

Company No. 07873969

**Your Choice (Barnet) Limited**  
**Annual Report and Financial Statements**  
**Year ended 31 March 2021**

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## 1. Company Information

### Directors

Eamon McGoldrick	Chair
Nigel Turner	Vice Chair (retired 31 March 2021)
Penny Farrar	(appointed 30 April 2021)
Adam Mansell	(appointed 30 April 2021)
Tim Mulvenna	
John Stephen	
Rebecca Toloui-Marks	(resigned 26 February 2021)

### Chief Executive Officer

Tim Mulvenna

### Executive Officer

Julie Riley - Director of Care & Support

### Company Secretary

Shaun McLean

### Registered Office

2 Bristol Avenue  
Colindale  
London  
NW9 4EW

### Registered Number

07873969

### 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 Your Choice (Barnet) Limited for the year ended 31 March 2021.

### Principal activities

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

### The services include:

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

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

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

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

### **Results for the year**

The Company recorded a surplus of £9,000 (2020: £960,000 deficit) before the actuarial loss on the pension scheme of £2,923,000 (2020: £151,000 actuarial loss).

### **Dividends**

The Directors do not propose a dividend for the year (2020: *£nil*).

### **Directors**

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

### **3<sup>rd</sup> party indemnity provision for Directors**

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

### **Disabled persons**

Your Choice (Barnet) Limited is committed to equality and diversity and our goal is to embed it into our practices and everything we do. We want to ensure that the people we support receive the best possible service and that everyone is supported to develop and achieve to the best of their abilities.

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

For the people we support, we:

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

### **Employee information**

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

As an employer, we:

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

### **Charitable donations**

No charitable donations were made by Your Choice (Barnet) Limited for the year ended 31 March 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 24 days of receipt of the invoice (2020: 13 days).

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

The Directors confirm that:

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

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

### **Directors' Remuneration Report**

The Directors are defined as being the Board members of Your Choice (Barnet) Limited. The Independent Directors receive emoluments and are entitled to reimbursement of incidental expenses incurred when attending Board meetings and other formal events in their capacity as Board members. The Independent Directors are not entitled to pension benefits. These are the only transactions with the Independent Directors of the Company. Executive Directors, who are fully employed as officers of the Company, receive pension benefits. Directors' remuneration is disclosed in note 20 to the financial statements.

### **Code of Governance**

The Company has adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and confirm that the Company complies fully with the Code. An annual review of compliance is performed by the Board, with the most recent review in June 2021, demonstrating continued compliance.

### **Going Concern**

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

- Management has prepared forecasts (including monthly cash flows) of expected results (including pension obligations) for the 2021/22 and 2022/23 financial years. These demonstrate that the company has sufficient resources to meet all liabilities as they fall due

- for the foreseeable future and for at least for the 12 months following the approval of these accounts.
- The key risks to these forecasts are occupancy levels at Ansell Court and private paying customers at Rosa Morrison, Flower Lane and CommunitySpace. The reduced revenue is offset by reduced staffing costs, but this will mean reduced contribution to fixed overheads and minimum staffing levels have to be maintained so will result in losses at extreme levels. Since the re-opening of the day centres, demand for the available places has been very high and so this is a very unlikely scenario. Similarly, whilst care homes are considered differently post Covid, there is still demand within the borough for extra care spaces.
  - 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 Company's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £9.59m at 31 March 2021 (2020: £6.13m). However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point the employees were transferred to the company on 1 February 2012, which was a pension liability of £3.471m and 7 July 2019, which is a pension liability of £1.136m. International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.
  - The London Borough of Barnet has confirmed its intention to offer support to TheBarnetGroup Limited if this is required; such support would then allow TheBarnetGroup to support Your Choice (Barnet) Limited to meet its liabilities as they fall due in a scenario where forecasts are materially inaccurate.

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

#### **Auditor**

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 matter pertinent to the organisation and understanding the operations and financial position of the organisation. 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:



**Eamon McGoldrick, Chair**

### 3. Strategic Report

#### Review of Results

The Company recorded a net profit of £9,000 (2020: £960,000 deficit) before the actuarial loss on the pension scheme of £2,923,000 (2020: £151,000 actuarial loss).

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

Your Choice (Barnet) Limited has no usable revenue reserves. The Statement of Changes in Equity presents a revenue reserve (excluding pension liability) of £151,000 deficit at 31 March 2021 (2020: £694,000 deficit).

#### Principal risks and uncertainties

##### COVID-19

On behalf of the Board, I would like to thank all our staff and partners for the huge efforts they have made over the last 12 months to mitigate the negative impacts of the pandemic. The vital services Your Choice (Barnet) provides have been delivered in very difficult circumstances and sadly there have been fatalities from Covid within our services. Staff at all 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 about Personal Protective Equipment (PPE) at all times and have benefitted from free PPE via the Government portal. Your Choice (Barnet) has also benefitted in the amount of £286,608 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 company has 'topped' up all salaries to normal levels and not reduced pay in line with the level of support the furlough scheme offered.

The impact on The Group's finances has been minimal, partly due to the support we have received from London Borough of Barnet. We will work closely with our partners in the coming year to restore full service provision to all the service users and residents; safe in the knowledge that the Council will continue to support us if Covid causes further lockdowns or reduced levels of services.

##### Operations

Your Choice (Barnet)'s principal source of income is the fees from services that are commissioned by the London Borough of Barnet, which are paid monthly in arrears and based on an hourly, daily or nightly rate. The services are also commissioned by other local authorities, Clinical Commissioning Groups, through direct payments, and private users. 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 1<sup>st</sup> 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
<b>Safeguarding concerns raised by YCB staff about YCB issues</b>	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
<b>Safeguarding concerns raised by YCB staff about relative/relative/another agency</b>	Concerns raised	8	12
<b>Safeguarding concerns raised by YCB staff about unknown causes</b>	Concerns raised	3	3
<b>Total concerns raised NOT about YCB</b>		11	15
<b>Total concerns raised</b>		<b>25</b>	<b>36</b>

## 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
<b>Barnet Independent Living Service</b>	Opened 16/9/2020 with a reduced service	87%	96%
<b>CommunitySpace</b>	Opened 16/9/2020 with a reduced service	83%	96%
<b>Flower Lane</b>	Reduced service	91%	96%
<b>Rosa Morison</b>	Opened 17/8/2020 with a reduced service	90%	96%
<b>Supported Living</b>	100%	100%	96%
<b>Utilisation KPI</b>	N/A	90%	96%
<b>Valley Way</b>	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
<b>Number of RIDDOR reportable incidents – staff</b>			
Number of RIDDOR reportable incidents – staff	0	0	n/a
<b>Number of RIDDOR reportable incidents – service users</b>			
Number of RIDDOR reportable incidents – service users	0	0	n/a
<b>Number of Regulatory / Statutory Enforcement Notices</b>			
Number of Regulatory / Statutory Enforcement Notices	0	0	n/a
<b>Income from outside Barnet Council</b>			
Income from outside Barnet Council	17%	22%	n/a
<b>Complaints received</b>			
Complaints received	2	0	n/a
<b>Compliments received</b>			
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.

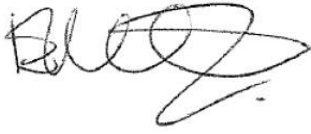
Activities it was hoped would be done in 2020/21 will now hopefully be carried out in the forthcoming financial year; some of these are:

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.

**Approval and signature**

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

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

**Eamon McGoldrick, Chair**

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

### **Opinion**

We have audited the financial statements of Your Choice (Barnet) Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 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 company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the 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 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 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

**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 company, and the industry in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 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 company 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 Company'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 Company'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 Company 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 BA FCA**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

1/7/2021

**YOUR CHOICE (BARNET) LIMITED**  
**FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

**Statement of Comprehensive Income**

	<b>Notes</b>	<b>2021</b> £'000	<b>2020</b> £'000
Revenue	3	15,795	14,265
Employee benefits expense	10	(11,376)	(10,971)
Net impairment (loss)/gain on financial assets and contract assets		52	(125)
Other expenses		(4,260)	(3,938)
		<u>(15,584)</u>	<u>(15,034)</u>
<b>Operating surplus/(deficit)</b>	4	211	(769)
Finance income	5	400	426
Finance costs	5	(602)	(617)
<b>Profit/(loss) before tax</b>		9	(960)
Income tax expense	16	-	-
<b>Profit/(loss) after tax</b>		9	(960)
<b>Other comprehensive income</b>			
Actuarial loss on defined benefit pension scheme		(2,923)	(151)
<b>Total comprehensive loss for the year</b>		<u><b>(2,914)</b></u>	<u><b>(1,111)</b></u>
<b>Total comprehensive loss is attributable to:</b>			
TheBarnetGroup Limited		<u><b>(2,914)</b></u>	<u><b>(1,111)</b></u>

**YOUR CHOICE (BARNET) LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

	Note	2021 £'000	2020 £'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	6	60	66
		<u>60</u>	<u>66</u>
<b>Current assets</b>			
Trade and other receivables	7	2,773	4,137
Cash and cash equivalents	8	169	292
		<u>2,942</u>	<u>4,429</u>
<b>Total assets</b>		<u>3,002</u>	<u>4,495</u>
<b>EQUITY and LIABILITIES</b>			
<b>EQUITY</b>			
Revenue reserve		(151)	(694)
IAS19 Pension Reserve		(8,450)	(4,993)
Other reserve		(1,136)	(1,136)
<b>Retained earnings</b>		<u>(9,737)</u>	<u>(6,823)</u>
<b>Total Equity</b>		<u>(9,737)</u>	<u>(6,823)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pension and other employee obligations	14	9,586	6,129
Loan	13	664	812
		<u>10,250</u>	<u>6,941</u>
<b>Current liabilities</b>			
Trade and other payables	15	2,339	4,227
Loan payable within 1 year	13	150	150
Current tax liabilities	16	-	-
		<u>2,489</u>	<u>4,377</u>
<b>Total liabilities</b>		<u>12,739</u>	<u>11,318</u>
<b>Total equity and liabilities</b>		<u>3,002</u>	<u>4,495</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: 07873969**

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

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

	Revenue Reserve £000	IAS 19 Pension Reserve £000	Other Reserve * £000	Total retained earnings and equity £'000
<b>Balance as at 1 April 2019</b>	(636)	(3,940)	-	(4,576)
Loss after tax	(58)	(902)	-	(960)
Other comprehensive income:	-	(151)	-	(151)
Transactions with owners in their capacity as owners:				
- Effect of business transfer*	-	-	(1,136)	(1,136)
<b>Balance as at 31 March 2020</b>	<b>(694)</b>	<b>(4,993)</b>	<b>(1,136)</b>	<b>(6,823)</b>
<b>Balance as at 1 April 2020</b>	<b>(694)</b>	<b>(4,993)</b>	<b>(1,136)</b>	<b>(6,823)</b>
Profit after tax for the year	9	-	-	9
Transfer of IAS19 pension portion	534	(534)	-	-
Other comprehensive income:	-	(2,923)	-	(2,923)
Total comprehensive income for the year	<b>543</b>	<b>(3,457)</b>	-	<b>(2,914)</b>
<b>Balance as at 31 March 2021</b>	<b>(151)</b>	<b>(8,450)</b>	<b>(1,136)</b>	<b>(9,737)</b>

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

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

**YOUR CHOICE (BARNET) LIMITED  
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2021**

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

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

The Company is incorporated and domiciled in England and Wales. The address of the registered office is 2 Bristol Avenue, Colindale, London NW9 4EW.

The Company's registration number is 07873969.

**Basis of preparation**

These financial statements are for a twelve-month period ending 31 March 2021 and are presented in British Pounds Sterling rounded to the nearest thousand. The functional currency is also Pounds Sterling.

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

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and on a historical cost basis unless otherwise stated in the accounting policies, and in accordance with the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraph 52 the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1; and
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- IFRS 7, 'Financial instruments: Disclosures'
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group.

**New standards, amendments, IFRIC interpretations and new relevant disclosure requirements**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the company's financial statements.

**YOUR CHOICE (BARNET) LIMITED****2. Summary of significant accounting policies****Going Concern**

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

- Management has prepared forecasts (including monthly cash flows) of expected results (including pension obligations) for the 2021/22 and 2022/23 financial years. These demonstrate that the company has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least for the 12 months following the approval of these accounts.
- The key risks to these forecasts are occupancy levels at Ansell Court and private paying customers at Rosa Morrison, Flower Lane and CommunitySpace. The reduced revenue is offset by reduced staffing costs, but this will mean reduced contribution to fixed overheads and minimum staffing levels have to be maintained so will result in losses at extreme levels. Since the re-opening of the day centres, demand for the available places has been very high and so this is a very unlikely scenario. Similarly, whilst care homes are considered differently post Covid, there is still demand within the borough for extra care spaces.
- 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 Company's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £9.59m at 31 March 2021 (*2020: £6.13m*). However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point the employees were transferred to the company on 1 February 2012, which was a pension liability of £3.471m and 7 July 2019, which is a pension liability of £1.136m. International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.
- The London Borough of Barnet has confirmed its intention to offer support to TheBarnetGroup Limited if this is required; such support would then allow TheBarnetGroup to support Your Choice (Barnet) Limited to meet its liabilities as they fall due in a scenario where forecasts are materially inaccurate.

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

**Revenue from contracts with customers****Adult Social Services**

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

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

**YOUR CHOICE (BARNET) LIMITED****2. Summary of significant accounting policies (continued)**

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

Your Choice (Barnet) and the Council have agreed to extend the arrangement for the running and the financing of the care homes transferred in July 2019. The original agreement was for Your Choice (Barnet) to run these services until October 2021, with the London Borough of Barnet guaranteeing any losses from these operations. A 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.

**Contract Costs**

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

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

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

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

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

**Grant income**

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

**Sundry income**

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

**Interest income**

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

**Operating expenses**

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

**YOUR CHOICE (BARNET) LIMITED****2. Summary of significant accounting policies (continued)****Property, plant and equipment and depreciation**

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

Vehicles, plant & equipment: 5 years

Furniture, fixtures & fittings: 5 years

IT Equipment: 5 years

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

**Financial instruments**

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

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

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

**Financial assets**

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

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

**Financial assets at amortised cost**

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

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

The Group holds trade and other receivables at amortised cost.

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

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



**YOUR CHOICE (BARNET) LIMITED****2. Summary of significant accounting policies (continued)****Financial liabilities**

Financial liabilities include borrowings and trade and other payables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

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

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

Financial liabilities are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in profit or loss.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Contract assets**

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised when the Group satisfies a performance obligation but does not have an unconditional right to consideration. Contract assets are in contrast to receivables, which represent the Group's unconditional right to an amount of consideration (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 Group measures lifetime expected credit losses for contract assets.

**Contract liabilities**

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

**Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost. Generally, this results in their recognition at their nominal value.

**Income tax**

The relationship between the Company, TheBarnetGroup and the London Borough of Barnet has been recognised as one of mutual trading. Consequently, any activities between the Company, its parent company and the London Borough of Barnet are not liable to corporation tax. HM Revenue and Customs recognises that this arrangement is not considered as trading activities and therefore profits and losses incurred as a result, fall outside the scope of corporation tax. Income tax expense represents the sum of tax currently payable and deferred tax where applicable. Any corporation tax payable is based on the taxable profit for the year from taxable ordinary activities, which have been generated from trading with third parties.

Deferred tax is provided on timing differences that have arisen but not reversed by the statement of financial position date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future.

Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are not discounted.

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

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

#### **VAT**

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

#### **Cash and cash equivalents**

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

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

#### **Equity and reserves**

Retained earnings include all current period retained profit/loss.

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

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

#### **Government grants**

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.

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

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

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

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

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

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

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

#### **Significant management judgements in applying accounting policies**

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

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

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

#### **Defined benefit liability**

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

The defined benefit liability of £9.586m is based on standard rates of inflation and mortality. It also considers the Company's specific anticipation of future salary increases.

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

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

Estimation uncertainties exist as the anticipated assumptions may vary.

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

**YOUR CHOICE (BARNET) LIMITED****3. REVENUE**

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
<b>Service income from TheBarnetGroup in respect of:</b>		
Your Choice (Barnet) adult social care services	12,471	10,293
<b>Total income from TheBarnetGroup</b>	<b>12,471</b>	<b>10,293</b>
<b>Other operating income</b>	<b>3,324</b>	<b>3,972</b>
<b>Total revenue</b>	<b>15,795</b>	<b>14,265</b>

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

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

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

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Contract assets	2,867	4,282
Loss allowance	(93)	(145)
<b>Total contract assets</b>	<b>2,774</b>	<b>4,137</b>
Contract liabilities	-	-

**YOUR CHOICE (BARNET) LIMITED****4. Profit for the year**

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Depreciation and amortisation	24	25
Employee salaries and benefits	11,376	10,971
Auditor's remuneration		
- Fees payable to the company's auditors for the audit of the financial statements	14	14
- Fees payable to the company's auditors for other services	4	7
	<u>4</u>	<u>7</u>

**5. Finance income and finance cost**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Finance income:		
Return on retirement benefit scheme assets	400	426
	<u>400</u>	<u>426</u>
Finance cost:		
Interest on retirement benefit obligation	545	548
Interest & charges on Loan from Barnet Homes Limited	57	69
	<u>602</u>	<u>617</u>

**YOUR CHOICE (BARNET) LIMITED****6. Tangible Assets**

<b>Property, plant and equipment</b>	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	<b>Total £'000</b>
<b>Gross carrying amount</b>				
Balance 1 April 2020	52	102	36	<b>190</b>
Additions	6	9	3	<b>18</b>
	<hr/>			
Balance 31 March 2021	58	111	39	<b>208</b>
	<hr/>			
<b>Depreciation and impairment</b>				
Balance 1 April 2020	28	75	21	<b>124</b>
Charge for year	10	9	5	<b>24</b>
	<hr/>			
Balance 31 March 2021	38	84	26	<b>148</b>
	<hr/>			
<b>Carrying amount 1 April 2020</b>	24	27	15	<b>66</b>
	<hr/>			
<b>Carrying amount 31 March 2021</b>	20	27	13	<b>60</b>
	<hr/> <hr/>			

**Capital commitments**

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

**YOUR CHOICE (BARNET) LIMITED****7. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Financial assets receivable within one year:		
Trade receivables, gross	709	995
Provision for doubtful debt	(25)	(23)
Trade receivables	<u>684</u>	<u>972</u>
Amounts due from Parent Undertaking	1,234	1,885
Amounts due from Fellow Group Companies	9	24
Financial assets	<u>1,927</u>	<u>2,881</u>
Other debtors		
Contract assets (note 3)	(93)	(145)
Prepayments and accrued income	935	1,401
Prepayments and accrued income- related parties	4	-
Non-financial assets	<u>846</u>	<u>1,256</u>
Trade and other receivables	<b><u>2,773</u></b>	<b><u>4,137</u></b>

The immediate parent undertaking is TheBarnetGroup Limited.

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

**8. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Bank accounts	166	288
Cash in hand	3	4
	<u>169</u>	<u>292</u>

**9. Equity****Share Capital**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Authorised, Issued and Fully Paid</b>		
Ordinary Shares of £1 each	100	100

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

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

**YOUR CHOICE (BARNET) LIMITED****10. Employee remuneration****Employee benefits expense**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Wages and salaries	9,618	8,817
Social security costs	736	635
Pension costs	1,022	1,519
	<b>11,376</b>	<b>10,971</b>

**11. Directors' Remuneration**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Eamon McGoldrick	4	3
Terence Rogers	-	1
Nigel Turner	3	3
June Riley	-	1
John Stephen	2	1
Rebecca Toloui-Marks	2	2
	<b>11</b>	<b>11</b>

**12. Employees**

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

	<b>2021</b>	<b>2020</b>
Care & Support Directorate	487	521
	<b>487</b>	<b>521</b>

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

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



**YOUR CHOICE (BARNET) LIMITED****13. Loan from associated company**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Unsecured loan issued by Barnet Homes Limited	950	1,100
Less amount repaid during the year	(150)	(150)
Arrangement fee	20	20
Deferred arrangement fee	(6)	(8)
Less amount repayable within 12 months (classified as current liability)	(150)	(150)
	<hr/>	<hr/>
Long Term Loan payable	<b>664</b>	<b>812</b>
	<hr/> <hr/>	<hr/> <hr/>

The loan agreement with Barnet Homes was revised and extended in June 2018. The total amount is £1.27m, repayable over eight years. It includes an arrangement fee of £20,000 which is being deferred over the remaining loan period. The loan has also been classified as £664,000 (non-current liability) and £150,000 (current liability).

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

**YOUR CHOICE (BARNET) LIMITED****14. Pension and other employee obligations**

The Company 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. The basis on which the net pension liability is recognised in the financial statements is set out in the Accounting Policies (Note 2).

A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2021 by a qualified independent actuary.

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

For the year ending 31 March 2021, the Company contributed to the Scheme at a rate of 21.1% of pensionable salaries.

The financial assumptions used by the actuary were:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.85	1.9
Salary Increase Rate	3.55	2.6
Discount Rate	2.00	2.3

The pension increase assumption is set in line with the default Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, the actuaries estimate the long-term gap between RPI and CPI in order to derive a CPI assumption for accounting purposes. The default assumed RPI-CPI gap will reduce to 0.1% per annum, the assumption in prior years was the gap would be 0.9%.

**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.

<b>Life expectancy from age 65 (years)</b>		<b>31 March 2020</b>	<b>31 March 2019</b>
Current Pensioners	Males	21.9	21.7
	Females	24.4	24.0
Future Pensioners	Males	23.3	22.9
	Females	26.4	25.7

**YOUR CHOICE (BARNET) LIMITED****14. Pension and other employee obligations (continued)**

<b>Net pension liability as at</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	£'000	£'000
Present Value of Funded Obligation	(31,828)	(23,311)
Fair Value of Scheme Assets (bid value)	22,242	17,182
<b>Net liability</b>	<b>(9,586)</b>	<b>(6,129)</b>
<b>Net liability in statement of financial position</b>	<b>(9,586)</b>	<b>(6,129)</b>

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
	£'000	£'000
Current service Cost	963	1,233
Past service cost	-	188
<b>Total operating costs</b>	<b>963</b>	<b>1,421</b>
Net Interest on the defined liability (asset)	145	122
<b>Total charged to current year Statement of Comprehensive Income</b>	<b>1,108</b>	<b>1,543</b>

<b>Actual return on scheme assets</b>	4,644	(2,283)
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**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>23,311</b>	<b>17,416</b>
Current Service cost	963	1,233
Past service cost	-	188
Interest cost	545	548
Change in financial assumptions	6,984	(2,065)
Change in demographic assumptions	374	(929)
Other experience	(191)	436
Estimated benefits paid net of transfers in	(330)	(305)
Contributions by scheme participants	172	177
Effect of business combination	-	6,612
<b>Closing Defined Benefit Obligation</b>	<b>31,828</b>	<b>23,311</b>

**YOUR CHOICE (BARNET) LIMITED****14. Pension and other employee obligations (continued)****Reconciliation of opening and closing balances of the fair value of scheme assets**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>17,182</b>	<b>13,476</b>
Interest on assets	400	426
Return on assets less interest	4,244	(2,709)
Administrative expenses	-	-
Contributions by employer including unfunded	574	641
Contribution by scheme participants	172	177
Estimated benefits paid plus unfunded net of transfers in	(330)	(305)
Effect of business combination	-	5,476
<b>Fair value of scheme assets at end of period</b>	<b>22,242</b>	<b>17,182</b>

**Sensitivity analysis**

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

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

<b>Change in assumptions at 31 March 2020:</b>	<b>Approximate % Increase to Defined Benefit Obligation</b>	<b>Approximate Monetary Amount (£000)</b>
0.5% decrease in Real Discount Rate	11%	3,392
0.5% increase in Salary Increase Rate	2%	566
0.5% increase in the Pension Increase Rate	9%	2,743

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

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

**YOUR CHOICE (BARNET) LIMITED****14. Pension and other employee obligations (continued)****Projections for year to 31 March 2022**

	<b>Year to 31 March 2022 £'000</b>
Service Cost	1,355
Net Interest on the defined liability (asset)	449
Administration Expenses	-
<b>Total</b>	<b>1,804</b>
Employer contributions	<b>574</b>

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

**Assets**

The estimated asset allocation for Your Choice (Barnet) Limited as at 31 March 2021 is as follows;

	<b>31 March 2021</b>		<b>31 March 2020</b>	
	£'000	%	£'000	%
Employer Asset Share - Bid Value				
Equities	-	-	-	-
Debt Securities	2,223	10%	2,044	12%
Real Estate	886	4%	841	5%
Other Bonds	18,224	82%	14,122	82%
Private Equity	144	1%	35	0%
Cash	765	3%	140	1%
<b>Total</b>	<b>22,242</b>	<b>100%</b>	<b>17,182</b>	<b>100%</b>

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

The Company 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 2012 when staff transferred and the pension deficit at that time (after adjusting for GMP) is guaranteed by the London Borough of Barnet.

**YOUR CHOICE (BARNET) LIMITED****15. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
<i>Current:</i>		
Trade payables	248	212
Amounts due to ultimate parent undertaking	-	2
Amounts due to fellow Group undertakings	955	2,741
	<u>1,203</u>	<u>2,955</u>
Other payables	182	133
Other taxation and social security	21	23
Contract liabilities (note 3)	-	-
Accruals	933	1,116
	<u>2,339</u>	<u>4,227</u>
Financial liabilities	<u><u>2,339</u></u>	<u><u>4,227</u></u>

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

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

	<b>2021</b>	<b>2020</b>
	£	£
UK Corporation Tax at 19.00% (2020: 19.00%)	-	-
Deferred tax	-	-
Origination and reversal of timing differences	-	-
Tax on loss/profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>

**Provision for deferred tax**

## Movement in provision:

Provision at start of period	-	-
Deferred tax charges in the statement of comprehensive income	-	-
Provision at end of period	<u>-</u>	<u>-</u>
Deferred tax asset not recognised	<u>(1)</u>	<u>(6)</u>

**YOUR CHOICE (BARNET) LIMITED****16. Income tax expense (continued)****Reconciliation of tax charge**

Profit/(loss) on ordinary activities before tax	20	(960)
Tax on profit/( loss) on ordinary activities at standard CT rate of 19.00% (2020: 19.00%)	4	(182)
Effects of:		
Expenses not deductible for tax purposes	19	184
Group relief claimed	(18)	-
Adjust closing deferred tax to average rate of 19.00%	-	-
Adjust opening deferred tax to average rate of 19.00%	-	-
Deferred tax not recognised	(5)	(2)
Tax charge for the period	-	-

**17. Controlling parties**

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

The smallest Group to consolidate these financial statements is TheBarnetGroup Limited. The largest group to consolidate these financial statements is London Borough of Barnet. Copies of TheBarnetGroup Limited and London Borough of Barnet accounts can be obtained from 2 Bristol Avenue, Colindale, London NW9 4EW.