

**Barking Dagenham Havering
Community Ventures Limited**

Annual Report and Financial Statements

Year ended

31 March 2019

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Barking Dagenham Havering Community Ventures Limited

**Annual report and financial statements
for the year ended 31 March 2019**

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Directors

I Tayler
F M Schramm
C R Hollwey
J R Andrews
A McDonnell
C L Botfield

Company number

04934198

Registered office

9th Floor Cobalt Square, 83-85 Hagley Road, Birmingham, B16 8QG

Auditor

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Barking Dagenham Havering Community Ventures Limited

Directors' report for the year ended 31 March 2019

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption and the company has taken advantage of the exemption from the requirement to prepare a strategic report.

Principal activities

Barking Dagenham Havering Community Ventures (BDHCV) is a public private partnership business that was established under the NHS Local Improvement Finance Trust (LIFT) directive to engage in the provision of integrated health and social accommodation within Barking, Dagenham and Havering, with the ultimate objective of promoting the improvement of public services. BDHCV was established in 2003.

The company works in partnership with local GPs and healthcare providers to help maximise their estate value and performance. They undertake management consultancy, modelling and project, estate & asset management.

Dividends

Dividends of £620,000 were paid during the year (2018: £Nil). No further dividends are proposed.

Directors

The directors who served during the year were:

I Tayler	
F M Schramm	
C R Hollwey	
J R Andrews	(appointed 30 May 2018)
C L Botfield	(resigned 21 April 2018) (appointed 9 September 2019)
T Dobrashian	(resigned 30 May 2018)
A H Naafs	(resigned 22 October 2018)
A McDonnell	(appointed 9 May 2019)

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the Directors of the company which was in force at the date of approval of this report.

Barking Dagenham Havering Community Ventures Limited

Directors' report for the year ended 31 March 2019 (*continued*)

Directors' responsibilities statement

The directors are responsible for preparing the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board on 25 SEPTEMBER 2019 and signed on its behalf.



I Tayler
Director

Barking Dagenham Havering Community Ventures Limited

Independent auditor's report

TO THE MEMBERS OF BARKING DAGENHAM HAVERING COMMUNITY VENTURES LIMITED

Opinion

We have audited the financial statements of Barking Dagenham Havering Community Ventures Limited ("the Company") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, 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.

Barking Dagenham Havering Community Ventures Limited

Independent auditor's report (continued)

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Director's report.

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.
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities, 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Barking Dagenham Havering Community Ventures Limited

Independent auditor's report (*continued*)

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.



Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

30/9/19

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Barking Dagenham Havering Community Ventures Limited

Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £	2018 £
Continuing operations			
Revenue	4	670,600	790,435
Cost of sales		(170,483)	(305,134)
		<hr/>	<hr/>
Gross profit		500,117	485,301
Administrative expenses		(422,465)	(462,897)
		<hr/>	<hr/>
Operating profit	5	77,652	22,404
Finance income	6	313,126	367,907
Finance costs	7	(313,096)	(367,907)
Dividend income from shares in group undertakings		351,000	195,000
		<hr/>	<hr/>
Profit before tax		428,682	217,404
Tax charge	8	(18,767)	(4,409)
		<hr/>	<hr/>
Profit and total comprehensive income for the year attributable to equity holders of the company		<u>409,915</u>	<u>212,995</u>


The notes on pages 10 to 20 form part of these financial statements.

Barking Dagenham Havering Community Ventures Limited

Statement of financial position at 31 March 2019

Company number 04934198	Note	2019 £	2018 £
Assets			
Non-current assets			
Investments	9	1,000	1,000
Other receivables	11	2,131,512	2,172,003
		<hr/> 2,132,512	<hr/> 2,173,003
Current assets			
Trade receivables	10	288,000	640,114
Other receivables	11	503,758	603,033
Cash and cash equivalents	12	702,035	578,959
		<hr/> 1,493,793	<hr/> 1,822,106
Liabilities			
Current liabilities			
Trade and other payables	13	1,158,833	1,195,799
Current portion of long-term borrowings	14	103,275	184,537
		<hr/> 1,262,108	<hr/> 1,380,336
Net current assets		<hr/> 231,685	<hr/> 441,770
Non-current liabilities			
Non-current borrowings	14	2,131,512	2,172,003
		<hr/> 2,131,512	<hr/> 2,172,003
Net assets		<hr/> 232,685	<hr/> 442,770
Equity attributable to equity holders of the company			
Ordinary shares	15	1,000	1,000
Retained earnings		231,685	441,770
		<hr/> 232,685	<hr/> 442,770
Total equity		<hr/> 232,685	<hr/> 442,770

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


I Tayler
Director

25 SEPTEMBER 2019

The notes on pages 10 to 20 form part of these financial statements.

Barking Dagenham Havering Community Ventures Limited

Statement of changes in equity for the year ended 31 March 2019

	Attributable to equity holders of the company		
	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	1,000	441,770	442,770
Changes in equity for 2018 – 2019			
Profit and total comprehensive income for the year attributable to the equity holders of the company	-	409,915	409,915
Dividends paid	-	(620,000)	(620,000)
Balance at 31 March 2019	1,000	231,685	232,685
Balance at 1 April 2017	1,000	228,775	229,775
Changes in equity for 2017 – 2018			
Profit and total comprehensive income for the year attributable to the equity holders of the company	-	212,995	212,995
Dividends paid	-	-	-
Balance at 31 March 2018	1,000	441,770	442,770

Dividends of £620,000 (£620 per share) were paid during the year (2018 - £Nil; £Nil per share). No further dividends have been proposed.

The notes on pages 10 to 20 form part of these financial statements.

Barking Dagenham Havering Community Ventures Limited

Statement of cash flows for the year ended 31 March 2019

	Note	2019	2018
		£	£
Cash flows from operating activities			
Profit before taxation		428,682	217,404
Adjustment for:			
Increase in trade and other receivables		370,126	(508,456)
Decrease in trade and other payables		(51,324)	397,330
Finance and dividend income		(664,126)	(562,907)
Finance costs		313,096	367,907
Tax paid		(4,408)	(7,414)
		<hr/>	<hr/>
Net cash (used in) from operating activities		(36,636)	(96,136)
		<hr/>	<hr/>
Cash flows from investing activities			
Bank interest received		30	-
Group interest received		313,096	367,907
Dividends received		351,000	195,000
		<hr/>	<hr/>
Net cash from investing activities		664,126	562,907
		<hr/>	<hr/>
Financing activities			
Interest paid		(313,096)	(367,907)
Repayment of loan notes		(98,491)	(631,431)
Loan note repayments received		98,491	631,431
Dividends paid		(620,000)	-
		<hr/>	<hr/>
Net cash used in financing activities		(933,096)	(367,907)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		123,076	98,864
Cash and cash equivalents at the beginning of the year		578,959	480,095
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	12	702,035	578,959
		<hr/>	<hr/>

The notes on pages 10 to 20 form part of these financial statements.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements for the year ended 31 March 2019

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in note 2. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in pound sterling, which is also the company's functional currency.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

1.1 Basis of consolidation

Consolidated financial statements have not been prepared for the company and its subsidiaries under the exemption granted by Section 398 of the Companies Act 2006. Accordingly, these financial statements present information about the company and not about its group.

1.2 Standards issued and applied for the first time this year

New standards impacting the company adopted in the annual financial statements for the year ended 31 March 2019, and which have given rise to changes in the company's accounting policies are:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

The company has assessed that the adoption of IFRS 9 and IFRS 15 has had no material impact on the financial statements for either the current year or prior years.

1.3 Standards and interpretations issued but not yet applied

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these is:

- IFRS 16 'Leases' (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 'Uncertainty over Income Tax Positions' (effective 1 January 2019)

The directors are evaluating the impact of the adoption of IFRS 16 and IFRIC 23, and it is not practicable to provide an estimate of the effect of these standards until a detailed review has been completed.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

2 Accounting policies

2.1 Financial instruments

2.1.1 Financial assets

The company classifies its financial assets as held at amortised cost and the company's accounting policy for this category of asset is as follows:

These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The company's financial assets measured at amortised cost comprise trade and other receivables, finance receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

2 Accounting policies (continued)

2.1 Financial instruments (continued)

2.1.2 Financial liabilities

The company classified its financial liabilities as held at amortised cost, for which the accounting policy is as follows:

Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.2 Revenue

Revenue items comprise 'Property management and related services' and 'Other income'.

Property management and related services revenue relates to property management income and ad hoc property related services income. Consideration received in respect of property management and related services revenue is recognised over time as the services are delivered, and revenue attributable to costs in future periods is deferred.

Other income is sundry income and is recognised at a point in time when the company has performed the work.

2.3 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2.4 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders.

2.5 Reserves

The following describes the nature and purpose of each reserve within equity:

Retained earnings – All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

3 Accounting estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Key sources of estimation uncertainty

- (a) Trade receivables (note 9) - The expected loss rates are based on the company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

4 Revenue

Disaggregation of revenue

The company derives revenue (all of which is in the UK) from the transfer of services in the following major classes of business within the UK:

	2019 £	2018 £
Property management and related services	179,007	317,650
Other income	491,593	472,785
	<u>670,600</u>	<u>790,435</u>

The company has no contract assets or liabilities.

Remaining performance obligations

All of the company's contracts are for the completion of services within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

5 Operating profit

	2019 £	2018 £
This is arrived at after charging:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

Auditor's remuneration was paid for by the parent company.

The average number of employees, excluding directors, was Nil (2018: Nil).

6 Finance income

	2019 £	2018 £
Interest on short-term deposits	30	-
Interest on subsidiary loans	313,096	367,907
	<u>313,126</u>	<u>367,907</u>

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

7 Finance costs

	2019 £	2018 £
Interest on unsecured loan notes	313,096	367,907

8 Tax charge

	2019 £'000	2018 £'000
Corporation tax: Current year	18,767	4,409

The tax charge for the year can be reconciled to the profit for the year as follows:

	2019 £'000	2018 £'000
Profit before tax	428,682	217,404
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	81,450	41,307
Expenses not deductible for tax purposes	4,007	152
Income not taxable	(66,690)	(37,050)
Tax charge	18,767	4,409

The main rate of UK corporation tax for the year commencing 1 April 2018 was 19% (year commencing 1 April 2017: 19%). The Finance Act 2016, enacted on 15 September 2016, reduced the main rate of Corporation tax to 17% for the year commencing 1 April 2020. These changes have been reflected in the carrying value of the deferred tax liability at the balance sheet date.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

9 Investment in subsidiaries

				Shares in Subsidiaries £
Cost				
As at 1 April 2018 and 31 March 2019				<u>1,000</u>
Name	Country of incorporation	Proportion of ownership interest	Principal activities	
Barking & Havering LIFT Company (No.1) Limited	UK	100%	Property development and investment	
Barking & Havering Lift Midco Limited	UK	100%	Holding company	

All subsidiaries have the same year-end and registered office as Barking Dagenham Havering Community Ventures Limited.

10 Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the company's historical credit losses. The historical loss rates are then adjusted by reference to past default experience of the customer and an analysis of the customer's current financial position. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

As at 31 March 2019 and 31 March 2018, the expected loss provision for trade receivables is as follows:

	Gross 2019 £	Provision 2019 £	Gross 2018 £	Provision 2018 £
Current	288,000	-	62,114	-
Past due 0-30 days	-	-	506,000	-
Past due 31-60 days	-	-	72,000	-
Past due more than 60 days	-	-	-	-
	<u>288,000</u>	<u>-</u>	<u>640,114</u>	<u>-</u>

There was no movement on the provision against trade receivables in the current or prior year.

In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The ageing of impaired receivables is shown above.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

11 Other receivables

	2019 £	2018 £
Amounts due by subsidiaries	2,131,512	2,172,003
Non-current assets	2,131,512	2,172,003
Amounts due by subsidiaries	503,602	597,194
Prepayments	156	5,839
Current assets	503,758	603,033

12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2019 £	2018 £
Cash on hand and balances with banks	702,035	578,959
Cash and cash equivalents	702,035	578,959

13 Trade and other payables

	2019 £	2018 £
Trade payables	40,305	141,306
Social security and other taxes	399,928	395,966
Corporation tax payable	18,767	4,409
Accruals and deferred income	699,833	654,118
	1,158,833	1,195,799

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

14 Borrowings

	2019 £	2018 £
Unsecured loan notes	103,275	184,537
Current portion of long term borrowings	103,275	184,537
Unsecured loan notes	2,131,512	2,172,003
Non-current borrowings	2,131,512	2,172,003

Interest accrues daily on the loan notes at a rate of 13.5% per annum and is payable half yearly after construction has been completed, in arrears on 31 March and 30 September each year. Interest shall cease to accrue on the principal amount of a loan note from the date it is due for redemption.

The loan notes rank pari passu with all other unsecured obligations of the company.

15 Share capital

	2019 £	2018 £
Allotted, called up and fully paid: 1,000 ordinary shares of £1 each	1,000	1,000

16 Related parties

The company is owned 60% by Primaria (Barking & Havering) Limited, a company incorporated in England and Wales.

The company is ultimately owned by BBGI SICAV S.A, a company incorporated in Luxembourg. However, as a result of the shareholders agreement of the company there is no effective control by any individual shareholder.

During the year, the company made sales and charged interest amounting to £802,345 (2018 - £840,154) to subsidiary companies. At the year-end £2,635,114 (2018 - £2,769,197) was owed by these companies.

In addition, at the statement of financial position date long term loans amounting to £2,234,786 (2018 - £2,356,540) were owed to its shareholders by the company.

There were directors fees paid in the year of £77,295 (2018 - £74,595), to both company shareholders and associates of shareholders.

In both years, there were no directors to whom retirement benefits were accruing.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

17 Financial instruments

17.1 Categories of financial assets and liabilities

All financial instruments have been valued with reference to level two of the fair value hierarchy as set out in IFRS7: Financial Instruments: Disclosures. Fair values are determined based on prices that are observable for the asset or liability, either directly or indirectly.

The categories of finance assets and financial liabilities are as follows:

Financial assets

	2019 £	2018 £
Loans and receivables:		
Cash and cash equivalents	702,035	578,959
Trade and other receivables	2,923,114	3,409,311
	<hr/>	<hr/>
	3,625,149	3,988,270
	<hr/>	<hr/>

Financial liabilities

	2019 £	2018 £
Amortised cost:		
Unsecured loan notes	2,234,787	2,356,540
Trade and other payables	60,634	176,913
	<hr/>	<hr/>
	2,295,421	2,533,453
	<hr/>	<hr/>

17.2 Financial risk management

The company's operations expose it to a number of financial risks. The board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able or are unwilling to meet their obligations.

Finance receivables and trade receivables primarily comprise of amounts due from Community Health Partnerships. Management considers the credit quality of this debtor to be good in respect of the amounts outstanding, due to them being a shareholder in the parent company and being a government body and therefore credit risk is considered to be low. Cash and cash equivalents comprise balances held with banks. To reduce the risk of counterparty default the company only uses approved high quality banks.

The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the statement of financial position date.

Barking Dagenham Havering Community Ventures Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

17 Financial instruments (continued)

17.2 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company has insufficient financial resources available to meet its obligations as they fall due. Management review cash flow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The financial assets of the company are modelled so as to match the profile of the financial liabilities, the maturity analysis of which is set out below. Management closely monitors performance against the financial models and take action if necessary when performance is not in line with modelled expectations.

The table below summarises the maturity profile of the company's financial liabilities, on an undiscounted basis, at 31 March 2019 and 31 March 2018.

31 March 2019	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Financial liabilities					
Unsecured loan notes	75,012	326,584	1,830,088	2,059,713	4,291,397
Trade and other payables	60,634	-	-	-	60,634
	<u>135,646</u>	<u>326,584</u>	<u>1,830,088</u>	<u>2,059,713</u>	<u>4,352,031</u>
31 March 2018	£	£	£	£	£
Financial liabilities					
Unsecured loan notes	79,315	355,535	1,874,922	2,416,474	4,726,246
Trade and other payables	176,913	-	-	-	176,913
	<u>256,228</u>	<u>355,535</u>	<u>1,874,922</u>	<u>2,416,474</u>	<u>4,903,159</u>

Interest rate risk

The company's exposure to market risk for changes in interest rates is considered to be very small, as all bank and other loans are at fixed rates. The risk for changes in interest rates is therefore restricted to the interest earned on bank deposits, which is immaterial to the company. It is the company's policy to settle trade payables within the credit terms allowed and the company does not therefore incur interest on overdue balances.

Barking Dagenham Havering Community Ventures Limited

**Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)**

17 Financial instruments (*continued*)

17.2 Financial risk management (*continued*)

Capital management

The company seeks to match long term assets with long term funding and short term assets with short term funding. Borrowings are required primarily to finance construction activity and the related lease payments from customers are set at a level that will ensure that repayments of borrowings can be met as they fall due. Other expenses are met by cash balances generated from the company's ordinary activities.