailed above)	3	6
Depreciation and amortisation	-	-

TBG FLEX LIMITED**6. FINANCE INCOME AND COSTS**

	2020	2019
	£'000	£'000
Finance income:		
- Bank deposit and short-term investment interest	-	-
	<u>-</u>	<u>-</u>
Finance costs:		
- Bank charges	2	1
	<u>2</u>	<u>1</u>

7. TRADE AND OTHER RECEIVABLES

	2020	2019
	£'000	£'000
Amounts receivable within one year:		
Trade receivables, gross	-	-
Trade receivables	-	-
Financial assets	-	-
Contract assets (note 3)	2	2
Prepayments and accrued income from Parent company	14	-
Prepayments and accrued income	15	9
Non-financial assets	31	11
Trade and other receivables	31	11

The trade receivables ageing analysis is as follows:

	2020	2019
	£'000	£'000
Current		
0-30 days	2	2
31-60 days	-	-
> 60 days	-	-
	<u>2</u>	<u>2</u>

TBG FLEX LIMITED
8. CASH AND CASH EQUIVALENTS

	2020	2019
	£'000	£'000
Bank accounts	801	381
	801	381

9. EQUITY

9.1 SHARE CAPITAL

TBG Flex Limited is a company limited by shares, with 100 £1 shares owned by TheBarnetGroup Limited.
No additional shares were issued during the year.

10. EMPLOYEE REMUNERATION

10.1. EMPLOYEE BENEFIT EXPENSE

	2020	2019
	£'000	£'000
Wages and salaries	8,513	6,810
Social security costs	745	597
Pensions costs	233	176
	9,491	7,583

TBG FLEX LIMITED
10.1.1 DIRECTORS' REMUNERATION

	2020	2019
	£'000	£'000
Emoluments received:		
Rebecca Toloui-Marks	4	4
Washington Ainabe	2	3
Samantha Court	2	5
Nigel Perryman	2	5
Terry Rogers	1	2
John Stephen	1	-
Nigel Turner	2	-
Robert Webber	1	-
	15	19

Directors' salary costs are included in Salary Recharges.

10.2. EMPLOYEES

The average number of permanent employees (excluding agency staff) employed by the Company during the period was:

	2020	2019
Chief Executive Office	1	1
Service	339	270
Operations Directorate	1	1
Non-Executive Directors	7	8
	348	280

11. PENSIONS AND OTHER EMPLOYEE OBLIGATIONS

The Company operates a pension scheme for employees termed as default investment option which is the Legal & General (PMC) Multi-Asset Fund 3.

The Pension Scheme operates as a private scheme for each employee. Employees contribute up to 10% towards the pension. The employer matches contributions made by each employee up to 10%.

12. TRADE AND OTHER PAYABLES

	2020	2019
	£'000	£'000
<i>Current:</i>		
Trade payables	-	-
Amount owed to parent undertaking	-	11
Amount owed to related party	-	21
Financial liabilities	-	32
Other payables	184	145
Other taxation and social security	220	-
Accruals	56	44
	460	221

The Company aims to pay all suppliers within the contract or invoice payment terms and within the limits set by the late payment legislation.

TBG FLEX LIMITED

13. ANALYSIS OF TAX CHARGE/(CREDIT) FOR THE PERIOD

	Current period		Prior period	
	Derived £'000	Accounts £'000	Derived £'000	Accounts £'000
Current tax				
UK corporation tax at 19%(PY: 19%)	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Tax on profit on ordinary activities	-	-	-	-
Provision of deferred tax				
Movement in provision:				
Provision at start of period	-	-	-	-
Deferred tax charge in the statement of comprehensive income statement for the period	-	-	-	-
Provision at end of period	-	-	-	-
Reconciliation of tax charge				
Profit on ordinary activities before tax	201	201	131	131
Tax on ordinary activities at standard CT rate of 19.00%	38	38	25	25
Effects of:				
Income not taxable for tax purposes	(38)	(38)	(25)	(25)
Tax charge/(credit) for the period	-	-	-	-

TBG FLEX LIMITED**14. FINANCIAL ASSETS AND LIABILITIES**

The amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Note	2020 £'000	2019 £'000
Financial assets			
Trade and other receivables	7	31	11
Cash and cash equivalent	8	801	381
		832	392
Financial liabilities			
Financial liabilities measured at amortised cost:			
Trade and other payables	12	460	221

15. Analysis of changes in net funds

	Cashflow 2020 £'000	Cashflow 2019 £'000
Cash at bank and in hand	801	381
Net funds	801	381

TBG FLEX LIMITED**16. RELATED PARTY TRANSACTIONS****16.1 TRANSACTION WITH CONTROLLING PARTY/RELATED PARTIES**

	2020	2019
	£'000	£'000
Invoices to Your Choice (Barnet) Limited	3,439	2,538
Amount owed to Barnet Homes Limited	6	21
Invoices to Barnet Homes Limited	6,421	5,230
Invoices from Barnet Homes Limited	70	-
Invoices to The Barnet Group Limited	10	6
Invoices from The Barnet Group Limited	1	-
Amount owed to TheBarnet Group Limited	-	11
Amount owed to Barnet Homes Limited	16	-
Amounts owed to Your Choice (Barnet) Limited	3	-

The London Borough of Barnet owns 100% of the share capital of the parent company; TheBarnetGroup Limited. TheBarnetGroup Limited owns 100% of the share capital of TBG Flex Limited.

16.2 KEY MANAGEMENT PERSONNEL**16.2.1 NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors are defined as being the members of TBG Flex Board. The Non-Executive Directors received emoluments for the financial period and were entitled to reimbursement of incidental expenses incurred when attending board meetings and other formal events in their capacity as board members.

The Non-Executive Directors are not entitled to pension benefits.

The transactions below are the only transactions with the Non-Executive Directors of the Company.

	2020	2019
	£'000	£'000
Salaries	15	19
Incidental expenses	-	-
	15	19

TBG FLEX LIMITED

17. FINANCIAL INSTRUMENT RISKS

RISK MANAGEMENT OBJECTIVES AND POLICIES

17.1 INTEREST RATE SENSITIVITY

Other than cash held in bank accounts, TBG Flex cash and cash equivalents are of fixed rate, fixed term deposits, and so are not sensitive to variations in interest rates.

17.2 CREDIT RISK ANALYSIS

TBG Flex principal financial assets are bank balances, cash and trade and other receivables. Liquid funds are placed with financial institutions with high credit ratings, as assigned by credit rating agencies. TBG Flex primary credit risk relates to its fee receivable. The amount presented in the statement of financial position are net of provisions for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on past experience and management's forecasts, is evident in a reduction in the recoverability of the cash flow. See note 2 above for further information on impairment of financial assets that are past due. TBG Flex risk in relation to its income receivable is low as the main income is receivable from Barnet Homes.

17.3 LIQUIDITY RISK ANALYSIS

TBG Flex Limited manages its liquidity by carefully monitoring and reviewing the cash cycle and credit control efficiency. Control of the Trade Receivables element involves a fundamental trade-off between the cost of providing credit to customers and the additional net revenue that can be earned in doing so. We aim to keep the former to a minimum with effective credit control policies which will require setting and enforcing credit terms, efficient invoicing and statement generation and prompt query resolution, by continuous review of the receivables position by generating an 'aged receivables' report and effective monitoring and collection procedures. The credit periods granted vary between suppliers with usual terms. Cash flows from trade and other receivables are contractually due within 30 days. Trade creditors and other payables are also monitored to ensure that payments are made in a timely manner to avoid any interest charges or penalties. Payment terms range between 14 to 30 days. A settlement policy is in place so that invoices are properly authorised for payment to ensure they are paid when due. Cash is the controlling element. The first control concerns efficient banking so that all monies received are banked immediately, making payments in the most efficient way and ensuring that any surplus balances are put to interest earning use. The fundamental aspect is cash flow control and ensuring funds are available when needed. This is achieved by preparation of monthly forecasts for comparisons with actual results. The Company is not affected by gearing as it does not owe any money to any financial institutions in the form of debt or borrowings and is therefore highly liquid.

18. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The company's capital management objective is to maintain its assets in order to ensure its ability to continue to provide a vehicle for TheBarnetGroup Limited. The Company is not set up as a profit-making entity. TBG Flex continues to strive to maintain a balance between liquidity in acting as an agent for all subsidiaries. The main capital owned by TBG Flex Limited is liquid cash and cash equivalents, and the Company continues to monitor this investment with the Bank to ensure its going concern is not at risk.

The capital for the reporting period under review is as summarised below:

	2020	2019
	£'000	£'000
Cash and cash equivalents	801	381

