

Company No. 07873964

TheBarnetGroup Limited

Annual Report and Financial Statements

Year ended 31 March 2021

Contents

	Page
1. Company information	2
2. Report of the Directors	3
3. Strategic Report	11
4. Independent Auditor's report to the members of TheBarnetGroup Limited	25
5. Consolidated Statement of Comprehensive Income	29
6. Consolidated Statement of Financial Position	30
7. Consolidated Statement of Cash Flow	31
8. Consolidated Statement of Changes in Equity	32
9. Statement of Comprehensive Income - Company	33
10. Statement of Financial Position - Company	34
11. Statement of Cash Flow – Company	35
12. Accounting policies and explanatory notes to the financial statements	36

1. Company Information

Directors

Eamon McGoldrick (Chair)	
Nigel Turner	(retired 31 March 2021)
(Chair, Governance and Remuneration Committee)	
John Stephen	
(Chair, Audit and Risk Committee)	
Washington Ainabe	
Ursula Bennion	
(Chair, TBG Open Door Limited)	
Aruna Bhatt	(appointed 29 November 2020)
Councillor Paul Edwards	(appointed 25 May 2021)
Penny Farrar	(appointed 1 April 2021)
(Chair, Governance and Remuneration Committee)	
Councillor Ross Houston	(resigned 25 May 2021)
Councillor Laithe Jajeh	(resigned 25 May 2021)
Adam Mansell	(appointed 1 April 2021)
Tim Mulvenna	
Angela Purcell	(retired 28 November 2020)
June Riley	
Rebecca Toloui-Marks	(resigned 26 February 2021)
Councillor Sarah Wardle	(appointed 25 May 2021)
Robert Webber	

Chief Executive Officer

Tim Mulvenna

Executive Officers

Shaun McLean	Group Resources Director
Julie Riley	Group Director Care & Support
Derek Rust	Group Director Growth & Development
Elliott Sweetman	Group Director Operations & Property

Company Secretary

Shaun McLean

Registered Office

2 Bristol Avenue
Colindale
London
NW9 4EW

Registered Number

07873964

Auditor

Grant Thornton UK LLP
1 Whitehall Riverside
Leeds
LS1 4BN

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 TheBarnetGroup Limited for the year ended 31 March 2021.

Principal activities

TheBarnetGroup Limited (the 'Company') is a Local Authority Trading Company (LATC) created in 2012 and has four subsidiary organisations, being Barnet Homes Limited, an Arms' Length Management Organisation (ALMO), Your Choice (Barnet) Limited, another LATC, TBG Flex Limited, a Company for the recruitment and employment of staff and Bumblebee Lettings Limited, a private lettings agency. In addition, Barnet Homes Limited has a subsidiary organisation, TBG Open Door Limited, a registered provider with the Regulator of Social Housing.

Barnet Homes Limited is owned indirectly by the London Borough of Barnet (the 'Council') through TheBarnetGroup Limited, and commenced its operations on 1 April 2004. The Council has delegated the management of its housing stock to Barnet Homes Limited under Section 27 of the Housing Act 1985 (as amended by the Housing and Urban Development Act 1993). Under that delegation Barnet Homes Limited is responsible for the following functions:

- Maintenance of the Council's residential stock, including stock investment decisions and procurement, planned maintenance and responsive repairs;
- Housing Management of the Council's residential stock, including rent collection, leasehold management, enforcement of tenancy and lease conditions, managing voids and estate management;
- Homelessness assessments, acceptances and procurement of property;
- Home Ownership services;
- Calculation and collection of leasehold charges;
- Financial management of certain aspects of the Housing Revenue Account (HRA); and
- Tenant involvement and resident participation.

The original ten-year management agreement expired on 31 March 2014 and continuation of the services was agreed via a one-year delivery plan for the year 2015/16. In June 2015, the London Borough of Barnet's Housing Committee approved the provisional Heads of Terms for a new ten-year management agreement which came into effect on 1 April 2016.

Barnet Homes Limited is a subsidiary of TheBarnetGroup Limited, a wholly owned local authority trading Company of the London Borough of Barnet. Barnet Homes Limited became part of TheBarnetGroup Limited on 1 February 2012. TheBarnetGroup Limited acts as an agent for Barnet Homes Limited in transacting with the Council. In substance, the Company operates as an ALMO in line with its original structure on 1 April 2004, but is under the direct ownership of TheBarnetGroup Limited. The London Borough of Barnet is the ultimate controlling party.

Your Choice (Barnet) Limited 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 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 7th July 2019, 3 residential care schemes and 2 day-centres for older people were transferred to Your Choice Barnet along with 270 staff under TUPE regulations. Details of the transfer are found later in the report under 'Risks and Uncertainties'

- **Apthorp Care Centre** a residential care home that is currently 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 that is currently 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 that is currently 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 Group'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.

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

TBG Flex Limited offers flexible benefits for all its employees.

TBG Open Door Limited is a Community Benefit Society within the Barnet Group structure and subsidiary of Barnet Homes for the development and management of affordable housing. The Association was registered with the Regulator of Social Housing as a registered provider of social housing on 7th March 2017. The Association has charitable status for taxation purposes with HMRC.

The services offered by TBG Open Door Limited will strongly support the London Borough of Barnet in the delivery of its new Housing Strategy 2020 – 2025 by seeking to:

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

Bumblebee Lettings Limited is a Company within TheBarnetGroup for lettings in the private rented sector. The Company was incorporated on 13 September 2017.

Group results for the year

The Group recorded a deficit of £3,009,000 (2020: £4,615,000 deficit) before the actuarial loss on the pension scheme of £15,971,000 (2020: £4,728,000 actuarial gain).

Directors

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

3rd party indemnity provision for Directors

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

Disabled persons

TheBarnetGroup Limited and its subsidiary companies are committed to equality and diversity and our goal is to embed it into our practices and everything we do. We want to ensure that all of 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 they 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, 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.

The above and other actions the Group is taking regarding employees is covered in greater detail in the People Strategy 2019-21 document that has been shared with all staff. The three key priorities of the strategy are:

- Being the best we can, to each other and our customers;
- A workplace where challenge and initiative are valued and collaboration is real; and
- A culture which nurtures our individual and collective potential to make even more of a difference.

Charitable donations

£30,000 of charitable donations were made by the Group (2020: £nil) and nil by the Company for the year ended 31 March 2021, (2020: £nil).

EU Political donations and expenditure

No political donations or expenditure were made for the year ended 31 March 2021, (2020: £nil).

Donations to non-EU political parties

No political donations or expenditure were made for the year ended 31 March 2021, (2020: £nil).

Payment policy

The Company pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 16 days of receipt of the invoice (2020: 18 days).

Directors' Remuneration Report

The Directors are defined as being the Board members of TheBarnetGroup 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 Group has adopted and complied with the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)'. An annual review of compliance is performed by the Board, with the most recent review in June 2021 demonstrating that the Group complies with the 2015 code apart from one technical instance of non-compliance in relation to the overall length of service as a Board member within the Group. This dates back to before the code was adopted and at that time was compliant with the code of governance then in use:

- One of the Council nominees who joined the Group Board in 2012 had previously served on the Barnet Homes Limited Board between 2007 and 2012. This member was assessed before joining the Board in 2012, and found to have the requisite skills, experience, and the ability to contribute to the work of the Board. During the year, The Group Board has agreed with its shareholder, The London Borough of Barnet, that the member possesses valuable skills and experience. This Board member resigned as a director on 28 May 2021.

The Board has agreed to adopt the new National Housing Federation 2020 Code of Governance with effect from 1 April 2021.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors, the Strategic Report 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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:

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

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

The Companies Act 2006 sets out a number of general duties which directors owe to the Company. New legislation has been introduced to help shareholders and other stakeholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section S172(1) (a) to (f) of the Companies Act 2006 (s172 factors). In the year ended 31 March 2021, the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the Company on behalf of its shareholder through TheBarnetGroup board.

Further information as to how the board has had regard to the s172 factors:

Section 172 factor	Examples	Page number
(a) the likely consequences of any decision in the long-term	-transfer of repairs service from contractor to Direct Labour Organisation; - future developments - transition from Performance Advisory Group(PAG) to Resident Board	15 15,20,22,23,24 8
(b) the interests of the Group's employees	-Employee information and disabled employees - gender pay gap described below - People Strategy	5 5
(c) the need to foster the Group's business relationships with suppliers, customers and others	-customer involvement via Resident Board and QuAG - community work helping with homelessness - payment policy - regulatory bodies - customer health and safety	8,9 14 5 6,16,17,22 12,15,16, 17,18,19,21
(d) the impact of the Group's operations on the community and the environment	-environmental impact described below - housing resident's repairs satisfaction - homelessness reduction - care and support service quality	15, 21 14 17
(e) the desirability of the Group maintaining a reputation for high standards of business conduct	- governance - payment policy - regulatory bodies	6 5 6,16,17,22
(f) the need to act fairly as between members of the Group	- stakeholder engagement - services provided and to whom	3,9 3,4

Gender Pay Gap

In common with all other companies with over 250 employees, gender pay gap data has published as required, covering the period to 31 March 2019. Compared to other large employers, TheBarnetGroup has a relatively small gender pay gap, reflecting the work that has been done over the years to ensure the Group is free from gender bias. The data showed a median gap of 4.2% between men and women, down from 4.5% the year before. The data for the period to 31 March 2020 has not been published as yet as the deadlines have been extended due to the pandemic.

Sustainability

A key objective for TheBarnetGroup is to ensure all the homes that we own or manage are energy efficient. One of London Borough of Barnet's 2021-2025 Housing Strategy objectives is to ensure all homes are 'Safe and Secure' which includes investment in the existing stock. Our current focus is on improving the existing homes so they all achieve a minimum EPC rating of C (EPC score of 69) or above by March 2023. The current average is an EPC score of 67, which is a rating of D. The focus on older properties is that new build properties all have higher EPC ratings at construction. This aim will also support achieving the aim of reducing fuel poverty.

Fundamental to achieving this is investing in transforming older homes with improved insulation and more efficient heating systems as part of the planned investment program, which London Borough of Barnet have agreed is necessary and will fund, to make them fit for the future.

Streamline Energy & Carbon Reporting (SECR)

Within the Group, Barnet Homes Limited meets the criteria whereby it is required to comply with SECR. Barnet Homes qualifies as a 'low energy user' as it consumes less than 40MWh per annum of energy and so is not required to make the detailed disclosures required by the legislation.

Equality, Diversity & Inclusion

During the past year, racial inequality has been a major topic in UK society (and the world generally). At TheBarnet Group we recognise the diversity of our residents who live in the homes we manage, residents at our care homes and users of the day centres and all these services are provided by a staff cohort that is also incredibly diverse, be that race, religious belief, sexual orientation or ethnicity. Following the heightened awareness that the 'Black Lives Matter' campaign generated, the Group has established a 'Race Equality Steering Group' made up of staff volunteers of different races. The Chief Executive is the sponsor of this group, who have done a lot of work not just with Black History month, but generally trying to challenge the way we operate with the aim of making sure race is not a factor in any decision that is taken. One of the key actions was for all senior manager to attend an 'Unconscious bias' training workshop, highlighting how race bias may still be part of the decision-making process without even realising it.

Whilst this group focuses on race, the work they are doing along with work the Council is doing has meant that we are all becoming more aware of those people who have and are potentially still suffering inequality due to other characteristics, like the LGBTG+ community and we at TheBarnetGroup are striving to be a business that is open to all, both as a provider of services and as an employer.

Customer involvement

During 2020/21, the Barnet Group Board's structure changed, providing an opportunity for our existing resident led Performance Advisory Group (PAG) to be part of the new governance structure. PAG has now been transitioned into a Resident Board that creates a direct link between residents and the decisions being made by the Board of Directors at a strategic level.

Over the past 12 months, we consulted with PAG on the new approach and the benefits it would bring to all residents. Members attended development sessions to prepare their transition into the Resident Board to ensure the relationship with the Group Board is as strong as it can be.

Ultimately two Group Board Directors will also sit on the Resident Board. New members have been appointed with the Resident Board going live in December 2020.

The Resident Board now takes an active role in overseeing our customer strategies and monitoring housing management performance of Barnet Homes, taking over the management performance portfolio that previously was the sole responsibility of the Group Board, escalating matters as required through the Chair of the Resident Board (who is also a Group Board Director).

Aside from the development of the new Resident Board and Covid-19, 2020/21 has been a busy year for the Group, who have continued to be involved in some of our key strategic decisions.

The Resident Board has grown in strength, confidence with a much more diverse representation of our customers and has 'stepped up' to their new challenge. The Resident Board continues to take part in an end of calendar review, providing a continued overall annual satisfaction of 100% on the support they receive and their involvement and engagement with The Barnet Group.

2020/21 activities included:

- Consulted and contributed to the *Anti-Social Behaviour & Hate Crime Policy*
- Consulted and contributed on the Barnet Group *Customer & Service User Expenses Policy*
- Consulted and contributed on effective Leaseholder communication
- Contributed to the Barnet Group's work on addressing race inequality
- Consulted and contributed to the Barnet Groups *Reasonable Adjustment Policy*, ensuring equality of access and opportunity for all our customers and service users

- Developed and shaped the Resident Board governance arrangements including their Terms of Reference
- Consulted and contributed on the Barnet Groups Resident Involvement Policy
- Contributed to the new design of performance information is reported with a new suite of resident friendly KPI's

TheBarnetGroup also has a user group made up of service users, relatives of service users and carers, in the care and support operations (generally provided via Your Choice (Barnet) Limited).

This review group, Quality Assurance Group (QuAG), help to set and monitor standards, review customer satisfaction results, take part in quality assurance audits and feedback on the results of these as well as advising management on its policies and procedures.

QuAG supplement the work done by the Care Quality Commission and their involvement continues to provide valuable feedback and helps to shape the way services are provided. Recommendations made included:

- Where a scheme review is being reported to QuAG, the relevant scheme manager attends that meeting.

Going Concern

The Group'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 21 months to March 2023. These demonstrate that the Group 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 the implementation of controls and other legislation following the end of the Brexit transition period, the Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long-term to manage the possible impact of increased inflation and potential increased operating costs.
- That in the event the Covid-19 pandemic results in further 'lockdowns' or other financial or operational issues, Government support and legislation that has been in place to date would continue; but if not, then 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 Group's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £59.916m at 31 March 2021 (2020: £41.178m). However, the London Borough of Barnet has fully guaranteed the pension deficits at the point of Barnet Homes incorporation (on 1 April 2004) as well as pension deficits at the point the employees were transferred to the Group on 1 February 2012 and 7 July 2019 within the Your Choice (Barnet) business. 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 to allow the Group to meet its liabilities as they fall due in a scenario where forecasts are materially inaccurate.

The Directors have reviewed the Group'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


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 June 2021 Board 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 matters pertinent to the Group and subsidiaries and understanding the operations and financial position of the Group. 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 24 June 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Eamon McGoldrick', with a stylized flourish at the end.

Eamon McGoldrick, Chair

3. Strategic Report

Review of Group results

The year to 31 March 2021 was the ninth year of operation for the Group. The Group recorded a net loss after tax of £3,009,000 (2020: £4,615,000 deficit) before the actuarial loss on the pension scheme of £15,971,000 (2020: £4,728,000 actuarial gain).

Accumulated revenue reserves, before the pension liability, now stand at a deficit of £236,000 (2020: £6,000 surplus) and total assets at £171,727,000 (2020: £102,748,000).

The principal risks and uncertainties and key performance indicators for TheBarnetGroup Limited reflect those in the subsidiary companies, Barnet Homes Limited, Your Choice (Barnet) Limited, TBG Flex Limited, TBG Open Door Limited and Bumblebee Lettings Limited.

Principal Risks and Uncertainties

COVID-19

On behalf of the Board, I would like to thank all our staff, London Borough of Barnet and partners for the huge efforts they have made over the last 12 months to mitigate the negative impacts of the pandemic. Vital services such as repairs and adult social care have been delivered in very difficult circumstances. Despite lockdowns, we have supported rough sleepers and worked hard to keep all our service users safe.

The impact on the Group's finances has been minimal, partly due to the support we have received from London Borough of Barnet and the Covid funding they have been able to access. We will work closely with our partners in the coming year to restore full service provision to all the Barnet residents that we serve and continue to maintain financial stability.

Some of our services require close 'in-person' contact with service users and residents; this has meant risk to our staff. We have followed Public Health Guidance as regards Personal Protective Equipment (PPE) at all times and have benefitted from free PPE via the Government portal. TheBarnetGroup has also benefitted in the amount of £375,717 from the Coronavirus Job Retention Scheme (furlough) as administered by HMRC. This has only been done for staff who met the Public Health England criteria to be 'shielding', generally those classified as Clinically Extremely Vulnerable. The Group has 'topped' up all salaries to normal levels and not reduced pay in line with the level of support the furlough scheme offered.

The pandemic has meant delays to construction of new homes and also caused issues with the acquisition program. Open Door Homes is operating. The delays have not been lengthy and so have not materially impacted the finances of the Group.

Barnet Homes Limited Operations

The Company's principal source of income is a fixed management fee from the London Borough of Barnet, which is paid monthly in advance in accordance with the Agreement. The fee is set in advance, and the main risk to the Company is that it is not able to deal with inflationary pressures and the contractual efficiencies in the management fee.

The collection of rents and service charge income does not affect the Company directly, as such payments are made to the Council's Housing Revenue Account (HRA), but it is a key performance measure for the Company.

The number of homes managed under the Agreement continues to reduce. The Council's regeneration programme progressed with 150 properties decanted for regeneration purposes in the year (2020: 50). Right to Buy (RTB) sales reduced to 25 units from 37 units in 2020 due to Covid.

The continuing high level of demand for housing and the lack of availability of affordable accommodation results in additional General Fund expenditure for temporary accommodation and resource pressures on the Company's services.

The HRA Business Plan has been significantly impacted by the Government Policy of a 1% rent cut each year in the period up to March 2020. The April 2020 and April 2021 rent increases have been as permitted in the Rent Standard, i.e. CPI + 1%.

The Company has a Registered Provider (RP) subsidiary (TBG Open Door) to deliver the first phase of 341 new homes in the borough. The first 199 properties have been completed with the remaining 142 on site and due to be completed in early 2023. The business plan for the RP has identified risks associated with property development, construction costs, managing a debt facility, inflation and rent increase assumptions.

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

During the year, the repairs service and gas services that used to be provided by third parties were transferred to an internal department, this was achieved via a TUPE transfer of staff from contractors plus the recruitment of staff with the appropriate skills to operate a Direct Labour Organisation (DLO). This transfer created a lot of unexpected issues related to the pandemic, such as inductions and training having to be conducted whilst maintaining social distancing, logistical challenges of receiving vehicles for the team to use and any spare parts and materials. Despite all this, the team has been providing those services that can be delivered, whilst remaining compliant with Government guidance on social distancing and what services are essential.

Despite the UK having left the EU and all transitional arrangements having ended; there is still uncertainty as to what the impact this will have on the business. Covid has meant that a new 'normal' has not been achieved. It is not currently possible to accurately evaluate all the potential impacts on Barnet Homes, its customers, suppliers or the wider economy. Utilising guidance published by the Regulator of Social Housing and other sources, the main areas of risk assessed are supply of materials both for large maintenance works (replacement kitchens, bathrooms and roofing works as examples) to be done to properties but also day to day repairs. Suppliers and contractors have all provided assurance that they have appropriate supply chain mitigations. Review of these supply chains and their mitigations are reviewed on an ongoing basis and reflected in the Company's risk register.

These risks have been reported to and reviewed by TheBarnetGroup Limited's Audit and Risk Committee during the year.

Key financial performance indicators

Overview

The deficit for the year was £2,462,000 (2020: £3,221,000 *deficit*).

Annual Housemark Benchmarking Exercise

The most recent annual Housemark benchmarking exercise is based on 2019/20 data and compares performance against our peers, including 19 London Councils and Arm's Length Management Organisations (ALMOs). The benchmarking exercise focuses on service area costs, performance and customer satisfaction relating to core housing management functions and does not include aspects of housing options or homelessness or functions considered to be non-core.

Cost Per Property Summary

2019/20 (latest data)	2019/20 Result	2019/20 Rank	2019/20 Quartile	2018/19
Housing management cost per property	£346	1	Q1	£364 (Q1)
Repairs and voids cost per property	£615	1	Q1	£616 (Q1)
Estate services cost per property	£248	2	Q1	£261 (Q1)
Leasehold cost per property	£264	1	Q1	£325 (Q1)

The good results on cost, have not been to the detriment of quality or customer satisfaction. The table below shows the strong performance in various quality performance indicators, which include a few customer satisfaction measures.

Quality and Performance

2019/20 (2018/19)	Upper Quartile	2nd Quartile	Median	3rd Quartile	4th Quartile
Number of performance indicators	12 (10)	8 (8)	1 (2)	3 (4)	2 (2)
% of total	46% (38%)	31% (31%)	4% (8%)	11% (15%)	8% (8%)
	Above Average 77% (69%)		4% (8%)	Below Average 19% (23%)	

Key non-financial performance indicators

The key performance indicators (KPIs) used to monitor achievement of the Company's main objectives are set out on the following pages. The Board and London Borough of Barnet agree targets each year that are designed to manage and deliver continuous improvement as outlined in the management agreement. Not all the key performance indicators impact on the Company's financial results, as they are delivered by the Company for the Council and are mostly accounted for in the HRA. They are however, the key indicators in determining the Company's performance acting in its role as a provider of services for homelessness and housing management on behalf of the Council. Where targets are agreed, these have been shown.

Allocations and Lettings

Average re-let times in days	2020/21	2019/20
Routine lettings (2020/21 target 20 days)	43.8	15.5
Major works lettings (2020/21 target 56 days)	119.0	78.7

The above table shows the average re-let times performance for the year 2020/21 compared to performance from the previous year.

Performance for the year on both routine lettings and major works lettings was significantly above target due to Covid-19 and the effect this had on staff and contractors being able to carry out works as well as viewings for prospective residents being impacted by national lockdowns and also social distancing requirements.

Households in Temporary Accommodation

	2020/21	2019/20
Number of households in Emergency Temporary Accommodation (ETA) (2020/21 target 225)	229	253
Number of Households in Temporary Accommodation (TA) (2020/21 target 2,250)	2,399	2,467

The number of households in emergency temporary accommodation is obviously not where the Council would like it to be, the numbers continue to reduce compared to last year, but this may be related to the ban on evictions from rented properties. The reduction in the total number of households in all forms of temporary accommodation continued, despite not reaching the target, and this reflects the dedicated work that has been done with rough sleepers as part the 'Everyone In' directive of the Government published during the pandemic.

Lettings

	2020/21	2019/20
Number of lettings to Barnet Homes managed properties	253	354
Number of regeneration property lettings	35	66
Number of private sector lettings (2020/21 target 615)	647	676

Lettings in general were lower due to the pandemic and generally less customer moves and the Government ban on evictions meant less turnover of residents.

Homelessness Preventions

	2020/21	2019/20
Number of homelessness preventions (2020/21 target 1,250)	1,264	1,221
Number of regeneration decants	150	50

The 1,264 homelessness preventions achieved in the year, despite Covid, is a fantastic achievement, it is an increase on the prior year and ahead of the target. It reflects the hard work of the dedicated teams who worked tirelessly to find solutions to prevent homelessness during the most challenging social environment, with lockdowns and the pandemic, in nearly 100 years.

In 2020/21 BOOST; our team that provides employment and benefit advice in Barnet, moved face to face services and training and support services online. In the year, the team made more than 26,000 personal contacts with clients about employment or benefit support. 487 new clients signed up and 148 clients were helped into employment including 31 under 25s and 2 rough sleepers.

Our Welfare Benefit Advisers delivered 1,469 benefit appointments and worked closely with Barnet Council on support for COVID 19 financial support initiatives including a new pathway for Council Tax support referrals. The team assisted 51 households with COVID 19 Winter Grant and supported the Council's Discretionary Housing Payment team to award more than 1,037 DHP payments.

The team signed up 94 residents onto the Make it Click digital support programme and hosted fortnightly webinars that were attended by more than 250 people.

In October 2020 BOOST began working with Shaw Trust to provide training and support service for the JETS programme in Barnet. By March 2021 more than 760 workshops and webinars were delivered with 90% of delegates expressing satisfaction with the quality. BOOST also led the Group's apprenticeship programme and successfully recruited seven local residents into a variety of roles within the Company and have recently worked with service managers to create eight new Kickstart roles supporting the government's youth-focused COVID recovery initiative.

Rent Collection and Arrears

	31 March 21	31 March 20
Number of tenants in arrears	2,964	3,553
Average arrears	£739	£576
Number of tenants more than 7 weeks in arrears	727	654
Arrears as a percentage of the debit (2020/21 target 3.3%)	3.96%	3.72%

Year-end performance was behind target by an equivalent of £325k on an annual rent roll of £49m, but was only 0.24% off from last years achievement, despite the pandemic. Performance during the year has fluctuated, but the team did fantastic work throughout the year to achieve this result. The most pleasing aspect is that the number of customers in arrears has reduced by nearly 600; though those who are in arrears are not always engaging as we would hope and so average arrears is up. There has also been an increase in tenants more than 7 weeks in arrears, the ban on evictions for most of the last year has meant that some residents are taking advantage of this. Whilst eviction is always the 'last resort', without that ability it can be harder to engage with residents in substantial arrears.

Performance for 2021/22 will be hard to assess until operations return to a more 'normal' way, including legal proceedings where necessary.

Repairs and Gas servicing

Responsive repairs satisfaction was 84.7% (2020: 84.3%) against a target of 88%. This is arrived at from surveys done for repairs carried out by contractors as well as repairs done by the 'in-house' repairs team. Repairs "first time fix" levels were 81.8%. No target was set for this KPI, as the repairs service TUPE transferred 'in-house' in July 2020 and this metric was being monitored. Whilst the repairs satisfaction score is only marginally better than last year, the pandemic has meant that 2020/21 has been much more challenging to transfer the services than in 'normal' circumstances. Performance and satisfaction levels are all expected to improve in the coming year.

Gas servicing achieved 99.93% compliance in 2020/21, the first time it has not achieved 100% in 4 years. The 6 properties where gas services could not be carried out were all residents who were 'shielding' under Government advice. These properties had their services carried out in April 2021 and as at April 2021 compliance was back to 100%.

Major Works Capital Investment Programme

A total of £27.5m (2020: £30.6m) worth of capital investment works were delivered throughout the year, including £15m (2020: £10m) of fire safety improvement works. This was less than was originally planned for the year, but the types and volume of work undertaken had to be adjusted due to the impacts of Covid.

Resident Safety (Fire Safety)

	2020/21	2019/20
Scheduled fire risk assessments completed (council housing) on time	92.8%	100%
Percentage of priority 1 and 2 FRA actions completed in period	99.9%	100%

The above two resident safety related indicators were introduced to measure the progress and efficiency of ongoing fire safety measures following the Grenfell Tower fire. Both indicators have a target of 100% though this was not achieved this year due to Covid; though where works were done, this was prioritised based on risk and so works not done were of limited risk.

Good progress was made throughout the year on delivering the £52m fire safety stock improvement programme, with a total of £34.5m being spent by the end of 2020/21. Despite Covid, delivery of the high priority (category one and two) works programme was good throughout the year.

Your Choice (Barnet) Limited

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. 17% of income comes from sources other than London Borough of Barnet.

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 three care homes and two 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, as explained further below.

The contract agreed prior to transfer was for YCB to run the services on a caretaker basis on behalf of the Council until July 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 was the opportunity for the contract to be extended by mutual agreement a further 3 years. This 3-year extension has been agreed, on the same terms as the original agreement. This decision has been made as Covid has meant none of the planned improvements in 2020/21 could be achieved and any works planned will likely take longer than originally planned.

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. With effect from 1st April 2021 staff in the care homes are also being paid at this level.

The extra care service model which welcomed its first tenant in April 2019 ran at a loss this financial year, this is due to the unfortunate loss of life of some residents due to Covid and others not moving into the flats due to restrictions and general worries about care homes.

Key performance indicators (KPIs)

There are ten KPIs reported to the Council and an additional nine KPIs to the YCB Board. Of the nine YCB Board KPI's, 7 were not included in the ratings as utilisation for the year was significantly impacted by the national lockdowns and needing to close services.

Of the twelve remaining KPIs, eleven are rated either red, amber or green. The other measure is not rated but reported against the prior year.

The results for Quarter 4 20/21 show that six (55%) of the performance indicators are rated green, one is amber (9%) and four are red (36%).

The amber performance indicator relates to:

- The number of service users supported to retain employment was 5 against the target of 7. This target was missed due to Covid.

The red performance indicator relates to:

- The % of services rated good or outstanding was impacted by the first review at Ansell Court where the assessment was 'Requires Improvement'. The other scheme that is 'Requires Improvement' is one of the care homes taken over in 2019 and this site requires significant property investment before it's assessment can be improved.
- The % of service users in employment for 2 hours or more was significantly below target, again due to Covid.
- Service users moved on or to a lower service level; this only happened with one service user, mainly caused by the day centres being closed and the limited capacity when they were open; and
- Staff sickness of 26.8 days against a target of 10 days. The results include staff who were shielding and a number of staff who self-isolated at various stages of the year; either with Covid or as precautionary measure as advised by Public Health England. If all Covid related illness is removed the sickness days was 11.4 days, closer to target but still above.

Building resilience in residents and managing demand

	Q4 2020/21	Q4 2019/20	Target (qtrly)
% of services rated good or outstanding by the Care Quality Commission at the most recent inspection	71%	86%	100%
% of service users in employment for 2 hours or more (BILS & CommunitySpace)	2.6%	4.9%	7%
Number of service users supported to retain employment (Day Services)	5	8	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	1	3	5
	Q1-Q4 2020/21	Q1-Q4 2019/20	Target (yearly)
Number of Safeguarding concerns. (see table below)	25	36	Tracking

- There are seven Care Quality Commission registered services within the business. Ansell Court received its first assessment during the year.

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	Requires Improvement

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.

- No service users found employment in Q4. The 2 who had found employment earlier in the year were both on furlough at the end of the quarter, but were still employed.

Safeguarding

	Indicator description	Q1-Q4 2020/21	Q1-Q4 2019/20
Safeguarding concerns raised by YCB staff about YCB issues	Concerns escalated to Section 42 enquiry	2	3
	Section 42 enquiries still under investigation	0	0
	Section 42 enquiries closed and not upheld	0	1
	Section 42 enquiries closed and upheld	2	4
	Total concerns raised	14	21
Safeguarding concerns raised by YCB staff about relative/relative/another agency	Concerns raised	8	12
Safeguarding concerns raised by YCB staff about unknown causes	Concerns raised	3	3
Total concerns raised NOT about YCB		11	15
Total concerns raised		25	36

Delivering Quality Services

	Q1-Q4 2020/21	Q1-Q4 2019/20	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)	100%	95%	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

Service utilisation has been reported but not included in the performance measures for the year. This is due to the services being closed due to Covid and then when they were re-opened this was at a reduced level so social distancing and other Public Health England advice and guidance could be followed.

Scheme utilisation	20/21	19/20	Target
Barnet Independent Living Service	Opened 16/9/2020 with a reduced service	87%	96%
CommunitySpace	Opened 16/9/2020 with a reduced service	83%	96%
Flower Lane	Reduced service	91%	96%
Rosa Morison	Opened 17/8/2020 with a reduced service	90%	96%
Supported Living	100%	100%	96%
Utilisation KPI	N/A	90%	96%
Valley Way	81%	92%	90%

Valley Way has remained open and has increased the number of clients supported. However, one client and a small number of staff tested positive for Coronavirus at the start of the quarter 4 and all admissions ceased until the easing of the most recent lockdown.

	Q1-Q4 2020/21	Q1-Q4 2019/20	Target (yearly)
% FTE agency staff	4%	6%	10%
Sickness: average days sickness per FTE	26.8 days	10.9days	10 days
Number of RIDDOR reportable incidents – staff	0	0	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	17%	22%	n/a
Complaints received	2	0	n/a
Compliments received	107	12	n/a

Staff sickness was at 26.8 days in 2020/21, but this mainly due to Covid. If all Covid related illness is removed, sickness was 11.4 days; this is a decline on the 10.9 days in 2019/20. Sickness continues to be monitored closely with the appropriate management action taken when necessary.

Future Developments – Your Choice (Barnet) Limited

The original agreement for Your Choice (Barnet) to manage the care homes until July 2021 will be extended to July 2024. Covid has meant that resources have had to be diverted to other priorities both within the Council and within Your Choice (Barnet). As such it was agreed that an extension of the existing arrangements made sense, as during the last 12 months other options regarding the ownership of the sites of the care homes have arisen as well as the Council has agreed all staff at the care homes would be paid London Living Wage as a minimum with effect from 1 April 2021. If agreement on the future arrangements for the running and the financing of the care homes can be agreed ahead of July 2024 then new contracts can be agreed.

As it was since July 2019, the onus on YCB is to ensure that the service provision at Apthorp Care Centre improves to 'Good' as assessed by Care Quality Commission. Since YCB started managing the services, the rating has improved from 'Inadequate' to 'Requires Improvement'. Significant works to the building are required before the rating can have a chance to achieve 'Good' and is one of the reasons the Council has chosen to extend the existing agreement.

These substantial maintenance and repairs works that are needed were due to have commenced in the 2020/21 financial year, but have not been able to be carried out due to Covid and in particular because of the health and safety risks to elderly residents. It is hoped the works can be undertaken in the 2021/22 financial year, but the work may take longer due to the Covid related risks to residents.

Activities it was hoped would be done in 2020/21 will now hopefully be carried out in the forthcoming financial year; some of these are:

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.

TBG Open Door Limited

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

The financial impact of COVID-19 in the March 2021 financial year has not been significant due to the limited number of properties being let. The main future risk is delays to those schemes under development, being able to let these units once built and delays in the acquisition program as the conveyancing and legal process takes longer due to Covid. The letting of units has been a challenge due to Covid, but there is still a significant level of demand for social housing.

Further lockdowns may impact on services with customers not wanting service people to enter their homes, so there may be periods where 100% compliance with all statutory health and safety requirements will not be met. There are contingency plans in place to minimise this, but these cannot guarantee compliance.

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

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

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

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

In addition to the £66.7m loan facility described above, the Association has loan facilities totalling £215m allowing it to acquire 155 homes from London Borough of Barnet and up to 500 homes available for sale in the open market. Both these acquisition programs commenced during the year; the 155 units completed in the current financial year and 36 of the 500 program completed. Interest is charged at the prevailing Public Works Loan Board rate, less 0.2% certainty discount (where applicable) plus 1.24%. This rate is fixed from drawdown through to repayment.

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

There continues to be uncertainty as to the impact of the end of the Brexit transition period from the EU. Whilst this was on January 1, 2021; the pandemic and national lockdown has meant the economy is still not operating entirely in the new way. It is not currently possible to accurately evaluate all the potential impacts on TBG Open Door, its customers, suppliers or the wider economy. Utilising guidance published by the Regulator of Social Housing and other sources, the main areas of risk assessed are supply of materials both for the construction of the properties in progress but also day to day repairs. Suppliers and contractors have all provided assurance that they have appropriate supply chain mitigations to mitigate this risk. Review of these supply chains and their mitigations are reviewed on an ongoing basis and reflected in the Association's risk register.

Post Year-end event

There have been no post year-end events requiring separate disclosure.

Key performance indicators

A suite of key performance measures are tracked, below are the key ones. It is worth noting that 2020 was the first full year of properties being occupied and so a number of key performance measures are tracked; below are the key ones:

	31 March 2021	31 March 2020
Properties with a current LGSR certificate	100%	100%
Properties surveyed for electrical safety within the last 5 years	100% New build 90.6% Acquisitions	100%
Overall tenant satisfaction with ODH as a landlord	92.6% New build 100% Acquisitions	92.6%
% P0 & P1 FRA remedial actions completed within time.	98%	N/A
Arrears as a percentage of the rent debit	5.4% New build 27.6% Acquisitions	1.0%

5 weeks of arrears (amounting to £190k) arose on acquisition of 155 properties from Barnet Council, due to the Housing Benefit payments being ended as the landlord had changed. It has been agreed with the Council Housing Benefits team that £160k of this will be paid in early 2021/22 via Universal Credit or Housing Benefit payments.

Value for Money

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

The Association began construction of its first properties in the prior periods and the first lettings to tenants took place during 2018/19. As a result, the assessment of value for money (and the performance of these metrics) using the Regulator of Social Housing standard VFM measures was less relevant in prior years. These standard measures are now monitored by the Executive Team and the Board and targets set by the Board. Performance is shown below:

		31-Mar-2019		31-Mar-2020		31-Mar-2021		31-Mar-2022	31-Mar-2023	31-Mar-2024
		Actual	Sector	Actual	Sector	Actual	Budget	Budget	Forecast	Forecast
Metric 1	Reinvestment	62.0%	6.2%	56.4%	7.2%	15.1%	54.0%	12.4%	4.1%	3.4%
Metric 2a	New supply delivered (social housing)	100.0%	1.5%	33.9%	1.5%	85.6%	86.3%	28.6%	21.6%	11.9%
Metric 2b	New supply delivered (non- social housing)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Metric 3	Gearing	67.0%	43.4%	65.8%	44.0%	82.7%	81.3%	89.8%	91.2%	92.7%
Metric 4	EBITDA-MRI Interest Cover	-46%	184%	-4%	170%	54%	63%	92%	114%	119%
Metric 5	Headline Social Housing Cost Per Unit	£8,270	£3,690	£10,857	£3,830	£1,564	£2,290	£3,116	£3,075	£3,211
Metric 6a	Operating margin (social housing lettings)	-28.0%	29.2%	39.0%	25.7%	39.4%	54.9%	45.9%	48.2%	48.2%
Metric 6b	Operating margin (overall)	-38.0%	25.8%	-27.6%	23.1%	27.4%	54.9%	45.9%	48.2%	48.2%
Metric 7	Return on Capital employed	-0.4%	3.8%	-0.3%	3.4%	0.4%	1.2%	1.6%	1.9%	1.9%

The sector results are included as they show the sort of results that are achieved for established organisations. For a new organisation like TBG Open Door, these are less useful as comparators but the future forecast results for the Association show how performance is expected to change in future years and results will be more similar to the sector average.

The above table shows how as a new organisation the standard metrics have significant fluctuations year to year as units complete, but also the significant impact of 'one off' cost variations. In 2019 there was £307,000 of 'abortive' costs and in the current year £304,000 of remedial works to replace balconies at some blocks. These costs explain the very high Cost per unit in 2020, but has had less impact in 2021 as most of the units only transferred late in the year and so the costs incurred were low relative to a full year of expenditure, but the calculation of the metric uses the year end volume of units managed, meaning a 'diluted' cost per unit.

Metric 1 does not include acquired units, only spend on new units whilst Metric 2 does include acquired units and is why the results differ significantly.

Metric 3 reflects that the business has no reserves and so all build and acquisition is funded via debt. This also is why the interest cover (Metric 4) is much lower than historical sector average and well below 100%. This is forecast to improve as the units now acquired are let and make a positive financial contribution.

Operating margins are strong (Metric 6), aided by limited repairs costs as most units are newly built or newly refurbished (for the acquired units). The positive operating performance has resulted in the positive Return on Capital (Metric 7).

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

Future Developments – TBG Open Door Limited

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

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

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

TBG Flex Limited

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

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

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

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

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

Employees at 31 March 2021 (2020 in brackets)	
Barnet Homes Limited	199 (187)
Your Choice (Barnet) Limited	184 (174)
Total	383 (361)

Future Developments – TBG Flex Limited

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

TBG Flex staff	Figure at 31 March 2021	Annual increase				
		2021/22	2022/23	2023/24	2024/25	2025/26
Total	383	428	468	508	548	587

Bumblebee Lettings Limited

Bumblebee Lettings Limited's principal source of income is fees from the lettings and management of properties in the private rented sector.

Key risks and uncertainties include growing the business to deliver the assumed level of lettings in the business plan, both in terms of volume of transactions and the fee paid by customers.

The lettings market has faced increased challenges during the year, with greater competition from the established agencies meaning that margins are under pressure as agents compete for the business of landlords. There is also still some uncertainty as to the longer-term impact of Covid, including further potential lockdowns.

Taken together, the two areas of activity are performing as expected, which will enable it to repay the loan to its fellow Group Company, Barnet Homes.

Other principal risks facing the Company include a bad debt risk, which has been partially mitigated through the acquisition of rent guarantee insurance.

Key performance indicators

	Actual	Target
Units let	157	135
Units in management	278	259
Retention rate	99%	90%
Units let by let2barnet	647	615

Future Developments – Bumblebee Lettings Limited

The Company's business plan for the first five years contains growth assumptions including:

- Average annual rent inflation of 2% from 2020 to 2025
- An average business retention rate of 90% from 2020

The above assumptions are based on long-term averages of the housing market and the performance of the Company will continue to be closely monitored during its growth phase.

Approval and signature

The strategic report was approved by the Board on 24 June 2021 and signed on its behalf by:



Eamon McGoldrick, Chair

Independent auditor's report to the members of TheBarnetGroup Limited

Opinion

We have audited the financial statements of TheBarnetGroup Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flow, Consolidated Statement of Changes in Equity, Company Statement of Comprehensive Income, Company Statement of Financial Position, Company 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 accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss and the parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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 have 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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group, and the industry in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies Act 2006), and the NHF Code of Governance 2015. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the Group is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and risk committee, and through our legal and professional expenses review.
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
 - The Group's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
 - The Group's control environment including the adequacy of procedures for authorisation of transactions
- Audit procedures performed by the engagement team included:
 - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - Challenging assumptions and judgements made by management in its significant accounting estimates
 - Identifying and testing related party transactions; and
 - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the sector in which the Group operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

Use of our report

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

Grant Thornton UK LLP

Victoria McLoughlin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
Date: 1/7/2021

THEBARNETGROUP LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
Revenue	3	88,922	83,098
Employee benefits expense	12.1	(31,128)	(29,863)
Depreciation	7,7.1	(4,469)	(1,820)
Amortisation	8	(624)	(611)
Net impairment losses on financial assets and contract assets		(115)	(169)
Other expenses	4	(52,857)	(53,636)
Operating loss	5	(271)	(3,001)
Finance income	6	1,542	1,901
Finance costs	6	(4,280)	(3,468)
Loss before tax		(3,009)	(4,568)
Income tax expense	18	-	(47)
Loss after tax		(3,009)	(4,615)
Other comprehensive income			
Actuarial (loss)/gain on defined benefit pension scheme		(15,971)	4,728
Total comprehensive (loss)/profit for the year		(18,980)	113
Total comprehensive (loss)/profit is attributable to:			
London Borough of Barnet		(18,980)	113

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

THEBARNETGROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Tangible Assets			
Property, plant and equipment	7	134,852	52,724
Right of Use assets	7.1	10,395	7,496
Intangible Assets			
Computer software & development	8	1,964	1,845
		<u>147,211</u>	<u>62,065</u>
Current assets			
Trade and other receivables	9	14,639	36,813
Cash and cash equivalents	10	9,877	3,870
		<u>24,516</u>	<u>40,683</u>
Total assets		<u><u>171,727</u></u>	<u><u>102,748</u></u>
EQUITY and LIABILITIES			
EQUITY			
Revenue Reserve		(236)	6
IAS 19 Pension Reserve		(58,780)	(40,042)
Other Reserve		(1,136)	(1,136)
Total Equity		<u>(60,152)</u>	<u>(41,172)</u>
LIABILITIES			
Non-current liabilities			
Pension and other employee obligations	12.3	59,916	41,178
Lease liabilities	14	6,586	5,577
Provisions	13	38	44
Loans	15	111,440	33,652
Deferred income	16	29,246	17,139
		<u>207,226</u>	<u>97,590</u>
Current liabilities			
Trade and other payables	17	20,645	44,101
Lease liabilities	14	3,961	2,182
Current tax liabilities	18	47	47
		<u>24,653</u>	<u>46,330</u>
Total liabilities		<u>231,879</u>	<u>143,920</u>
Total equity and liabilities		<u><u>171,727</u></u>	<u><u>102,748</u></u>

The financial statements were authorised and approved by the Board on 24 June 2021 and signed on its behalf by:



Eamon McGoldrick, Chair

Company Number: 07873964

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

THEBARNETGROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss before tax		(3,009)	(4,568)
Interest expense		4,280	3,468
Interest income		(1,542)	(1,901)
Depreciation of property, plant and equipment		4,469	1,820
Amortisation of intangible assets		624	611
Grant amortised		(99)	(32)
Loss on disposal of fixed assets		-	44
Net Impairment Losses on financial assets and contract assets		115	169
Movement in pension liability		1,800	2,191
Decrease/(increase) in trade and other receivables		21,997	(26,620)
(Decrease)/increase in trade and other payables		(23,535)	27,059
Taxes paid		-	(61)
Net cash from operating activities		5,100	2,180
Cash flows from investing activities			
Interest received	6	3	11
Finance costs paid	6	(1,774)	(297)
Purchase and construction of housing properties	7	(82,877)	(29,660)
Grant receipts		12,349	6,823
Purchase of fixed assets	7	(18)	(19)
Addition of intangibles	8	(743)	(633)
Net cash used in investing activities		(73,060)	(23,775)
Cash flows from financing activities			
Loan drawdowns		77,788	18,829
Principal element of lease payments		(3,821)	(1,524)
Net cash from financing activities		73,967	17,305
Net increase/(decrease) in cash and cash equivalents		6,007	(4,290)
Cash and cash equivalents at beginning of year		3,870	8,160
Cash and cash equivalents at end of year	10	9,877	3,870

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

THEBARNETGROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Revenue Reserve	IAS 19 Pension Reserve	Other Reserve *	Total retained earnings
	£'000	£000	£'000	£'000
Balance as at 1 April 2019	1,213	(41,126)	-	(39,913)
IAS 16 adjustment to opening reserves	(236)	-	-	(236)
Adjusted balance as at 1 April 2019	977	(41,126)	-	(40,149)
Loss after tax for the year	(971)	(3,644)	-	(4,615)
Transactions with owners in their capacity as owners:				
- Effect of business transfer*	-	-	(1,136)	(1,136)
<i>Other comprehensive income:</i>				
Actuarial gain on pension scheme	-	4,728	-	4,728
Balance as at 31 March 2020	6	(40,042)	(1,136)	(41,172)
Balance as at 1 April 2020	6	(40,042)	(1,136)	(41,172)
Loss after tax for the year	(242)	(2,767)	-	(3,009)
<i>Other comprehensive income:</i>				
Actuarial loss on pension scheme	-	(15,971)	-	(15,971)
Balance as at 31 March 2021	(236)	(58,780)	(1,136)	(60,152)

* 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 Group, but separately identified in 'Other reserve' above.

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

THEBARNETGROUP LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £'000	2020 £'000
Revenue	-	-
Expenses		
Other expenses	(44)	(40)
Operating loss	(44)	(40)
Finance income	1	4
Finance costs	-	-
Loss before tax	(43)	(36)
Income tax expense	-	-
Loss after tax	(43)	(36)
Total comprehensive income for the year	(43)	(36)
Total comprehensive income is attributable to:		
London Borough of Barnet	(43)	(36)

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

THEBARNETGROUP LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Investment	20.1	-	-
Current assets			
Trade and other receivables	9	11,622	33,997
Cash and cash equivalents	10	351	842
		<u>11,973</u>	<u>34,839</u>
Total assets		<u>11,973</u>	<u>34,839</u>
EQUITY and LIABILITIES			
EQUITY			
Revenue reserve		(252)	(209)
Total Equity		<u>(252)</u>	<u>(209)</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	12,225	35,048
		<u>12,225</u>	<u>35,048</u>
Total liabilities		<u>12,225</u>	<u>35,048</u>
Total equity and liabilities		<u>11,973</u>	<u>34,839</u>

The financial statements were authorised and approved by the Board on 24 June 2021 and signed on its behalf by:



Eamon McGoldrick, Chair

Company Number: 07873964

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

THEBARNETGROUP LIMITED
COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss before tax		(43)	(36)
Decrease/(increase) in trade and other receivables		22,375	(27,584)
(Decrease)/increase in trade and other payables		(22,823)	25,383
Net cash outflow from operating activities		(491)	(2,237)
Cash and cash equivalents at beginning of year		842	3,079
Cash and cash equivalents at end of year	10	351	842

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

THEBARNETGROUP LIMITED**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021****1. General information and statement of compliance with IFRS**

This is the TheBarnetGroup Limited's ninth accounting period. TheBarnetGroup Limited is a local authority controlled Company of the London Borough of Barnet limited by shares. The Company is incorporated and domiciled in England. The address of the registered office is 2 Bristol Avenue, Colindale, London N9 4EW. The Company's registration number is 07873964.

The financial statements of the Company have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

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. None of these are expected to have a material impact. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Presentation of financial statements

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

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

2. Summary of significant accounting policies**Basis of preparation**

These financial statements are for the year ended 31 March 2021 and are presented in British Pounds Sterling rounded to the nearest thousand. The financial currency is also British Pounds Sterling.

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

The principal accounting policies have remained unchanged from prior year except where stated.

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Basis of consolidation****The Company**

was incorporated on 7 December 2011 and is controlled by the London Borough of Barnet. On 1 February 2012, TheBarnetGroup Limited (the 'Company') was created, it is a Local Authority Trading Company (LATC) and has 5 subsidiary organisations, Barnet Homes Limited, an Arms' Length Management Organisation (ALMO), Your Choice (Barnet) Limited, another LATC, TBG Flex Limited, TBG Open Door Limited, which is registered with the Regulator of Social Housing as a Registered Social Landlord and Bumblebee Lettings Limited, a private lettings agency. Barnet Homes Limited is indirectly owned by the London Borough of Barnet via TheBarnetGroup Limited, which in turn has a management agreement with Barnet Homes Limited.

TheBarnetGroup Limited also holds 100% of the issued share capital of Your Choice (Barnet) Limited, a Company which was also incorporated on 7 December 2011. On 1 February 2012, the London Borough of Barnet transferred certain services over to Your Choice (Barnet) Limited under a contract between The London Borough of Barnet and TheBarnetGroup Limited, who in turn have a management agreement with Your Choice (Barnet) Limited.

The directors considered the above restructuring to represent a business combination between entities under common control. This is because the London Borough of Barnet remained the ultimate controlling party of Barnet Homes Limited and therefore in substance, no change in control had occurred. Business combinations between entities under common control are outside the scope of IFRS 3 Business Combinations (revised 2008) and therefore acquisition accounting does not apply. The directors are therefore required to develop a suitable accounting policy under which to account for such a transaction.

In preparing these financial statements, the directors have adopted a policy of applying capital reorganisation accounting as this best represents the substance of the transactions which have taken place. In applying the capital reorganisation accounting, the consolidated Statement of Financial Position presented in the financial statements incorporates the assets and liabilities of Barnet Homes Limited at their pre-combination carrying amounts, without any fair value adjustments.

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Going Concern**

The Group'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 21 months to March 2023. These demonstrate that the Group 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 the implementation of controls and other legislation following the end of the Brexit transition period, the Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long-term to manage the possible impact of increased inflation and potential increased operating costs.
- That in the event the Covid-19 pandemic results in further 'lockdowns' or other financial or operational issues, Government support and legislation that has been in place to date would continue; but if not, then 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 Group's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £59.916m at 31 March 2021 (2020: £41.178m). However, the London Borough of Barnet has fully guaranteed the pension deficits at the point of Barnet Homes incorporation (on 1 April 2004) as well as pension deficits at the point the employees were transferred to the Group on 1 February 2012 and 7 July 2019 within the Your Choice (Barnet) business. 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 to allow the Group to meet its liabilities as they fall due in a scenario where forecasts are materially inaccurate.

The Directors have reviewed the Group'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

Revenue represents the value (excluding value added tax) of services supplied and management fee to which the Group was entitled in respect of the financial year. The Group's main source of income is the management fee received from London Borough of Barnet in line with the approved management agreement which is fixed and also based on payment by usage for the adult social services arm of the business. The level of the fixed component of the annual management fee has been agreed with the Council for a 5 year period ending in Year 2020/21, and thereafter will be agreed either on an annual basis or over a longer period for the housing management arm of the business. The Group satisfies its performance obligations as the housing management services and adult social services are provided, and charges the Council on a monthly basis. As the monthly invoices reflect the services performed during a particular month, the Company recognises its revenue over time when the services have been provided.

All other revenue is recognised when the service has been provided or obligation fulfilled.

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

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.

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****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.

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

Mobile devices: 5 years

Computers: 5 years

Assets purchased are depreciated over a 5-year period and the outstanding balances on existing assets are depreciated over a 3-year period.

Right of Use assets are depreciated over the life of the lease.

Any obsolete assets with a net book value will have all costs written off immediately to the Statement of Comprehensive Income. 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.

Housing Properties

Housing properties are properties held for the provision of social housing. Properties during construction are stated at cost and included in fixed assets. Properties under construction are transferred to "completed housing properties" when they are available for letting. No depreciation is provided on the properties until they are ready for use.

Capitalised Development Costs

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

Pre-contract costs

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

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Government Grants**

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

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

Donated Land

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

Interest Payable

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

Depreciation of Housing Properties

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

Component	Lifecycle - years
Main Structure	100
Roof	50
Doors and Windows	40
Gas Heating	30
Boiler	12
Kitchens	20
Bathrooms	30
Lifts	15
Electrical	30

Freehold land is not depreciated and Right of Use assets are depreciated over the life of the related lease.

Other Tangible Fixed Assets

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

Computers	5 years
-----------	---------

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Intangible assets - computer software**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and to bring into use the specific software. Computer software is depreciated over 5 years (with no charge in the year of acquisition), being the useful economic life of the software. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised as described above.

Computer software and development is amortised over a 5 year period.

Leases

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys a right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right of use asset and a lease liability on the Statement of Financial Position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are any changes in in-substance lease payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the Statement of Financial Position, right of use assets and lease liabilities have been separately identified.

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Financial instruments**

Financial assets and financial liabilities are recognised when the Group 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.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into categories upon initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in ascertaining the profit or loss or in other comprehensive income.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

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'.

Loans and receivables

All the Groups financial assets are classified as loans and receivables.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cashflows. Movements in the provision for doubtful debts are recognised in the statement of comprehensive income.

This generally results in their recognition at their nominal value less any allowance for any doubtful debts.

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 its financial liabilities.

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

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

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Contract liabilities**

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

Trade and other payables

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

This generally results in their recognition at their nominal value.

Corporation Tax

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

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits repayable on demand and other short-term liquid resources maturing within 3 months.

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 of short term deposits with financial institutions.

Short term investment

Cash invested in fixed deposit accounts to obtain a higher rate of interest, with a notice period, which are not readily convertible to cash and with no maturity date are classified as short-term deposits.

Equity and reserves

Retained earnings include all current and prior period retained profits.

Coronavirus Job Retention Scheme

The Company has utilised the Coronavirus Job Retention Scheme (furlough) as administered by HMRC. Any funds received have been accounted for as a cost recovery and not revenue, reflecting that these funds were a 'contribution' by Government towards the cost of employees unable to carry out their duties as they were 'shielding', not funds received for services rendered.

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****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 form 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.

Post-employment benefits and short-term employee benefits

During the year, the Group participated in a contributory defined benefit statutory pension scheme covering its present and past employees. 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 Group's full net pension liability has been recorded in the consolidated statement of financial position of TheBarnetGroup Limited. The Company does not have any employees and therefore does not operate a pension scheme.

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 Group 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.

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.

The Fund is financed by contributions from employers, employees and the income from the Fund's investments. The funding policy aims to ensure that the assets held by the scheme in the future are adequate to meet accrued liabilities, allowing for future increases in pay and pensions. Employee contribution rates range from 5.5% to 12.5% in accordance with Local Government Pension Scheme Regulations 2013. Primary and secondary employer contributions are determined after each triennial actuarial valuation. Contribution rates are set to achieve a funding position of 100% within 17 years. In the event of the pension fund being wound up or the Group withdraws from the fund; the Group's share of assets and liabilities can be separately identified and apportioned appropriately.

Further details of the pension fund are contained within the Annual Statement of Accounts of London Borough of Barnet and copies can be obtained from 2 Bristol Avenue, Colindale, London, NW9 4EW.

THEBARNETGROUP LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Provisions, contingent liabilities and contingent assets**

Provisions and contingent liabilities are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material. The Group has no contingent assets.

Significant management judgements in applying accounting policies

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

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

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

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 £59.916m (2020: £41.178m) is based on standard rates of inflation and mortality. It also takes into account the Company's specific anticipation of future salary increases. The actuarial approach applies a roll forward methodology from the previous triennial review. 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 could vary.

Provisions

Provisions are mainly in relation to insurance excess on public liability claims, staff redundancy costs and disrepair claims.

The disrepair provision is based on management's estimate of all potential outstanding claims at the year-end (many of which originated in prior years). The estimate includes potential legal and compensation costs. It is possible that some of the claims may take several years to process through the legal system. Estimation uncertainties exist particularly with regard to the timing and amount of expenditure.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets to the Group. The carrying amounts are analysed in notes 8 and 9. Actual results, however, may vary due to technical obsolescence, particularly for software and IT equipment.

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.

THEBARNETGROUP LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Other Grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Group is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

THEBARNETGROUP LIMITED**3. REVENUE****Group**

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

	2021	2020
	£'000	£'000
Management fee paid by the London Borough of Barnet in respect of:		
Barnet Homes Limited housing management, homelessness and support services	56,108	53,922
Barnet Homes Limited repairs and maintenance	6,942	7,550
Property Development	1,255	1,233
Your Choice (Barnet) Limited adult social care services	15,795	14,265
Rental income	5,532	1,575
Amortised Grant	99	32
Total fee received from London Borough of Barnet	85,731	78,577
Capital works carried out directly by Barnet Homes Limited	1,100	1,100
Total income from the London Borough of Barnet	86,831	79,677
Other operating income	2,091	3,421
Total revenue	88,922	83,098

There is no revenue arising in the parent Company.

Minimum lease income receivable	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	£000	£000	£000	£000	£000
Rent receivable	3,685	2,651	962	46	7,344

The above income receivable relates to housing properties, which entities within the Group have leased from landlords and is leasing these to other parties. The Group is responsible for all income collection on these leases, maintenance responsibilities vary per lease.

Assets and liabilities related to contracts with customers

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

	2021	2020
	£'000	£'000
Contract assets	14,027	27,119
Loss allowance	(393)	(278)
Total Contract assets	13,634	26,841
Contract liabilities	-	7,156

Contract assets have decreased due to London Borough of Barnet agreeing to additional advance billing over the year end.

Contract liabilities have decreased as management fees were invoiced only one month in advance against three months in advance in the prior year.

THE BARNET GROUP LIMITED**4. OTHER EXPENSES****Group**

	2021	2020
	£'000	£'000
Housing, estate, hostel, repairs & maintenance	8,654	10,946
Third party landlord and temporary accommodation costs	27,437	26,605
Agency Staff	5,577	4,433
Information Technology	1,379	1,587
Grounds Maintenance	879	876
Utility	1,636	1,628
Legal	480	1,080
Auditor's remuneration - statutory audit	112	91
Auditor's remuneration - for other services	42	58
Other *	5,257	4,766
Accommodation & Tenant related	545	1,566
Social Housing Lettings	859	-
	52,857	53,636

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

* Other costs include: Equipment £582,718 (2020: £547,659); Consultancy £315,591 (2020: £812,443), Insurance £456,451 (2020: £437,936), Provision £155,007 (2020: £246,629), Food £272,858 (2020: £267,000), Re-organisation costs £120,343 (2020: £612,260); Telephone £240,415 (2020: £162,122); Acquisition related costs £199,692 (2020: £nil); Corporate subscriptions £253,283 (2020: £190,078); Staff training £214,049 (2020: £146,762); Irrecoverable VAT £411,382 (2020: £280,550) and Other £2,035,211 (2020: £1,062,561).

5. OPERATING LOSS FOR THE YEAR**Group**

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

	2021	2020
	£'000	£'000
*Depreciation and amortisation of property, plant and equipment and Intangible assets	5,093	2,431
Employee salaries and benefits	31,128	29,863
Auditors remuneration		
- Fees payable to the Group's auditors for the audit of the financial statements	112	91
- Fees payable to the Group's auditors for other services (see above)	54	58

* Depreciation £4,469,000, Amortisation £624,000

THE BARNET GROUP LIMITED**6. FINANCE INCOME AND FINANCE COST****Group****2021****2020**

£'000

£'000

Finance income:

- bank deposit and short-term investment interest

3

11

- return on retirement benefit scheme assets

1,539

1,890

1,542**1,901**

Finance costs:

Lease finance costs

(443)

(297)

Loan interest costs

(1,331)

(248)

Interest on retirement benefit obligation and other charges

(2,506)

(2,923)

(4,280)**(3,468)**

7. TANGIBLE ASSETS**Property, plant and equipment****Group**

	Social Housing under construction £'000	Social Housing Properties £'000	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Total £'000
Gross carrying amount						
Balance 1 April 2020	39,814	13,021	193	118	1,608	54,754
Additions	20,288	62,585	10	9	3	82,895
Disposals	-	-	-	-	-	-
Schemes completed	(37,607)	37,607	-	-	-	-
Balance 31 March 2021	22,495	113,213	203	127	1,611	137,649
Depreciation and impairment						
Balance 1 April 2020	-	210	171	73	1,576	2,030
Charge for year	-	728	10	9	20	767
Disposals	-	-	-	-	-	-
Balance 31 March 2021	-	938	181	82	1,596	2,797
Carrying amount 1 April 2020	39,814	12,811	22	45	32	52,724
Carrying amount 31 March 2021	22,495	112,275	22	45	15	134,852

Included within the cost of social housing properties is £1.8m of capitalised interest costs. This includes £1m of costs during the current financial year. Interest is capitalised on borrowings using the actual interest rate to finance the development of qualifying assets during the construction phase.

Company

The Company does not have any tangible assets.

THE BARNET GROUP LIMITED**7.1 TANGIBLE ASSETS****Right of use assets****Group**

	Vehicles £'000	Leasehold Offices £'000	Office Equipment £'000	Residential Properties £'000	Total £'000
Gross carrying amount					
Balance 1 April 2020	217	4,419	408	4,003	9,047
Additions	969	-	-	5,640	6,609
Disposals	-	-	-	(96)	(96)
Balance 31 March 2021	1,186	4,419	408	9,547	15,560
Depreciation and impairment					
Balance 1 April 2020	-	631	102	818	1,551
Charge for year	202	631	136	2,733	3,702
Disposals	-	-	-	(88)	(88)
Balance 31 March 2021	202	1,262	238	3,463	5,165
Carrying amount 1 April 2020	217	3,788	306	3,185	7,496
Carrying amount 31 March 2021	984	3,157	170	6,084	10,395

Company

The Company does not have any right of use assets.

THEBARNETGROUP LIMITED**8. INTANGIBLE ASSETS****Group**

Computer
software and
development
£'000

Gross carrying amount

Balance 1 April 2020	3,756
Reclassifications	-
Additions	743
Impairment	-
	<hr/>
Balance 31 March 2021	4,499
	<hr/>

Amortisation

Balance 1 April 2020	1,911
Charge for year	624
Impairment	-
	<hr/>
Balance 31 March 2021	2,535
	<hr/>

Carrying amount 1 April 2020	1,845
------------------------------	-------

Carrying amount 31 March 2021

1,964

The remaining useful lives vary between 6 months and 5 years.

Summary of Depreciation, amortisation & assets impairment

	2021	2020
	£'000	£'000
Depreciation	4,469	1,820
Amortisation	624	611
	<hr/>	<hr/>
	5,093	2,431
	<hr/>	<hr/>

THEBARNETGROUP LIMITED**9. TRADE AND OTHER RECEIVABLES****Group**

	2021	2020
	£'000	£'000
Amounts receivable within one year:		
Trade receivables, gross	1,805	1,436
Provision for doubtful debt	(468)	(294)
Trade receivables	<u>1,337</u>	<u>1,142</u>
Amounts due from parent undertaking	10,417	22,675
Other debtors	961	1,247
Provision for doubtful debt	-	-
Financial assets	<u>12,715</u>	<u>25,064</u>
Contract assets (note 3)	(311)	(194)
Prepayments and accrued income	<u>2,235</u>	<u>11,943</u>
Non-financial assets	<u>1,924</u>	<u>11,749</u>
Trade and other receivables	<u>14,639</u>	<u>36,813</u>

The trade receivables ageing analysis is as follows:

	2021	2020
	£'000	£'000
Current		
0-30 days	11,135	21,809
31-60 days	561	621
> 60 days	<u>58</u>	<u>1,387</u>
	<u>11,754</u>	<u>23,817</u>

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

THEBARNETGROUP LIMITED**9. TRADE AND OTHER RECEIVABLES CONTINUED****Company**

	2021	2020
	£'000	£'000
Amounts receivable within one year:		
Amounts due from the London Borough of Barnet	8,131	19,787
Amounts due from subsidiaries	110	111
Financial assets	8,241	19,898
Prepayments and accrued income from Parent undertaking	958	3,148
Prepayments and accrued income from Related Parties	2,423	10,951
Prepayments and accrued income	-	-
Non-financial assets	3,381	14,099
Trade and other receivables	11,622	33,997

The trade receivables ageing analysis is as follows:

	2021	2020
	£'000	£'000
Current		
0-30 days	8,248	17,890
31-60 days	387	621
> 60 days	(394)	1,387
	8,241	19,898

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

THEBARNETGROUP LIMITED**10. CASH AND CASH EQUIVALENTS****Group**

	2021	2020
	£'000	£'000
Bank accounts	9,871	3,862
Cash in hand	6	7
Short term deposits	-	1
	9,877	3,870

Company

	2021	2020
	£'000	£'000
Bank accounts	351	842
	351	842

11. EQUITY**11.1 Share Capital**

TheBarnetGroup Limited is a Company limited by shares, with 100 £1 shares owned by The London Borough of Barnet

12. EMPLOYEE REMUNERATION**12.1. Employee benefits expense**

Group	2021	2020
	£'000	£'000
Wages and salaries	23,745	22,133
Social security costs	2,300	2,003
Pensions costs	5,083	5,727
	31,128	29,863

THEBARNETGROUP LIMITED
12.1.1 DIRECTOR'S REMUNERATION

	2021	2020
	£'000	£'000
Wages and salaries	155	152
Social security costs	21	20
Pensions costs	9	8
Flex Benefits	8	8
Bonus	9	7
	202	195

The highest paid director earned £201,781 (2020: £194,590)

In this financial year, wages and salary costs include redundancy costs of £Nil (2020: £nil).

12.2. Employees

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

Service	2021	2020
Chief Executive Office	1	1
Growth & Development	39	39
Care & Support	713	755
Operations Directorate	170	156
Non-Executive Directors	15	15
	938	966

The Operations Directorate represents the permanent employees in both Barnet Homes Limited and Your Choice (Barnet) Limited.

THEBARNETGROUP LIMITED**12.3. Pension and other employee obligations**

The Group participates in a local government pension defined benefit statutory scheme, administered by London Borough of Barnet in accordance with the Local Government Pension Scheme Regulations 2013, as amended. It is contracted out of the State Second Pension. 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 funding valuation was carried out at 31 March 2019 and updated to 31 March 2021 by a qualified independent actuary. The actuarial report states that it was prepared in accordance with the International Accounting Standard 19 (IAS 19). This forms the basis of the Statement of Financial Position and funding status disclosures to be made in respect of its pension obligations under the Local Government Pension Scheme.

For the year ending 31 March 2021, Barnet Homes Limited contributed to the Scheme at an equivalent rate of 24.3% of pensionable salaries (2020: 24.3%).

For the year ending 31 March 2021, Your Choice (Barnet) Limited contributed to the Scheme at an equivalent rate of 21.1% of pensionable salaries (2020: 24.3%).

The financial assumptions used by the actuary were:

	31-Mar-21	31-Mar-20
	% p.a.	% p.a.
Salary Increases	3.55	2.6
Pension Increases (CPI)	2.85	1.9
Discount Rate	2.00	2.3

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the IAS19 discount rate.

Life expectancy from age 65 (years)		31 March 2021	31 March 2020
Current Pensioners	Males	21.9	21.7
	Females	24.4	24.0
Future Pensioners	Males	23.3	22.9
	Females	26.4	25.7

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.

THEBARNETGROUP LIMITED**12.3. Pension and other employee obligations continued**

Net pension liability as at	31 March 2021	31 March 2020
	£'000	£'000
Present Value of Funded Obligation	(144,758)	(106,908)
Fair Value of Scheme Assets (bid value)	85,494	66,291
Net liability	(59,264)	(40,617)
Present Value of Unfunded Obligation	(652)	(561)
Net liability in statement of financial position	(59,916)	(41,178)

	31 March 2021	31 March 2020
	£'000	£'000
Current and past service cost	4,393	4,566
Net interest on net defined liability	967	122
Past service costs	170	650
Total	5,530	5,338
Actual return on scheme assets	17,881	(14,405)

Reconciliation of opening and closing balances of the present**value of the defined benefit obligation**

	31 March 2021	31 March 2020
	£'000	£'000
Opening Defined Benefit Obligation	107,469	115,104
Current service cost	4,393	4,566
Interest cost	2,506	2,923
Change in financial assumptions	31,813	(9,739)
Change in demographic assumptions	1,555	(3,902)
Experience gain on defined benefit obligation	(1,055)	(7,382)
Estimated benefits paid (net of transfers in)	(2,093)	(2,015)
Past service cost	170	650
Effect of business combinations	-	6,612
Contributions by Scheme participants	678	677
Unfunded pension payments	(26)	(25)
Closing Defined Benefit Obligation	145,410	107,469

THEBARNETGROUP LIMITED**12.3. Pension and other employee obligations continued****Reconciliation of opening and closing balances of the fair value of scheme assets**

	31 March 2021	31 March 2020
	£'000	£'000
Opening fair value of scheme assets	66,291	73,978
Interest on assets	1,539	1,890
Return on assets less interest	16,342	(16,295)
Administration expenses	26	25
Effect of business combinations	-	5,476
Contributions by employer including unfunded benefits	2,737	2,580
Contributions by scheme participants	678	677
Estimated benefits paid (net of transfers in)	(2,119)	(2,040)
Fair value of scheme assets at end of period	85,494	66,291

Re-measurements and Other Comprehensive Income

	31 March 2021	31 March 2020
	£'000	£'000
Return on plan assets in excess of interest	16,342	(15,309)
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	(31,813)	9,739
Change in demographic assumptions	(1,555)	2,044
Experience (loss) / gain on defined benefit obligation	1,055	8,254
Effect of business combinations	-	(1,136)
	(15,971)	3,592

Sensitivity analysis**Change in assumptions at 31 March 2021:**

	Approximate % increase to Employer Liability	Approximate monetary value
		£'000
0.5% decrease in Real Discount Rate	11%	15,551
0.5% increase in the Salary Increase Rate	2%	2,094
0.5% increase in the Pension Increase Rate	9%	13,104

THEBARNETGROUP LIMITED**12.3. Pension and other employee obligations continued****Projections for year to 31
March 2022**

	Year to 31 March 2022
	£'000
Service cost	(6,441)
Net interest cost	(1,231)
Administration	-
Total	(7,672)
Employer contributions	3,117

These projections are based on the actuarial assumptions as at 31 March 2021.

Assets

The estimated asset allocation for the Group as at 31 March 2021 is as follows;

	31 March 2021		31 March 2020	
Employer Asset Share - Bid Value	£'000	%	£'000	%
Equities	-	-	-	-
Bonds and Gilts	8,544	10%	7,884	12%
Real Estate	3,404	4%	3,245	5%
Investment Funds and Unit Trusts	70,052	82%	54,488	82%
Private Equity	553	1%	134	0%
Cash	2,941	3%	540	1%
Total	85,494	100%	66,291	100%

The Group will be working with the pension actuaries to determine the impact of the Guaranteed Minimum Pension (GMP) legal decisions of recent years. The Board do not believe this to be material as the applicable period cannot be earlier than 2004 or 2012 (depending on the legal entity) when staff transferred and the pension deficit at that time (after adjusting for GMP) is guaranteed by the London Borough of Barnet.

THEBARNETGROUP LIMITED**13. PROVISIONS****Group**

	Insurance claims	Other provision	Total provisions
	£'000	£'000	£'000
Carrying amount at 1 April 2020	44	-	44
Released	(6)	-	(6)
Increase in provisions	-	-	-
Carrying amount at 31 March 2021	38	-	38

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2021. The Group's liability is restricted to the amount of the claim or the policy excess, whichever is the greater. The policy excess is currently £2,500 per claim.

Company

The Company had no provisions at 31 March 2021 (2020: £nil)

14. LEASE LIABILITIES**Group**

The liability relates to landlord housing leases for properties the Group then leases to other parties, vehicles used by the repairs team, office space and some office equipment leased. Note 7.1 (Right of Use Assets) give an indication of the values of each of these categories of leases.

	2021	2020
	£'000	£'000
Balance at 1 April	7,759	5,624
New finance leases	6,609	3,659
Less: Net Present Value of lease payments	(3,821)	(1,524)
Total finance lease liability	10,547	7,759
Finance leases payable in less than one year	3,961	2,182
Finance leases payable in more than one year	6,586	5,577
	10,547	7,759

31 March 2021	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Lease Payments	4,387	3,341	1,909	1,754	11,391
Finance charges	426	235	106	77	844
Net Present Value	3,961	3,106	1,803	1,677	10,547

31 March 2020	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Lease payments	2,492	2,251	1,435	2,360	8,538
Finance charges	310	200	116	153	779
Net Present Value	2,182	2,051	1,319	2,207	7,759

Company

The Company has no finance lease liabilities

THEBARNETGROUP LIMITED**15. LOANS****Group**

The Group has loan facilities of £281.7m. Loans drawn are secured on all the properties of Open Door Homes Limited and the amount outstanding is repayable as follows:

	2021	2020
	£'000	£'000
Loans repayable by instalments:		
In five or more years	111,891	33,968
Between two and five years	-	-
Between one and two years	-	-
	<hr/>	<hr/>
	111,891	33,968
In one year or less	-	-
	<hr/>	<hr/>
	111,891	33,968
Unamortised issue costs	(451)	(316)
	<hr/>	<hr/>
	111,440	33,652
	<hr/>	<hr/>

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

16. GRANT**Group**

Grant received from London Borough of Barnet in respect of housing properties under construction and completed at year end

	2021	2020
	£'000	£'000
At 1 st April	17,177	10,386
Grant received in the year	12,349	6,823
Released to income in the year	(99)	(32)
At 31 st March	<hr/>	<hr/>
	29,427	17,177
Amounts to be released within 1 year	(181)	(38)
	<hr/>	<hr/>
Amounts to be released in more than 1 year	29,246	17,139
	<hr/>	<hr/>

THEBARNETGROUP LIMITED**17. TRADE AND OTHER PAYABLES**

Group	2021	2020
	£'000	£'000
<i>Current:</i>		
Trade payables	4,947	6,724
Amount due to parent undertaking	2,497	12,549
Financial liabilities	7,444	19,273
Other payables	533	386
Contract liabilities (note 3)	-	-
Other taxation and social security	574	3,806
Accruals and deferred income	12,094	20,636
	20,645	44,101

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

Company

	2021	2020
	£'000	£'000
<i>Current:</i>		
Trade payables	-	-
Amount due to parent undertaking	179	198
Amount owed to subsidiaries	7,144	8,530
Financial liabilities	7,323	8,728
Other payables	-	-
Other taxation and social security	498	3,226
Accruals and deferred income to Parent undertaking	2,318	10,289
Accruals and deferred income to Related party	2,057	3,148
Accruals and deferred income to 3rd party	29	9,657
	12,225	35,048

THEBARNETGROUP LIMITED**18. INCOME TAX EXPENSE**

	Current period		Prior period	
	Derived £'000	Accounts £'000	Derived £'000	Accounts £'000
Analysis of tax charge/(credit) for the period				
Current tax				
UK corporation tax at 19.00% (PY: 19.00%)	-	-	47	47
Adjustments in respect of prior periods	-	-	-	-
	-	-	47	47
Deferred tax				
Origination and reversal of temporary differences	-	-	-	-
Tax on profit on ordinary activities	-	-	47	47
Provision for deferred tax				
Deferred tax (asset)/liability not recognised	(34)	(34)	(34)	(34)
Reconciliation of tax charge				
Loss on ordinary activities before tax	(43)	(43)	(36)	(3,593)

THEBARNETGROUP LIMITED**18. INCOME TAX EXPENSE CONTINUED**

	Current period		Prior period	
	Derived	Accounts	Derived	Accounts
	£'000	£'000	£'000	£'000
Tax on loss on ordinary activities at standard CT rate of 19.00% (PY:19.00%)	(8)	(8)	(7)	(683)
Income not taxable for tax purposes	-	-	-	-
Effects of:				
Fixed asset differences	-	-	-	31
Expenses not deductible for tax purposes	-	-	-	634
Group relief surrendered	8	8	-	-
Adjust opening deferred tax to average rate of 19.00%	-	-	-	(10)
Income not taxable for tax purposes	-	-	-	(6)
Re-measurement of deferred tax for changes in tax rates	-	-	(3)	-
Deferred tax not recognised	-	-	10	81
Tax charge for the period	-	-	-	47

The Group has a defined benefit pension scheme that is in a net liability position. A deferred tax asset would normally be recognised, but as the Group is loss making it has been decided that it would not be appropriate to recognise such an asset.

19. FINANCIAL ASSETS AND LIABILITIES

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

Group

		2021	2020
	Note	£'000	£'000
Financial assets			
Loans and receivables:		-	-
Trade and other receivables	9	12,715	25,064
Cash and cash equivalent	10	9,877	3,870
		22,592	28,934
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	17	20,645	44,101
Lease liabilities, short-term	14	3,961	2,182
Lease liabilities, long-term	14	6,586	5,577
		31,192	55,860

THEBARNETGROUP LIMITED**19. FINANCIAL ASSETS AND LIABILITIES CONTINUED****Company**

		2021	2020
		£'000	£'000
	Note		
Financial assets			
Loans and receivables:			
Trade and other receivables	9	8,241	19,898
Cash and cash equivalent	10	351	842
		8,592	20,741
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	17	12,225	35,048

20. RELATED PARTY TRANSACTIONS**20.1 Transactions with controlling party/related parties**

	2021	2020
	£'000	£'000
Invoices to London Borough of Barnet	147,392	156,254
Invoices from London Borough of Barnet	4,001	1,985
Amount owed to London Borough of Barnet	2,743	12,549
Amount owed by London Borough of Barnet	11,375	22,675
Loan and grant receipts from London Borough of Barnet	123,474	50,791

The London Borough of Barnet owns 100% of the share capital of TheBarnetGroup Limited. TheBarnetGroup Limited has five subsidiary organisations, being Your Choice (Barnet) Limited, Barnet Homes Limited, TBG Flex Limited, TBG Open Door Limited and BumbleBee Letting Limited. TheBarnetGroup Limited owns 100% of the share capital of Your Choice (Barnet) Limited, TBG Flex Limited and Bumblebee Lettings Limited. The registered office for all these entities is 2 Bristol Avenue, Colindale, London, NW9 4EW

TheBarnetGroup Limited is the sole member and guarantor of Barnet Homes Limited, a Company limited by guarantee. Barnet Homes Limited is the sole member and guarantor of TBG Open Door Limited, a community benefit society. The registered office for TBG Open Door Limited is 2 Bristol Avenue, Colindale, London, NW9 4EW.

The London Borough of Barnet contracts with TheBarnetGroup Limited for the provision of Adult Social Care Services, Housing Management and Homelessness Services. TheBarnetGroup Limited then contracts on a back to back basis with Your Choice (Barnet) Limited, Barnet Homes Limited, TBG Flex Limited and TBG Open Door Limited in respect of Adult Social Care Services, Housing Management, Homelessness Services and construction of properties. As a result, TheBarnetGroup Limited receives the management fee from The London Borough of Barnet on behalf of Barnet Homes Limited and Your Choice (Barnet) Limited. It also invoices for ad hoc services on behalf of the two companies and for the capital works programme carried out by Barnet Homes Limited on behalf of the London Borough of Barnet. TBG Flex Limited is a Company for the recruitment and employment of staff. Barnet Homes has a subsidiary organisation, TBG Open Door Limited, a registered provider with the Regulator of Social Housing.

THEBARNETGROUP LIMITED**20.1 Transactions with controlling party/related parties continued**

As at 31 March 2021, TheBarnetGroup Limited owed £2,743,000 (2020: £11,945,000) to The London Borough of Barnet in respect of expenses on behalf of Barnet Homes Limited and TBG Open Door Limited. TheBarnetGroup Limited also owed £123,474,000 (2020: £50,791,000) in respect to loans and grants to The London Borough of Barnet.

TheBarnetGroup Limited was owed £11,375,000 (2020: £22,824,000) by The London Borough of Barnet in respect of management and other fees for services provided by the Group.

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

20.2 KEY MANAGEMENT PERSONNEL**20.2.1 NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors are defined as being the members of the Group's Main Board who are not executive officers of the Group. 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 Group;

	2021	2020
	£'000	£'000
Eamon McGoldrick	12	8
Terry Rogers	-	5
Nigel Turner	8	8
John Stephen	8	8
Ursula Bennion	8	8
Washington Ainabe	5	5
Jeffrey Baker	-	3
Aruna Bhatt	2	-
Councillor Ross Houston	-	-
Councillor Laithe Jajeh	-	-
Angel Purcell	3	5
June Riley	5	5
Rebecca Toloui-Marks	7	8
Robert Webber	5	6
Patrick Wright	-	2
	63	71

THEBARNETGROUP LIMITED
20.2.2 EXECUTIVE DIRECTORS

	2021	2020
	£'000	£'000
Salaries	661	662
Performance Bonus	24	32
Honorarium	7	9
Social security costs	93	108
Pensions costs	70	94
	855	905

The Executive Directors consists of the Chief Executive Officer, Director of Growth, Director of Resources, Director of Operations and Director of Care and Support (see Company Information - page 2). Three of the executive directors have retirement benefits accruing under the defined benefit pension scheme in respect of qualifying services.

21. CAPITAL COMMITMENTS

	2021	2020
	£'000	£'000
Capital expenditure contracted for but not provided for in the financial statements	4,385	20,107
Capital expenditure authorised by the Board but not yet under contract	9,257	6,018

THEBARNETGROUP LIMITED**22. FINANCIAL INSTRUMENT RISKS****Risk management and objectives and policies****22.1 INTEREST RATE SENSITIVITY**

Other than cash held in bank accounts, all the Group's cash and cash equivalents are fixed rate, fixed term deposits, and so are not sensitive to variations in interest rates.

22.2 CREDIT RISK ANALYSIS

The Group'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. The Group's primary credit risk relates to its fee receivables. The amount presented in the statement of financial position is net of credit loss impairment provisions for doubtful receivables. An allowance for impairment lifetime expected credit losses is made where there is an identified loss event which, based on past experience and management's forecasts, is evidence of a reduction in the recoverability of the cash flow for trade receivables and contract assets. See Note 2 above for further information on impairment of financial assets that are past due. The Group's risk in relation to its income receivable is low as the main income is fixed and is receivable from London Borough of Barnet. Placements of liquid funds are currently across three banks and this spread has helped to lower the risk associated with such placements.

22.3 LIQUIDITY RISK ANALYSIS

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

23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group'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 Group is not set up for profit, it continues to strive to maintain a balance between liquidity and provision of value for money services. The main capital owned by the Group are liquid cash and cash equivalent and cash held in fixed deposit notice accounts. The Group continues to monitor these investments with the Bank to ensure its going concern is not at risk.

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

	Note	2021	2020
		£'000	£'000
Cash & cash equivalent	10	9,877	3,870

24. CONTROLLING PARTIES

The parent entity is London Borough of Barnet by virtue of it owning the entire issued share capital of TheBarnetGroup Limited. Copies of London Borough of Barnet accounts can be obtained from 2 Bristol Avenue, Colindale, London NW9 4EW.