

Company No. 07873969

**Your Choice (Barnet) Limited**  
**Annual Report and Financial Statements**  
**Year ended 31 March 2020**

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## 1. Company Information

### Directors

Eamon McGoldrick	Chair (appointed 1 August 2019)
Terry Rogers	Chair (retired 1 August 2019)
Nigel Turner	Vice Chair
Tim Mulvenna	
Councillor Anthony Solomons	(resigned 1 August 2019)
John Stephen	(appointed 1 August 2019)
June Riley	(resigned 1 August 2019)
Rebecca Toloui-Marks	(appointed 1 August 2019)

### Chief Executive Officer

Tim Mulvenna

### Executive Officer

Julie Riley - Director of Care & Support

### 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

07873969

### 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 Your Choice (Barnet) Limited for the year ended 31 March 2020.

### Principal activities

Your Choice (Barnet) Limited (the 'Company') is a Local Authority Trading Company (LATC) ultimately owned by the London Borough of Barnet (the 'Council') via TheBarnetGroup Limited, that commenced its operations on 1 February 2012 delivering specialist care and support services to adults with a range of physical and learning disabilities. These services were transferred from London Borough of Barnet in order to enable the company to become more cost effective and compete in the Adult Social Care marketplace.

### The services include:

- **Rosa Morison Day Service** for adults who have profound and multiple learning and physical disabilities (PMLD);
- **Flower Lane Autism Service** providing support to adults who are on the autistic spectrum and have additional complex behaviour support needs;
- **Valley Way Respite Centre** for adults with PMLD, physical disabilities, autism and complex behaviour support needs;
- **CommunitySpace Day Service** offering community support for adults who have a wide range of learning disabilities;
- **Supported Living Service** supporting people with learning disabilities to live as independently as possible in their own home;
- **Barnet Independent Living Service** for adults with a range of physical and sensory impairments;
- **PA Choices** a matching service for people who are on direct payments and who require a personal assistant to provide them with support with their daily activities, set up in January 2016.
- **Ansell Court Extra Care Service** a new-build scheme handed over to Your Choice (Barnet) in February 2019 made up of 53 self-contained flats designed to enable older people, some of whom may have dementia, to remain as independent as possible.

On 7 July 2019, management of 3 residential care schemes and 2 day-centres for older people were transferred by London Borough of Barnet from Fremantle Trust to Your Choice Barnet along with 270 staff under TUPE regulations; no responsibility for property leases or service contracts were transferred. Details of the transfer are found later in the report under 'Risks and Uncertainties'

- **Apthorp Care Centre** a residential care home registered with the Care Quality Commission to provide 82 en-suite bedrooms for older people some of whom have dementia. The care home provides a block contract of 58 beds to the London Borough of Barnet and the remaining 24 beds are marketed privately. Apthorp Care Centre also provides a day care facility for up to 25 older people who are not resident of the care home.
- **Dell Field Court** a residential care home registered with the Care Quality Commission to provide 40 en-suite bedrooms for older people some of whom have dementia. The care home provides a block contract of 20 beds to the London Borough of Barnet and the remaining 20 beds are marketed privately.
- **Meadowside** a residential care home registered with the Care Quality Commission to provide 68 en-suite bedrooms for older people some of whom have dementia. The care home provides a block contract of 38 beds to the London Borough of Barnet and the remaining 30 beds are marketed privately. Meadowside also provides a day care facility for up to 38 older people who are not resident of the care home. This day care facility is open 7 days a week.

Your Choice (Barnet) Limited is part of the TheBarnetGroup's Care & Support Directorate, which brings together all the services within Your Choice (Barnet) Limited and the Assist, Sheltered Housing and Floating Support services within Barnet Homes Limited. This enables working together, sharing best practice, allowing opportunities for synergies and ensures the Group provides a seamless 'wrap-around' service where required.

### **Results for the year**

The Company recorded a deficit of £960,000 (2019: £509,000 deficit) before the actuarial loss on the pension scheme of £151,000 (2019: £1,198,000 actuarial loss).

### **Dividends**

The Directors do not propose a dividend for the year (2019: £nil).

### **Directors**

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

### **3<sup>rd</sup> 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**

Your Choice (Barnet) 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 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:

- 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.

### **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 Your Choice (Barnet) Limited for the year ended 31 March 2020, (2019: £nil).

### **EU Political donations and expenditure**

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

### **Donations to non-EU political parties**

No political donations or expenditure were made for the year ended 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 13 days of receipt of the invoice (2019: 12 days).

### **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 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 Your Choice (Barnet) 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 20 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. An annual review of compliance is performed by the Board, with the most recent review in June 2020, demonstrating continued compliance.

### **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 (including pension obligations) 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.
- In line with International Accounting Standard 19, the Company's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £6.13m at 31 March 2020 (2019: £3.94m). However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point the employees were transferred to the company on 1 February 2012, which was a pension liability of £3.471m and 7 July 2019, which is a pension liability of £1.136m. International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.
- 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 Your Choice (Barnet) 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:



**Eamon McGoldrick, Chair**

### **3. Strategic Report**

#### **Review of Results**

The Company recorded a net loss of £960,000 (2019: £509,000 deficit) before the actuarial loss on the pension scheme of £151,000 (2019: £1,198,000 actuarial loss).

The activities carried out by Your Choice (Barnet) Limited are recognised by HM Revenue & Customs as non-trading for corporation tax purposes. These activities are therefore not subject to corporation tax.

Your Choice (Barnet) Limited has no usable revenue reserves. The Statement of Changes in Equity presents a revenue reserve (excluding pension liability) of £694,000 deficit at 31 March 2020 (2019: £636,000 deficit).

#### **Principal risks and uncertainties**

##### **COVID-19**

Firstly, myself and the entire Board wish to extend our condolences to all staff, residents and members of the communities served by Your Choice (Barnet) and the wider 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 the day centres and day care services had to close or offer a severely limited service.

The financial impact on the core respite services and similar is nil as these services continue to run and are payable under the original 2012 transfer contract. No losses will be incurred on the three new care homes as these are guaranteed by the London Borough of Barnet. London Borough of Barnet have confirmed that they will continue to pay for the day care services even whilst these are closed, meaning that 78% of the company's revenue is assured. Costs can be managed on the remaining services as use of 'as and when' and agency staff would be reduced in line with user demand.

TheBarnetGroup, via Barnet Homes has indicated that it will continue to support Your Choice (Barnet) through the provision of cash support if needed.

##### **Operations**

Your Choice (Barnet)'s principal source of income is the fees from services that are commissioned by the London Borough of Barnet, which are paid monthly in arrears and based on an hourly, daily or nightly rate. The services are also commissioned by other local authorities, Clinical Commissioning Groups, through direct payments, and private users. These fees not charged to London Borough of Barnet account for 22% of the total income.

The Adult Social Care marketplace continues to be extremely challenging and it is important for Your Choice (Barnet) Limited to provide services that people will access and that the Council wants to commission.

The principal challenge continues to be the balance of providing good quality services that are financially viable whilst also providing value for money services to the Council.

The priority in past years has been the growth of the service provision to enable the spread of the overheads. The transfer of the 3 care homes and 2 day services in July 2019 has contributed to this, however due to the details of the contract this may not be a long term arrangement.



The contract agreed prior to transfer is for YCB to run the services on a caretaker basis on behalf of the Council until October 2021 to ensure that Apthorp Care Centre can be brought up to a standard rated as 'Good' by the Care Quality Commission and to make some changes in order for the service to break even. If these two conditions can be realised then there is the opportunity for the contract to be extended by mutual agreement a further 3 years.

In 2015 YCB made a commitment to pay at least the London Living Wage (LLW) as a minimum to all staff, on the condition that this remained affordable. YCB will need to consider the affordability for the staff in the care homes to also be paid at this level.

There is a risk to the extra care service model which welcomed its first tenant in April 2019. It has however, run at a loss this financial year, this is due to people not moving into the flats as quickly as planned, there are a number of reasons for this such as the individual's care needs, the stage of their dementia and notice periods on their current properties. At the end of March 2020 there were 6 vacant flats.

The legacy YCB services have been reviewed over the years and transformed as necessary. The CommunitySpace model depends upon large numbers of referrals into the employment and community access model; referrals have not been as high-volume as demand had first suggested which results in risks that the level of efficiencies through cost avoidance discussed with the Council at the time of the contract renewal will not be achieved.

Similarly, the supported living model has also been based upon referrals of people who have complex needs to the vacancies, the uptake of the voids has again been slower than anticipated.

#### **Key performance indicators (KPIs)**

There are ten KPIs reported to the Council and an additional nine KPIs to the YCB Board.

Of the nineteen KPIs, ten are rated either red, amber or green. The other measures are not rated but reported against the prior year or target.

The results for Quarter 4 19/20 show that five (50%) of the performance indicators are rated green, four are amber (40%) and one is red (10%).

The amber performance indicators relate to:

- service utilisation was 91.9% against a target of 96%;
- staff sickness of 10.9 days against a target of 10 days;
- services rated Good or Outstanding by the Care Quality Commission was 86% against a target of 100%; the scheme that was below this target was the one of the new care homes taken over during the year; and
- service users who moved to a lower service level was 3 against a target of 5.

The red performance indicator relates to:

- The number of service users who have been supported to find employment where the actual was 4.9% against a target of 7%.

## Building resilience in residents and managing demand

	Q4 2019/20	Q4 2018/19	Target (qtrly)
% of services rated good or outstanding by the Care Quality Commission at the most recent inspection	86%	100%	100%
% of service users in employment for 2 hours or more (BILS & CommunitySpace)	4.9%	8.6%	7%
Number of service users supported to retain employment (Day Services)	8	11	7
% of tenancies that breakdown during reporting period (Supported Living Services)	0%	0%	0%
% of service users with a return to home plan and service end date (Respite Services).	100%	100%	99%
Service Users moved on from a service level to a lower service level	3	6	5
	Q1-Q4 2019/20	Q1-Q4 2018/19	Target (yearly)
Number of Safeguarding concerns. (see table below)	36	46	Tracking

- There are seven Care Quality Commission registered services within the business. Ansell Court has not been inspected by the Care Quality Commission as yet and is counted as complying for KPI purposes.

The current ratings are as follows:

Supported Living	Outstanding
Valley Way	Good
Enablement	Good
Dell Field Court	Good
Meadowside	Good
Apthorp Care Centre	Requires Improvement
Ansell Court	Not yet Inspected

Dell Field Court, Meadowside and Apthorp Care Centre were transferred in July 2019. At the time of transfer they were rated Good, Good and Inadequate respectively.

- Four service users lost their employment during Q4 and were not replaced with the successful placement of others. Three resigned from their roles for various reasons and one reached the end of their contract which was not renewed.

## Safeguarding

	Indicator description	Q1-Q4 2019/20	Q1-Q4 2018/19
<b>Safeguarding concerns raised by YCB staff about YCB issues</b>	Concerns escalated to Section 42 enquiry	3	4
	Section 42 enquiries still under investigation	0	2
	Section 42 enquiries closed and not upheld	1	2
	Section 42 enquiries closed and upheld	4	0
	<b>Total concerns raised</b>	<b>21</b>	<b>28</b>
<b>Safeguarding concerns raised by YCB staff about relative/relative/another agency</b>	Concerns raised	12	13
<b>Safeguarding concerns raised by YCB staff about unknown causes</b>	Concerns raised	3	5
<b>Total concerns raised NOT about YCB</b>		<b>15</b>	<b>18</b>
<b>Total concerns raised</b>		<b>36</b>	<b>46</b>

- Safeguarding concerns raised by the care homes are included since Q2 when the services transferred to YCB (totalling 6 concerns).
- Two of the Section 42 enquiries closed and not upheld within the year were originally raised in Q2 2018/19 and closed in Q1 2019/20.

## Delivering Quality Services

	Q1-Q4 2019/20	Q1-Q4 2018/19	Target (yearly)
Number of unresolved complaints for Supported Living, Day Care and Respite Services	0	0	0
	Q4 2019/20	Q4 2018/19	Target (qtrly)
% staff attending or who have completed the provider's staff development training programme (Supported Living, Day Care and Respite Services)	95%	100%	95%
% staff who have successfully completed accredited training where a bespoke training need has been identified to meet service user needs (Supported Living, Day Care and Respite Services)	100%	100%	95%

Staff learning and development has been a priority as services transform the model of support they provide and all new team members undertake an induction programme which includes mandatory training. In addition to this, staff in services that provide specialist support are provided with specialist training.

## Additional Indicators as requested by the Board

The level of utilisation varies across the schemes, with all services below target except for Supported Living; this is having a negative impact on the financial position.

With the exception of Rosa Morison, all services have seen an improvement in utilisation since 2018/19. Q4 was the first quarter to see Rosa Morison's utilisation drop below 90%, with absences peaking at 15% from a low of 7.3% in Q2, mostly due to service user sickness or Covid-19 closure towards the end of the year.

Both BILS and CommunitySpace saw improvement from Q1 to Q2 which tailed off in Q3 due in part to Christmas absences, and again in Q4 due to New Year absences and the closure due to Covid-19. The general low utilisation is due to the continuing support to people to increase their skills and levels of independence, thus reducing their need for a paid service. This accounted for up to 17% of the commissioned hours not being delivered at CommunitySpace.

Scheme utilisation	19/20	18/19	Target
Barnet Independent Living Service	87%	76%	96%
CommunitySpace	83%	80%	96%
Flower Lane	91%	90%	96%
Rosa Morison	90%	94%	96%
Supported Living	100%	100%	96%
Utilisation KPI	90%	88%	96%
Valley Way	92%	NEW	90%

The manager of Valley Way has been proactively promoting the service amongst professionals in Barnet and other local authorities, with great success.

	Q1-Q4 2019/20	Q1-Q4 2018/19	Target (yearly)
% FTE agency staff	6%	7%	10%
Sickness: average days sickness per FTE	10.9 days	13.1 days	10 days
Number of RIDDOR reportable incidents – staff	0	1	n/a
Number of RIDDOR reportable incidents – service users	0	0	n/a
Number of Regulatory / Statutory Enforcement Notices	0	0	n/a
Income from outside Barnet Council	22%	22%	n/a
Complaints received	0	3	n/a
Compliments received	12	45	n/a

Staff sickness was at 10.9 days in 2019/20 which is an improvement on the 13.1 days in 2018/19 and much closer to the target of 10 days. Sickness continues to be monitored closely with the appropriate management action taken when necessary.

#### Future Developments – Your Choice (Barnet) Limited

Your Choice Barnet will agree with the Council the future arrangements for the running and the financing of the care homes after October 2021, this will need to be agreed by October 2020 as the contract requires a 1-year notice period.

The onus on YCB is to ensure that the service provision at Apthorp Care Centre moves from what was the Care Quality Commission rating of 'Inadequate' when the service transferred, to a service that is rated as 'Good'.

At March 2020 the rating had increased from 'Inadequate' to 'Requires Improvement' It is usually expected that a service that requires improvement will be revisited within 6-months of the last inspection, however the outbreak of the Coronavirus means that this timescale could be extended.

There are substantial maintenance and repairs that need to be carried out at all the care homes and whilst this programme of works has begun in 2019/20, there is still a significant amount of works that will need to be carried out during 2020/21 to ensure compliance, the continued safety of residents and good quality environments that can be sustained.

A strategic plan is being developed with the Council, reviewing the current demand and the areas of this demand that YCB may be able to meet within the current parameters of the contract it has with the Council.

YCB will continue to develop the transformed operating models for CommunitySpace and Flower Lane day services, there is scope to support more people with learning disabilities into employment and the outreach service for people with autism will continue to successfully support people who have complex needs to access their community.

In addition, these two services will work together to develop a community based service for older people, providing a more tailored service to people already supported who wish to access different opportunities more appropriate to their needs as older clients.

The two services that are due to be inspected in 2020/21 are Ansell Court which as a new service has not yet been inspected and Apthorp Care Centre which has a current rating of 'Requires Improvement'. Both these services, as well as any of the others that are inspected, are expected to achieve an overall rating of 'Good'.

#### **Approval and signature**

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



**Eamon McGoldrick, Chair**

## **Independent auditor's report to the members of Your Choice (Barnet) Limited**

### **Opinion**

We have audited the financial statements of Your Choice (Barnet) Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flow 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 loss 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 pages 5 and 6 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the 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 2020*

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

*16 October 2020*



**YOUR CHOICE (BARNET) LIMITED**  
**FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

**Statement of Comprehensive Income**

	Notes	2020 £'000	2019 £'000
Revenue	3	14,265	7,627
Employee benefits expense	11	(10,971)	(6,067)
Net impairment (loss)/gain on financial assets and contract assets		(125)	2
Other expenses	4	(3,938)	(1,943)
		(15,034)	(8,008)
<b>Operating deficit</b>	5	(769)	(381)
Finance income	6	426	342
Finance costs	6	(617)	(470)
<b>Loss before tax</b>		(960)	(509)
Income tax expense	17	-	-
<b>Loss after tax</b>		(960)	(509)
<b>Other comprehensive income</b>			
Actuarial loss on defined benefit pension scheme		(151)	(1,198)
<b>Total comprehensive loss for the year</b>		<b>(1,111)</b>	<b>(1,707)</b>
<b>Total comprehensive loss is attributable to:</b>			
TheBarnetGroup Limited		(1,111)	(1,707)

**YOUR CHOICE (BARNET) LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	2020 £'000	2019 £'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	7	66	76
		<u>66</u>	<u>76</u>
<b>Current assets</b>			
Trade and other receivables	8	4,137	892
Cash and cash equivalents	9	292	118
		<u>4,429</u>	<u>1,010</u>
<b>Total assets</b>		<u><u>4,495</u></u>	<u><u>1,086</u></u>
<b>EQUITY and LIABILITIES</b>			
<b>EQUITY</b>			
Revenue reserve		(5,687)	(4,576)
Other reserve		(1,136)	-
<b>Retained earnings</b>		<u>(6,823)</u>	<u>(4,576)</u>
<b>Total Equity</b>		<u>(6,823)</u>	<u>(4,576)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pension and other employee obligations	15	6,129	3,940
Loan	14	812	961
		<u>6,941</u>	<u>4,901</u>
<b>Current liabilities</b>			
Trade and other payables	16	4,227	611
Loan payable within 1 year	14	150	150
Current tax liabilities	17	-	-
		<u>4,377</u>	<u>761</u>
<b>Total liabilities</b>		<u>11,318</u>	<u>5,662</u>
<b>Total equity and liabilities</b>		<u><u>4,495</u></u>	<u><u>1,086</u></u>

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



Eamon McGoldrick, Chair

**Company Number: 07873969**

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

**YOUR CHOICE (BARNET) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Total comprehensive loss for the year		(1,111)	(1,707)
Net impairment losses on financial assets and contract assets (Increase)/decrease in trade and other receivables		125 (3,369)	(2) 109
Increase/(decrease) in trade and other payables		3,616	(575)
Increase in pension liability	15	2,189	1,629
Effect of business transfer		(1,136)	-
Depreciation	7	25	23
<b>Net cash from operating activities</b>		<u>339</u>	<u>(523)</u>
<b>Cash flows from investing activities</b>			
Purchases of equipment	7	(15)	(4)
<b>Net cash used in investing activities</b>		<u>(15)</u>	<u>(4)</u>
<b>Cashflows from financing activities</b>			
Loan extension		-	747
Repayment of borrowings		(150)	(150)
<b>Net cash from financing activities</b>		<u>(150)</u>	<u>597</u>
Net increase in cash and cash equivalents		174	70
Cash and cash equivalents at beginning of year		118	48
<b>Cash and cash equivalents at end of year</b>	9	<u>292</u>	<u>118</u>

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

**YOUR CHOICE (BARNET) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	Revenue Reserve £000	IAS 19 Pension Reserve £000	Other Reserve *	Total retained earnings and equity £'000
<b>Balance as at 1 April 2018</b>	(558)	(2,311)	-	(2,869)
Loss after tax	(78)	(431)	-	(509)
Other comprehensive income for the year	-	(1,198)	-	(1,198)
<b>Balance as at 31 March 2019</b>	<b>(636)</b>	<b>(3,940)</b>	-	<b>(4,576)</b>
<b>Balance as at 1 April 2019</b>	<b>(636)</b>	<b>(3,940)</b>	-	<b>(4,576)</b>
Loss after tax	(58)	(902)	-	(960)
Other comprehensive income:	-	(151)	-	(151)
Transactions with owners in their capacity as owners:				
- Effect of business transfer	-	-	(1,136)	(1,136)
<b>Balance as at 31 March 2020</b>	<b>(694)</b>	<b>(4,993)</b>	<b>(1,136)</b>	<b>(6,823)</b>

\* Following the transfer of management of 3 residential care homes and 2 day-centres for older people by London Borough of Barnet to Your Choice (Barnet), along with 270 staff under TUPE regulations, these staff transferred with a net pension liability. This has been added to the reserves of the Company, but separately identified in 'Other reserve' above.

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

**YOUR CHOICE (BARNET) LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**1. General information and statement of compliance with IFRS**

Your Choice (Barnet) Limited is a company limited by shares and a subsidiary of TheBarnetGroup Limited which is owned by the London Borough of Barnet.

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

The Company's registration number is 07873969.

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.

**Implementation of new accounting standards and policies**  
**IFRS 16 'Lease Accounting'**

The new Standard for leases (IFRS 16) is applicable for the current year. The company has no leases and as such there is Nil impact on the financial statements regarding IFRS 16.

## **YOUR CHOICE (BARNET) LIMITED**

### **2. Summary of significant accounting policies**

#### **Basis of preparation**

These financial statements are for a twelve-month period ending 31 March 2020 and are presented in British Pounds Sterling rounded to the nearest thousand. The functional currency is also Pounds Sterling.

The principal accounting policies of the Company are set out below and have been consistently applied to all years presented in these financial statements.

The financial statements have been prepared in accordance with IFRS's as adopted for use in the European Union, and under the historical cost convention.

#### **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 (including pension obligations) 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.
- In line with International Accounting Standard 19, the Company's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £6.13m at 31 March 2020 (2019: £3.94m). However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point the employees were transferred to the company on 1 February 2012, which was a pension liability of £3.471m and 7 July 2019, which is a pension liability of £1.136m. International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.
- 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 Your Choice (Barnet) 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 from contracts with customers**

##### **Adult Social Services**

Your Choice (Barnet) has an agreement with the Council to provide supported living services, day services and respite support services to the public. The agreement has a duration of five years and two months commencing in February 2017 and ending in March 2022, with an option to be extended for a further period of two years.

The Company satisfies its performance obligations as the adult social services are provided. The Company recognises its revenue over time using the input method, on the basis of hours incurred in the delivery of services and charging rates as set out in the agreement. The Company determines that the input method is the best method in measuring progress, because there is a direct relationship between the time incurred and the transfer of service to the end customer.

## **YOUR CHOICE (BARNET) LIMITED**

### **2. Summary of significant accounting policies (continued)**

In addition, the Company has a stand-ready obligation to provide rehabilitation services to the public and charges the Council on a monthly basis. The Company satisfies its performance obligations during the period in which it is standing ready to provide the services, even if those services have not been requested from the Council and provided. On the basis that the Council is obtaining the benefit of the Company standing ready as this stand-ready service is provided, the Company has determined that the revenue arising from providing this stand-ready service should be recognised over time, based on the time spent standing ready.

Your Choice (Barnet) will agree with the Council the future arrangements for the running and the financing of the care homes transferred in during the year. The agreement is for Your Choice (Barnet) to run these services until October 2021, with the London Borough of Barnet guaranteeing any losses from these operations. For the period after October 2021, this will need to be agreed by October 2020 as the contract requires a 1-year notice period.

#### **Contract Costs**

The incremental costs incurred by the Group to obtain a revenue contract with customers are recognised as assets. Incremental costs are those costs which would not have been incurred if the contract had not been obtained. However, as a practical expedient, such incremental costs are recognised as expenses, if the amortisation period of capitalised costs would have been one year or less.

In addition, costs incurred by the Group in fulfilling a revenue contract with customers are recognised as assets, if the following criteria are met:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

All capitalised contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the contract costs relate.

The Group does not consider it has incurred any contract cost which could qualify it being recognised as an asset.

#### **Grant income**

Grants received in respect of resident participation and other projects have been credited to the statement of comprehensive income in the same accounting period as the expenditure to which they relate. Any surplus grant is held in deferred income as a current liability until such time that it is used to pay for future expenditure in relation to that project.

#### **Sundry income**

Sundry income is recognised so as to match revenue to the cost of delivering the relevant services in the same accounting year.

#### **Interest income**

Interest received on bank deposits 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.

## **YOUR CHOICE (BARNET) LIMITED**

### **2. Summary of significant accounting policies (continued)**

#### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at historic cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the costs on a straight-line basis over their expected useful lives (with no charge in the year of acquisition) as follows:

Vehicles, plant & equipment: 5 years

Furniture, fixtures & fittings: 5 years

IT Equipment: 5 years

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

#### **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**

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 the statement of comprehensive income 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 the 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 Group holds trade and other receivables at amortised cost.

The Group 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 Group 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 Group's historical experience and informed credit assessment and including forward-looking information.



## **YOUR CHOICE (BARNET) LIMITED**

### **2. Summary of significant accounting policies (continued)**

#### **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 contractual obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities are recorded 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 Group 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 Group satisfies a performance obligation but does not have an unconditional right to consideration. Contract assets are in contrast to receivables, which represent the Group's unconditional right to an amount of consideration (ie. 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 Group 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 Group has received consideration (or when consideration is due) from the customer. If a customer pays consideration before the Group 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 Group 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, TheBarnetGroup 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. HM Revenue and Customs recognises that this arrangement is not considered as trading activities and 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. Any corporation tax payable is based on the taxable profit for the year from taxable ordinary activities, which have been generated from trading with third parties.

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.

## **YOUR CHOICE (BARNET) LIMITED**

### **2. Summary of significant accounting policies (continued)**

#### **VAT**

A proportion of the company's revenue is subject to VAT and gives rise to a partial exemption claim. The financial statements include VAT to the extent that it is suffered by the organisation and not recoverable from HM Revenue and Customs. Amount of VAT payable or recoverable at the year-end is included as a current liability or asset.

#### **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 period retained profit/loss.

#### **Transfer of business from owners**

On 7 July 2019, management of 3 residential care schemes and 2 day-centres for older people were transferred by London Borough of Barnet from Fremantle Trust to Your Choice (Barnet) along with 270 staff under TUPE regulations; no responsibility for property leases or service contracts were transferred. In accordance with IFRS 3 (Business Combinations), the directors have elected to account for this transfer as a transfer of a business from common control, i.e. London Borough of Barnet are responsible for the provision of the services and have decided to change provider of the services contract from an independent third party to Your Choice (Barnet) Limited, an entity of which it is the ultimate parent. IFRS 3 has 3 criteria to assess whether the transfer of the contract constitutes a 'business'. Directors are satisfied that these 3 criteria are met as an acquired contract constitutes an input, the staff (who have a specific skill set that would be difficult to replace) who transferred with the contract, perform the substantive process that allows an output to be generated by the contract (contract revenues). Whilst the contract term is only for 2 years and 3 months initially, negotiations are ongoing for Your Choice (Barnet) Limited to retain this contract for a longer period. The directors have then chosen to account for this 'transfer of a business under common control' using what is known as 'predecessor accounting'; meaning that all transferred assets and liabilities are included in the accounting records of Your Choice (Barnet) at historical values. There were no assets assumed from the transfer of the contract (other than the staff to carry out the services) and the only liability related to transferred pension liability from the Local Government Pension Scheme. The net liability of transfer has been added to the company's reserves, separated identified. This has not been done retrospectively.

## **YOUR CHOICE (BARNET) LIMITED**

### **2. Summary of significant accounting policies (continued)**

#### **Post-employment benefits and short-term employee benefits**

During the year the Company participated in a contributory defined benefit statutory pension scheme covering its present and past employees. The scheme is administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of State Second Pension and currently provides benefits based on final salary and length of service on retirement. International Accounting Standard 19 (IAS19) requires the net pension asset or liability of a company's pension scheme to be recognised in full on the statement of financial position. Accordingly, the full net pension liability has been recorded in the statement of financial position of Your Choice (Barnet) Ltd.

The regular service cost of providing pension benefits to employees during the year, the costs or gain of any benefits relating to past service, together with the loss on settlements and curtailments is charged to "Employee salaries and benefits" in the statement of comprehensive income in the year. Past service costs or gain arises when the Company awards additional discretionary benefits. A change in benefits may result in either a past service cost or a past service gain. Loss on settlements and curtailments arise as a result of some members transferring from another employer over the year, and as a result of the early payment of accrued pensions on retirement on the grounds of redundancy or early retirement.

Interest on the pension scheme liabilities is charged to "Finance costs" in the statement of comprehensive income in the year.

The expected return on the assets of the pension scheme during the year is based on the bid value of the assets at the start of the financial year and is recognised within "Finance income" in the statement of comprehensive income in the year.

#### **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 expenditure is provided below.

#### **Defined benefit liability**

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties.

The defined benefit liability of £6.129m is based on standard rates of inflation and mortality. It also takes into account the Company's specific anticipation of future salary increases.

Assumptions are set with reference to market conditions at the year end.

The discount rate has been set whereby a 'Hymans Robertson' corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index. This basis has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

Estimation uncertainties exist as the anticipated assumptions may vary.

Further details of the assumptions used can be found in note 15.

#### **Transfer of business**

Director's judgment has been applied in the accounting treatment of the transfer of the 3 care homes and 2 day centres. The directors have assessed that this meets the criteria to be accounted for as a transfer of a business under common control and used 'predecessor accounting' to create an 'other reserve' within equity.

## YOUR CHOICE (BARNET) LIMITED

### 3. REVENUE

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

	<b>2020</b>	<b>2019</b>
	£'000	£'000
<b>Service income from TheBarnetGroup in respect of:</b>		
Your Choice (Barnet) adult social care services	10,293	5,082
<b>Total income from TheBarnetGroup</b>	<b>10,293</b>	<b>5,082</b>
<b>Other operating income</b>	<b>3,972</b>	<b>2,545</b>
<b>Total revenue</b>	<b>14,265</b>	<b>7,627</b>

The service income received from TheBarnetGroup relates to the provision of adult social care services to The London Borough of Barnet. TheBarnetGroup invoices London Borough of Barnet on behalf of Your Choice (Barnet), and service income is payable to Your Choice (Barnet) Ltd on receipt of payment from the London Borough of Barnet.

Other operating income relates to income from third party organisations and income received directly from service users.

#### **Assets and liabilities related to contracts with customers**

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

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Contract assets	4,282	912
Loss allowance	(145)	(20)
<b>Total contract assets</b>	<b>4,137</b>	<b>892</b>
Contract liabilities	-	-

## YOUR CHOICE (BARNET) LIMITED

### 4. Other expenses

	2020	2019
	£'000	£'000
SLA expenditure	406	406
Agency staff	1,326	757
Information Technology	7	23
Utilities	324	46
Auditor's remuneration		
- Fees payable to the company's auditors for the audit of the financial statements	14	2
- Fees payable to the company's auditors for other services	7	(4)
Other *	1,854	713
	<u>3,938</u>	<u>1,943</u>

The other services provided by the auditors relate to corporation tax compliance, and online services to file the statutory accounts with HMRC.

\* Other costs include: Equipment £546k; Rent £298k; Food £267k; Insurance £75k; Waste £65k; Vehicle Costs £59k; Professional Fees £54k; Client Activities £71k; Telephone & Broadband £32k; Depreciation £25k; Travel £22k; Stationery £13k; GP £11k; Licenses £10k; Recruitment Fees £10k; Various Other Costs £106k

### 5. Loss for the year

The loss for the year has been arrived at after charging the following:

	2020	2019
	£'000	£'000
Depreciation and amortisation	25	23
Employee salaries and benefits	10,971	6,067
Auditor's remuneration		
- Fees payable to the company's auditors for the audit of the financial statements	14	2
- Fees payable to the company's auditors for other services	7	(4)

### 6. Finance income and finance cost

	2020	2019
	£'000	£'000
Finance income:		
Return on retirement benefit scheme assets	<u>426</u>	<u>342</u>
	426	342
Finance cost:		
Interest on retirement benefit obligation	548	409
Interest & charges on Loan from Barnet Homes Limited	<u>69</u>	<u>61</u>
	<u>617</u>	<u>470</u>

**YOUR CHOICE (BARNET) LIMITED****7. Tangible Assets**

<b>Property, plant and equipment</b>	<b>Vehicles, plant &amp; equipment £'000</b>	<b>Furniture, fixtures &amp; fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Gross carrying amount</b>				
Balance 1 April 2019	52	93	30	<b>175</b>
Additions	-	9	6	<b>15</b>
Balance 31 March 2020	52	102	36	<b>190</b>
<b>Depreciation and impairment</b>				
Balance 1 April 2019	17	67	15	<b>99</b>
Charge for year	11	8	6	<b>25</b>
Balance 31 March 2020	28	75	21	<b>124</b>
<b>Carrying amount 1 April 2019</b>	35	26	15	<b>76</b>
<b>Carrying amount 31 March 2020</b>	24	27	15	<b>66</b>

**Capital commitments**

At the statement of financial position date, the Company was not committed to purchasing any fixed assets.

**YOUR CHOICE (BARNET) LIMITED**

**8. Trade and other receivables**

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Financial assets receivable within one year:		
Trade receivables, gross	995	106
Provision for doubtful debt	(23)	(12)
Trade receivables	<u>972</u>	<u>94</u>
Amounts due from Parent Undertaking	1,885	603
Amounts due from Fellow Group Companies	24	9
Financial assets	<u>2,881</u>	<u>706</u>
Other debtors		
Contract assets (note 3)	(145)	(20)
Prepayments and accrued income	1,401	206
Asset recognised as costs to fulfil a contract (note 3)	-	-
Non-financial assets	<u>1,256</u>	<u>186</u>
Trade and other receivables	<u><b>4,137</b></u>	<u><b>892</b></u>

The immediate parent undertaking is TheBarnetGroup Limited.

The related parties are Barnet Homes Limited and TBG Flex Limited.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2020 is determined as follows; the expected credit losses below also incorporate forward looking information.

<b><u>31 March 2020 (IFRS 9)</u></b>	<b><u>Current</u></b>	<b><u>More than 30 days due</u></b>	<b><u>More than 60 days due</u></b>	<b><u>Total</u></b>
Expected loss rate	1.55%	2.25%	9.45%	
Gross carrying amount	£2,172	£1,235	£891	£4,298
Loss allowance provision	£34	£27	£84	£145
<b><u>1 April 2019 (IFRS 9)</u></b>	<b><u>Current</u></b>	<b><u>More than 30 days due</u></b>	<b><u>More than 60 days due</u></b>	<b><u>Total</u></b>
Expected loss rate	1.42%	3.76%	4.63%	
Gross carrying amount	£607	£55	£209	£871
Loss allowance provision	£9	£2	£9	£20

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

**YOUR CHOICE (BARNET) LIMITED****9. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Bank accounts	288	116
Cash in hand	4	2
	<b>292</b>	<b>118</b>

**10. Equity****Share Capital**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Authorised, Issued and Fully Paid</b>		
Ordinary Shares of £1 each	100	100

Your Choice (Barnet) Limited was incorporated on 7 December 2011 as a company limited by shares.

The ultimate parent entity is London Borough of Barnet by virtue of its controlling interest in TheBarnetGroup Limited, which in turn owns the entire issued share capital of Your Choice (Barnet) Limited.

**11. Employee remuneration****Employee benefits expense**

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Wages and salaries	8,817	4,946
Social security costs	635	215
Pension costs	1,519	906
	<b>10,971</b>	<b>6,067</b>

**12. Directors' Remuneration**

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Eamon McGoldrick	3	-
Terence Rogers	1	2
Nigel Turner	3	4
June Riley	1	5
Anthony Solomon	-	-
John Stephen	1	-
Rebecca Toloui-Marks	2	-
	<b>11</b>	<b>11</b>



## YOUR CHOICE (BARNET) LIMITED

### 13. Employees

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

	<b>2020</b>	<b>2019</b>
Care & Support Directorate	521	248
	<b>521</b>	<b>248</b>

Your Choice (Barnet) Limited purchases the services of support staff from Barnet Homes Limited's Business Services Directorate and Chief Executive Office through a fixed service level agreement.

The staff engaged through service level agreements are not employed by Your Choice (Barnet) Limited and are not included in these figures.

### 14. Loan from associated company

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Unsecured loan issued by Barnet Homes Limited	1,100	1,250
Less amount repaid during the year	(150)	(150)
Arrangement fee	20	20
Deferred arrangement fee	(8)	(9)
Less amount repayable within 12 months (classified as current liability)	(150)	(150)
Long Term Loan payable	<b>812</b>	<b>961</b>

The loan agreement with Barnet Homes was revised and extended in June 2018. The total amount is £1.27m, repayable over eight years. It includes an arrangement fee of £20,000 which is being deferred over the remaining loan period. The loan has also been classified as £812,000 (non-current liability) and £150,000 (current liability).

The loan and the arrangement fee are subject to an interest rate of 6% per annum payable monthly in arrears. In the case of default, the interest rate shall be 8% per annum payable in arrears from the due date for such payment until actual payment is received.

## YOUR CHOICE (BARNET) LIMITED

### 15. Pension and other employee obligations

The Company participates in a local government pension defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013, as amended. The basis on which the net pension liability is recognised in the financial statements is set out in the Accounting Policies (Note 2).

A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2020 by a qualified independent actuary.

The actuarial report states that it was prepared in accordance with the International Accounting Standard 19 (IAS 19).

For the year ending 31 March 2020, the Company contributed to the Scheme at a rate of 24.3% of pensionable salaries.

The financial assumptions used by the actuary were:

	31 March 2020	31 March 2019
	% p.a.	% p.a.
Pension Increase Rate (CPI)	1.9	2.5
Salary Increase Rate	2.6	2.8
Discount Rate	2.3	2.4

The pension increase assumption is set in line with the default Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, the actuaries estimate the long-term gap between RPI and CPI in order to derive a CPI assumption for accounting purposes. The default assumed RPI-CPI gap will be 0.9% per annum.

#### Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 50% of the maximum tax-free cash for post-April 2008 service.

Life expectancy from age 65 (years)		31 March 2020	31 March 2019
Current Pensioners	Males	21.7	21.9
	Females	24.0	24.3
Future Pensioners	Males	22.9	23.9
	Females	25.7	26.5

**YOUR CHOICE (BARNET) LIMITED**

**15. Pension and other employee obligations (continued)**

<b>Net pension liability as at</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	£'000	£'000
Present Value of Funded Obligation	(23,311)	(17,416)
Fair Value of Scheme Assets (bid value)	17,182	13,476
<b>Net liability</b>	<b>(6,129)</b>	<b>(3,940)</b>
<b>Net liability in statement of financial position</b>	<b>(6,129)</b>	<b>(3,940)</b>

The amounts recognised in the Statement of Comprehensive Income are as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
	£'000	£'000
Current service Cost	1,233	906
Past service cost	188	-
<b>Total operating costs</b>	<b>1,421</b>	<b>906</b>
Net Interest on the defined liability (asset)	122	64
<b>Total charged to current year Statement of Comprehensive Income</b>	<b>1,543</b>	<b>970</b>

<b>Actual return on scheme assets</b>	(2,283)	586
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**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>17,416</b>	<b>14,740</b>
Current Service cost	1,233	906
Past service cost	188	-
Interest cost	548	409
Change in financial assumptions	(2,065)	1,442
Change in demographic assumptions	(929)	-
Other experience	436	-
Estimated benefits paid net of transfers in	(305)	(231)
Contributions by scheme participants	177	150
Effect of business combination	6,612	-
<b>Closing Defined Benefit Obligation</b>	<b>23,311</b>	<b>17,416</b>

**YOUR CHOICE (BARNET) LIMITED**

**15. Pension and other employee obligations (continued)**

**Reconciliation of opening and closing balances of the fair value**

<b>of scheme assets</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>13,476</b>	<b>12,429</b>
Interest on assets	426	342
Return on assets less interest	(2,709)	244
Administrative expenses	-	-
Contributions by employer including unfunded	641	542
Contribution by scheme participants	177	150
Estimated benefits paid plus unfunded net of transfers in	(305)	(231)
Effect of business combination	5,476	-
<b>Fair value of scheme assets at end of period</b>	<b>17,182</b>	<b>13,476</b>

**Sensitivity analysis**

IAS 19 requires disclosure of the sensitivity of the results to the methods and assumptions used.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions at 31 March 2020:</b>	<b>Approximate % Increase to Defined Benefit Obligation</b>	<b>Approximate Monetary Amount (£000)</b>
0.5% decrease in Real Discount Rate	11%	2,423
0.5% increase in Salary Increase Rate	2%	443
0.5% increase in the Pension Increase Rate	8%	1,947

The approach taken is consistent with that adopted to derive the IAS19 figures provided in this report.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it has been estimated that a one-year life expectancy would increase the Employer's defined benefit obligations by around 3-5%.

**YOUR CHOICE (BARNET) LIMITED**

**15. Pension and other employee obligations (continued)**

**Projections for year to 31 March 2021**

	Year to 31 March 2021 £'000
Service Cost	(1,010)
Net Interest on the defined liability (asset)	(146)
Administration Expenses	-
<b>Total</b>	<b><u>(1,156)</u></b>
Employer contributions	<b>601</b>

These projections are based on the actuarial assumptions as at 31 March 2020.

**Assets**

The estimated asset allocation for Your Choice (Barnet) Limited as at 31 March 2020 is as follows;

	<b>31 March 2020</b>		<b>31 March 2019</b>	
	£'000	%	£'000	%
Employer Asset Share - Bid Value				
Equities	-	0%	5,130	39%
Debt Securities	2,044	12%	1,462	11%
Real Estate	841	5%	-	-
Other Bonds	14,122	82%	6,693	49%
Private Equity	35	0%	-	-
Cash	140	1%	191	1%
<b>Total</b>	<b><u>17,182</u></b>	<b><u>100%</u></b>	<b><u>13,476</u></b>	<b><u>100%</u></b>

The breakdown of assets in monetary terms in the table have been shown to the nearest £'000.

Covid-19 is expected to have an impact on real estate, both in the UK and internationally, meaning there is uncertainty as to the valuation of the real estate assets within the pension scheme. If the valuation were incorrect by 10%, this would mean the assets are overstated by up to £84,100. Similarly, a decline in value by 20% would equate to £168,200. This would be immaterial to the overall business, particularly as these assets are held for the long-term and market cycles should mean that values return to carrying values (if incorrect).

**YOUR CHOICE (BARNET) LIMITED****16. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	£'000	£'000
<i>Current:</i>		
Trade payables	212	42
Amounts due to ultimate parent undertaking	2	18
Amounts due to fellow group undertakings	2,741	218
	<u>2,955</u>	<u>278</u>
Other payables	133	14
Other taxation and social security	23	25
Contract liabilities (note 3)	-	-
Accruals	1,116	294
	<u>4,227</u>	<u>611</u>
Financial liabilities	<u>4,227</u>	<u>611</u>

The Company aims to pay all suppliers within the contract or invoice payment terms. The ultimate parent undertaking is London Borough of Barnet. The fellow group undertaking is TheBarnetGroup Limited, Barnet Homes Limited and TBG Flex Limited.

**17. Income tax expense****Analysis of tax charge /(credit) for the period****Current Tax**

	<b>2020</b>	<b>2019</b>
	£	£
UK Corporation Tax at 19.00% (PY: 19.00%)	-	-
Deferred tax	-	-
Origination and reversal of timing differences	-	-
Tax on loss/profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>

**Provision for deferred tax****Movement in provision:**

Provision at start of period	-	-
Deferred tax charges in the statement of comprehensive income	-	-
Provision at end of period	<u>-</u>	<u>-</u>
Deferred tax asset not recognised	<u>(6)</u>	<u>(7)</u>

**YOUR CHOICE (BARNET) LIMITED****17. Income tax expense (continued)****Reconciliation of tax charge**

Loss on ordinary activities before tax	(960)	(509)
Tax on loss on ordinary activities at standard CT rate of 19.00% (PY: 19.00%)	(19)	(97)
Effects of:		
Expenses not deductible for tax purposes	20	97
Adjust closing deferred tax to average rate of 19.00%	-	1
Adjust opening deferred tax to average rate of 19.00%	-	(1)
Deferred tax not recognised	(1)	-
Tax charge for the period	-	-

**18. Financial assets and liabilities**

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

	Note	2020 £'000	2019 £'000
<b>Financial assets at amortised costs</b>			
Loans and receivables:			
Trade and other receivables	8	4,137	892
Cash and cash equivalent	9	292	118
		<b>4,429</b>	<b>1,010</b>
<b>Financial liabilities</b>			
Financial liabilities measured to amortised cost:			
Loan	14	962	1,111
Trade and other payables	16	4,227	611
		<b>5,189</b>	<b>1,722</b>

## YOUR CHOICE (BARNET) LIMITED

### 19. Related party transactions

#### Transaction with controlling party/related parties

	2020	2019
	£'000	£'000
Invoices from London Borough of Barnet	73	1
Amount owed to London Borough of Barnet	2	18
Invoices to TheBarnetGroup Limited	10,001	6,178
Invoices from TheBarnetGroup Limited	160	195
Amount owed to TheBarnetGroup Limited	196	68
Amount owed by TheBarnetGroup Limited	3,002	603
Invoices to Barnet Homes Limited	55	52
Invoices from Barnet Homes Limited	7,583	3,861
Amount owed to Barnet Homes Limited	2,729	150
Amount owed by Barnet Homes Limited	24	9
Loan from Barnet Homes Limited	962	1,111
Invoices from TBG Flex Limited	3,439	2,538
Amount owed to TBG Flex Limited	3	-

(a) Your Choice (Barnet) Limited is a company limited by share capital. It is wholly owned by TheBarnetGroup Limited, a local authority controlled trading company, wholly owned by London Borough of Barnet. London Borough of Barnet has contracted the provision of specialist care and support services to adults with a range of learning and physical disabilities to TheBarnetGroup Limited from 1 February 2012. TheBarnetGroup Limited contracts with Your Choice (Barnet) Limited for the provision of those services. Barnet Homes Limited and TBG Flex Limited are also subsidiary companies of TheBarnetGroup Limited.

The Council pays TheBarnetGroup Limited for Your Choice (Barnet)'s services delivered in accordance with the management agreement and any variations subsequently. TheBarnetGroup Limited then transfers the management fee to Your Choice (Barnet) Limited on receipt of an invoice as the company's direct provider of the adult social care services. No element of the management fee income is retained by TheBarnetGroup Limited which acts as an agent for Your Choice (Barnet) Limited in transacting with London Borough of Barnet. Your Choice (Barnet) Limited has only invoiced London Borough of Barnet directly for additional services provided outside the management agreement between TheBarnetGroup Limited and London Borough of Barnet.

(b) The London Borough of Barnet has invoiced the company £73,319 in this financial year of which £2,272 was outstanding at year-end.

(c) Your Choice (Barnet) Ltd has invoiced a total of £10,000,868 to TheBarnetGroup which represents its income for the provision of specialist care and support services to adults with physical and learning disabilities. TheBarnetGroup invoiced the company a total of £160,001 being recharges of goods and services provided by London Borough of Barnet. The BarnetGroup Limited owed Your Choice (Barnet) Limited £1,884,642.

(d) Your Choice (Barnet) Ltd has invoiced a total of £55,286 to Barnet Homes Ltd, being mainly recharges for Director of Care and Support costs. Barnet Homes Ltd has invoiced a total of £7,582,950 to Your Choice (Barnet) Limited. This is mainly in respect of payroll recharges and service level agreements for the provision of support services to the company. Service level agreements invoices totalled £406,219 while £7,176,731 represents the gross monthly salary and wages recharges. As at 31 March 2020, the company owed Barnet Homes Ltd £2,713,782 for various recharges. Barnet Homes Ltd owed the company £23,948.



## YOUR CHOICE (BARNET) LIMITED

### 19. Related party transactions (continued)

(e) Your Choice (Barnet) Ltd received an extended loan of £1.27 million from Barnet Homes Ltd on an arms-length basis in 2018. The loan is for an 8-year period at an annual interest rate of 6% with an arrangement fee of £20,000. Interest payments are made on a monthly basis and the capital element of the loan is repayable over the 8-year period with bullet repayments due in March of the relevant financial year.

The arrangement fee, of £20,000 has been deferred over the life of the loan and interest is charged on the arrangement fee value.

Your Choice (Barnet) Ltd repaid £150,000 in March 2020.

All outstanding balances with these related parties are due to be settled in cash. None of the balances are secured.

### 20. Key Management Personnel

#### 20.1 Non-Executive Directors

The Non-Executive Directors are defined as being the members of Your Choice (Barnet) Limited's Main Board who are not executive officers of Your Choice (Barnet) 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.

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

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

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Salaries	11	11
	<hr/>	<hr/>
	<b>11</b>	<b>11</b>
	<hr/> <hr/>	<hr/> <hr/>

The Non-Executive directors' costs are recharged from Barnet Homes Limited, who administer the payroll to the directors.

#### 20.2 Executive Director

	<b>2020</b>	<b>2019</b>
	£'000	£'000
Salaries	111	109
Performance Bonus	9	9
Social security costs	15	15
Pensions costs	26	23
Recharge to Barnet Homes Ltd	(51)	(51)
	<hr/>	<hr/>
	<b>110</b>	<b>105</b>
	<hr/> <hr/>	<hr/> <hr/>

The Executive director is an executive officer of Your Choice (Barnet) Limited. Your Choice (Barnet) Limited recharged Barnet Homes £51,100 for a proportion of the Executive director's time spent managing Barnet Homes Assist Services during the year.

## YOUR CHOICE (BARNET) LIMITED

### 21. Financial instrument risks

Risk management and objectives and policies:

#### 21.1 Interest rate sensitivity

Other than cash held in bank accounts, all the Your Choice (Barnet) Limited's cash and cash equivalents are fixed rate, fixed term deposits, and so are not sensitive to variations in interest rates.

#### 21.2 Credit risk analysis

Your Choice (Barnet) Limited's 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. Your Choice (Barnet) Limited's primary credit risk relates to its fee receivables.

The amount presented in the statement of financial position are net of credit loss impairment. An allowance for lifetime expected credit losses is made for trade receivables and contract assets.

See note 2 above for further information on impairment of financial assets that are past due dates.

Your Choice (Barnet) Limited's risk in relation to its income receivable is low as the main income is receivable from London Borough of Barnet through TheBarnetGroup Limited. Placement of liquid funds are currently with a single bank, which is considered a high risk, and the management is prioritising the review of this exposure to ensure a good spread.

#### 21.3 Liquidity risk analysis

Your Choice (Barnet) 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 7 days to 60 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.

### 22. Capital management policies and procedures

The company's capital management objective is to maintain its assets in order to ensure ability to continue to provide improved quality of service to the residents at an affordable price and sustain itself as a going concern. As the Company is not set up for profit making, Your Choice (Barnet) Limited continues to strive to maintain a balance between liquidity and provision of value for money services. The main capital owned by Your Choice (Barnet) Limited is liquid cash and cash equivalent, and the Company continues to monitor this investment with the Bank to ensure it's going concern is not at risk. The capital for the reporting period under review is as summarised below:

	2020 £'000	2019 £'000
Cash & cash equivalent	292	118
	<hr/>	<hr/>
	292	118
	<hr/>	<hr/>