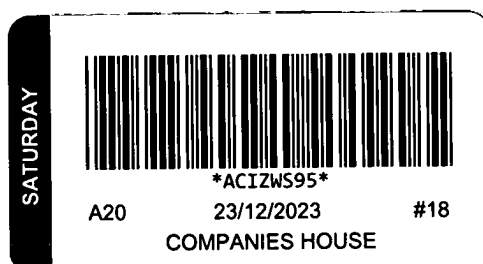


Company No. 04948659

Barnet Homes Limited
Annual Report and Financial Statements
Year ended 31 March 2023



Contents

	Page
1. Company information	2
2. Report of the Directors	3
3. Strategic Report	8
4. Independent Auditor's report to the members of Barnet Homes Limited	14
5. Statement of Comprehensive Income	18
6. Statement of Financial Position	19
7. Statement of Changes in Equity	20
8. Accounting policies and explanatory notes to the financial statements	21

1. Company Information

Non-Executive Directors

Eamon McGoldrick
Aruna Bhatt
Jacob Boomhauer
Tatiana Jose
Jade Lam
Robert Webber

Chair
(Resigned 14 June 2023)
(Appointed 2 October 2023)
(Appointed 2 October 2023)

(Resigned 2 October 2023)

Chief Executive Officer And Executive Director

Tim Mulvenna

Executive Officers

Derek Rust
Elliott Sweetman

Company Secretary

Shaun McLean

Registered Office

2 Bristol Avenue
Colindale
London
NW9 4EW

Registered Number

04948659

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 of Directors is pleased to present its Annual Report and the financial statements of Barnet Homes Limited for the year ended 31 March 2023.

Principal activities

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

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

The original ten-year management agreement expired on 31 March 2014 and continuation of the services was agreed via a one-year delivery plan for the year 2015/16. In June 2015, the London Borough of Barnet's Housing Committee approved the Heads of Terms for a new 10-year management agreement which came into effect on 1 April 2016.

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

Results for the year

The Company recorded a loss of £2.181m (2022: £2.198m) before the actuarial gain on the pension scheme of £31.341m (2022 £12.251m actuarial gain).

The reserves of the Company are:

Reserves £000	31 March 2023	31 March 2022
Pension fund	(11,826)	(40,740)
Revenue reserve (excluding IAS 19 provisions)	2,042	1,796
Retained earnings	(9,784)	(38,944)

Directors

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

Stakeholder engagement

Engaging with our stakeholders is key to our success and delivering our strategy. We have various mechanisms that enable the Board and management to understand and consider stakeholder views as part of their decision-making process. The key stakeholder groups and the ways in which we engage with them are set out below:

Customers- Barnet Homes Limited has a Resident Board, the Chair of this group is a member of the Barnet Homes Limited and TheBarnetGroup Limited Board ensuring a direct line of communication from residents and customers up to the Board. Residents Board meetings cover a range of topics and review of services with feedback forming part of ongoing services.

Suppliers- we work with suppliers that support us to deliver safe and high-quality products and services to our customers. We aim to have an open, constructive and effective relationship with all suppliers, including site visits by our staff.

Shareholder- regular meetings with London Borough of Barnet (the ultimate shareholder) take place with Executives and the Chair of the Board. Officers of the Council also attend all Group Board meetings in addition to the Council's nominated Board members.

Employees- the Company recognises the need for effective communications with employees to encourage involvement in the Company's performance and achieve common awareness of any factors affecting performance. Appropriate policies and procedures have been developed for the Company. We involve and listen to employees to maintain strong employee engagement and retain talented people. We consult staff and their Trade Union representatives on significant issues, an example this year was the restructure of some services and amending the employment Terms and Conditions with the aim of reducing the number of variations of employment contracts. The Chief Executive hosts virtual meetings for all staff to attend and can ask questions. These meetings are recorded and available for all staff to access later.

Third party indemnity provision for Directors

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

Equality, Diversity and Inclusivity Aims

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

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

For the people we support, we:

- Treat them with dignity and respect;
- Consult and involve them 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 focus

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 employees have equal opportunities.

Charitable donations

No charitable donations were made by the Company for the year ended 31 March 2023 (2022: *£nil*).

EU Political donations and expenditure

No political donations or expenditure were made for the year ended 31 March 2023 (2022: *£nil*).

Donations to non-EU political parties

No political donations or expenditure were made for the year ended 31 March 2023 (2022: *£nil*).

Payment policy

The Company pays suppliers within suppliers' credit terms.

Directors' Remuneration Report

The Directors are defined as being the Board members of Barnet Homes 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. Executive Directors' remuneration is disclosed in notes 13.1.1 and 17.2.2 of the financial statements.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 judgments 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 in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Section 172 (1) statement

From the perspective of the Board, as a result of the Group governance structure (whereby the Company Board is embedded within the Group Board), the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Group Board in relation to the Group and to this Company. The Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group Board has considered the matters set out in s172 (for the Group and for the Company) is set out on page 7 of the Group's annual report, which does not form part of this report.

Streamline Energy & Carbon Reporting (SECR)

Barnet Homes' energy consumption and associated carbon emissions are reported below in line with the UK government's streamlined energy and carbon reporting (SECR) regulations. These figures represent the carbon emissions associated with the Company's consumption of natural gas, electricity and transport fuel. Specifically, they include:

- Gas and electricity used in our offices
- Fuel used by our fleet of vans used by staff who repair and maintain properties
- Fuel used by our cars leased by the Group which are available for all staff to use on Group business.

Energy Use and Carbon Emissions	2022/23	2021/22	Unit	Change
Total energy consumption:	1,091.6	1,338.9	MWh	-18%
Gas	63.5	123.2	MWh	-48%
Electricity	122.9	120.2	MWh	2%
Transport fuel	905.2	1,095.5	MWh	-17%
Emissions from combustion of gas (Scope 1)	11.6	22.6	tCO ₂ e	-49%
Emissions from purchased electricity (Scope 2, location based)	23.8	25.5	tCO ₂ e	-7%
Emissions from combustion of fuel for transport purposes (Scope 3)	191.9	232.9	tCO ₂ e	-18%
Total carbon emissions	227.3	281.0	tCO₂e	-19%

2022/23 Performance

Energy consumption and carbon emissions have both been reduced in the year. This has primarily been achieved by lower gas usage at the office. The registered office building where most office-based staff operate from has benefitted from air source heat pumps which has meant a 52% decrease in gas usage; simultaneously a new AI system was implemented to monitor and manage the buildings energy usage. This improved monitoring has meant that despite the air source heat pumps being powered by electricity, overall electricity usage has only increased by 2%.

Energy efficiency measures

The improvements made to the registered office building this year means there is limited scope for further improvements, solar panels are not planned for the building due to its design. The focus now is on our vehicle fleet. There are limited options for improvement until the fleet of vans are replaced in 2 years' time, but we continue to look for improvements including driver training on different techniques that can be used to make journeys more efficient and thus reduce emissions.

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 period to March 2025. These demonstrate that the Group has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least for the 12 months following the approval of these accounts.

- The key risk to these forecasts are significant increases to costs such as repairs or void costs that must be met under a fixed value management fee. The other risk is a suspension or termination of the development management or acquisition services Barnet Homes Limited provides to London Borough of Barnet and other Group companies. If the provision of these services is retained, but over a longer period (such as the acquisition program), this can be done, within reason.
- 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 £11.826m at 31 March 2023 (2022: £40.740m). However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point of its incorporation (on 1 April 2004). 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 has allowed TheBarnetGroup Limited to support Barnet Homes 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, on this basis and the London Borough of Barnet's stated intention to support TheBarnetGroup Limited, 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 2023 Board meeting.

Other information

The strategic report below and the remainder of these financial statements, includes important information regarding events after the year-end, Covid-19 and other relevant matters pertinent to the Company and understanding the operations and financial position of the Company. 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 14 December 2023 and signed on its behalf by:



Eamon McGoldrick, Chair

3. Strategic Report

On behalf of the Board, I would like to thank all our staff and partners for their hard work and commitment over the last year. Like all organisations, we are facing several serious challenges, including inflation, high energy costs and continued shortages of labour. Thanks to innovative thinking and a work force that goes the extra mile, we have continued to support vulnerable residents and service users by providing high quality services

The Council has a new Labour led administration following local elections in May 2022; we continue to have an excellent relationship with all elected members. I would also like to thank the many stakeholders who support our work and share our vision of providing high quality value for money services, ensuring a better future for the people we serve.

Principal Risks and Uncertainties

Operations

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

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

The number of homes managed under the Agreement continues to reduce. The Council's regeneration programme progressed with 45 properties decanted in the year (2022: 29). Right to Buy (RTB) sales amounted to 66 units (2022: 35 units), the increase compared to prior year reflects the ongoing catch-up post-Covid.

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

The Company's Registered Provider (RP) subsidiary is to deliver 362 new homes in the borough. The first 316 properties have been completed with the remaining scheme of 46 due to complete in July 2023. The business plan for the RP has identified risks associated with property development, construction costs, managing a debt facility, inflation and rent increase assumptions.

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

The war in Ukraine and its impact on utility costs directly to residents and general cost inflation is going to place significant financial strain on many of our residents as well as our staff. Supply chain issues persist (but not as severe as prior years), affecting large maintenance works (replacement kitchens, bathrooms and roofing works as examples) and day to day repairs. These shortages have meant minor delays to some works rather than a need to re-plan significant volumes of work

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

Key financial performance indicators

Overview

The deficit for the year was £2,181,000 (2022: £2,198,000 deficit). £2,427,000 of this loss related to IAS 19 pension costs. Trading results (excluding IAS 19 pension costs) were a profit of £246,000, which was in line with budget.

Annual Housemark Benchmarking Exercise

The most recent annual Housemark benchmarking exercise is based on 2021/22 data and compares performance against a peer group of 18 London Councils and Arm's Length Management Organisations (ALMOs). The benchmarking exercise focuses on service area costs, performance and customer satisfaction relating to core housing management functions and does not include aspects of housing options or homelessness or functions considered to be non-core.

Cost Per Property Summary

2021/22 (latest data)	2021/22 Result	2021/22 Rank	2021/22 Quartile	2020/21
Housing management cost per property	£399	3	Q1	£423 (Q1)
Repairs and voids cost per property	£983	4	Q1	£695 (Q1)
Estate services cost per property	£320	4	Q1	£256 (Q1)
Leasehold cost per property	£277	1	Q1	£367 (Q1)

The good results on cost, have not been to the detriment of quality or customer satisfaction (which was 71.7% for overall satisfaction in 2021/22 and 71.0% in 2020/21). The table below shows the strong performance in various quality performance indicators, which include a few customer satisfaction measures.

Quality and Performance

2021/22 (2020/21)	Upper Quartile	2nd Quartile	Median	3rd Quartile	4th Quartile
Number of performance indicators	14 (12)	6 (7)	0 (1)	3 (4)	3 (2)
% of total	54% (46%)	23% (27%)	0% (4%)	11.5% (15%)	11.5% (8%)
	Above Average 77% (73%)		0% (4%)	Below Average 23% (23%)	

Key non-financial performance indicators

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

Tenant Satisfaction

Overall tenant satisfaction with Barnet Homes as a social housing provider	2022/23	2021/22
Tenant satisfaction (2022/23 target 75%)	65.1%	71.7%

Tenant satisfaction has dropped from the prior year. The result is still upper quartile for our peer group (the social housing sector in general has seen a significant drop in overall satisfaction); though not at the level we are aiming for.

Allocations and Lettings

Average re-let times in days	2022/23	2021/22
Routine lettings (2022/23 target 28 days)	43.8	35.5
Major works lettings (2022/23 target 79 days)	99.7	87.7

The above table shows the average re-let times performance for the 2022/23 year compared to performance from the previous year.

Routine lettings opportunities are being used to do any fire safety, damp and mould or similar works where necessary. For major works there are a number of properties that have had to undergo adaptations or major structural works.

Households in Temporary Accommodation

	2022/23	2021/22
Number of households in Emergency Temporary Accommodation (2022/23 target 250)	374	190
Number of Households in Temporary Accommodation (2022/23 target 2,400)	2,194	2,115

A significant increase in the number of households requiring temporary accommodation was expected as the Covid lockdowns ended; this didn't occur to the levels expected and contributed to the volume being much lower than target. The number of households in emergency temporary accommodation is obviously not where we or the Council would like it to be. There has been a significant increase (more than 50%) in the number of households requiring assistance in the second half of the year, accompanied by a significant reduction in the availability of suitable properties available to let in the private rental sector, this is meaning higher usage of Emergency Temporary Accommodation.

Lettings

	2022/23	2021/22
Number of lettings to Barnet Homes Limited managed properties	293	356
Number of regeneration property lettings	45	50
Number of private sector lettings (2022/23 target 615)	336	551

Lettings in general were lower than prior year. In 2021/22 lettings were generally higher as there was very limited movement of households during 2020/21. A dramatic reduction in the supply of private rented sector properties in London during 2022/23 has resulted in a considerable reduction in lettings secured.

Homelessness Preventions

	2022/23	2021/22
Number of homelessness preventions (2022/23 target 1,450)	1,020	1,293
Number of decants from properties to be regenerated	45	29

The number of people presenting as homeless was not as high as anticipated earlier in the year; though there has been a 50%+ increase in demand in the second half of the year as the cost-of-living crisis affects more and more households.

Community Support

Over the year, BOOST (Barnet Homes Community support team) helped 733 new clients sign up for employment support and 365 clients were helped into employment including 78 Barnet Homes tenants

BOOST led on the Group's apprenticeship programme and this year saw 7 apprentices gain Level 2 CIH Housing and Property Management accreditations with 6 going on to find employment with the Barnet Group

A significant challenge in 2022/23 was the impact of the Cost-of-Living Crisis. BOOST continues to be an active partner for Barnet Council's support provision. Our Welfare Benefit Advisers delivered 2,645 benefit appointments and continued to provide a pathway for supporting vulnerable residents referred by the Council's Council Tax team. BOOST also helped 1,394 households with their utility bills using the Household Support Fund allocation from Barnet Council.

A new initiative begun in 2022, was the STEP programme funded by World Jewish Relief. This initiative began in September 2022 and provides employment and training support for Ukrainian refugees in Barnet. In the last six months of 2022/23 our support adviser helped 20 Ukrainian refugees into employment. The success of this work and the increased demand due to the number of households living in Barnet allowed BOOST to recruit a second Adviser in 2023

One of the highlights of the year has been the continued strong performance of our Digital Inclusion Coordinator and the growth of the digital inclusion network across Barnet. A particular highlight was Barnet Get Online Week and the emerging partnership with 2second Chance a local social enterprise working on recycling laptops and providing devices to the community.

In March 2023 we saw the conclusion of our contract with the Shaw Trust for the JETS programme in Barnet. The success of this project in earlier years meant that an extension was granted into 2023 and allowed BOOST to support a further 405 clients into employment during the year.

The BOOST Annual Report can be found via this link, and provides further information https://issuu.com/boostbarnet/docs/boost_annual_report_2022-2023

Rent Collection and Arrears

	31 March 23	31 March 22
Number of tenants in arrears	3,339	3,334
Average arrears	£768	£693
Number of tenants more than 7 weeks in arrears	843	826
Arrears as a percentage of the debit (2022/23 target 4.92%)	4.37%	4.12%

The target for collection of arrears in 2022/23 had been increased in expectation of the cost-of-living pressures meaning more tenants struggling to pay their rent. It is important to note that through the hard work of the income collection team and tenants engaging, performance for the year was ahead of target. Many tenants though are struggling with their finances and this can be seen in the higher level of average arrears and number of tenants with more than 7 weeks arrears. We continue to engage with these tenants to offer support directly where possible or signpost to other organisations who may be able to assist.

Engagement by most tenants and support provided has meant very low tenancy failures in the year.

Performance for 2023/24 will be hard to assess with the continuing increase in utility costs plus higher than expected level of inflation will mean many tenants will continue to be under significant financial pressure.

Responsive Repairs and Gas servicing

Responsive repairs satisfaction was 81.0% (2022: 80.7%) against a target of 85%. This is mainly arrived at from surveys done via SMS text messages following a repair and telephone surveys following works carried out by sub-contractors. Repairs "first time fix" levels were 77.9% (2022: 78.8%) against a target of 83%. Whilst both scores were below target, this is very close to target and better than what we understand many other organisations are achieving.

Gas servicing achieved 99.99% compliance, with the one remaining unit being completed in April due to access issues. Last year was 100%.

Major Works Capital Investment Programme

A total of £55.6m (2022: £55.9m) worth of capital investment works were delivered throughout the year, including £13m (2022: £16m) of fire safety improvement works.

Resident Safety (Fire Safety)

	2022/23	2021/23
Scheduled fire risk assessments completed (council housing) on time (2022/23 target 100%)	99.6%	99.4%
Percentage of priority 0 (urgent- works to be done as soon as practical) and 1 (important- works to be done within 6 months) FRA actions completed in period (2022/23 target 92.5%)	94.9%	97.0%

The above two resident safety related indicators were introduced to measure the progress and efficiency of ongoing fire safety measures following the Grenfell Tower fire. 100% of fire risk assessments was not achieved due to a converted house with two leaseholders, where Barnet Homes does not have landlord access. The inspection was completed in April 2023. The reduction in the percentage of FRA actions (though above target) is due to additional works required being identified that are being planned in with other major works so as to reduce disruption to tenants.

The £52m multi-year high-rise fire safety stock improvement programme for high-rise blocks completed in the year. This year Barnet Homes started work on a £30m programme of works for medium-rise blocks for the Council.

Approval and signature

The strategic report was approved by the Board on 14 December 2023 and signed on its behalf by



Eamon McGoldrick, Chair

Independent auditor's report to the members of Barnet Homes Limited

Opinion

We have audited the financial statements of Barnet Homes Limited (the 'company') for the year ended 31 March 2023, 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 2023 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 board's conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as increasing interest rates, inflation and high energy prices, 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.

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Irregularities, including fraud are instances of non-compliance with laws and regulations. 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 2020. 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.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- To assess the potential risks of material misstatement, including how 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.

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

Use of our report

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

Grant Thornton UK LLP

Victoria McLoughlin BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
Date: 15/12/2023

BARNET HOMES LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 £'000	2022 £'000
Revenue	3	75,673	70,566
Expenses			
Employee benefits	13.1	(24,469)	(20,867)
Depreciation and amortisation	4	(1,219)	(1,512)
(Loss)/profit on disposal of fixed assets		(7)	135
Net impairment gain/(loss) on financial assets and contract assets		113	(61)
Other expenses		(51,114)	(49,437)
Operating loss	4	(1,023)	(1,176)
Finance income	5	1,930	1,338
Finance costs	5	(3,088)	(2,407)
Loss before tax		(2,181)	(2,245)
Income tax income	16	-	47
Loss after tax		(2,181)	(2,198)
Other comprehensive income			
Actuarial gain on defined benefit pension scheme	13.3	31,341	12,251
Total comprehensive income for the year		29,160	10,053
Total comprehensive profit is attributable to:			
TheBarnetGroup Limited		29,160	10,053

The accompanying accounting policies and notes on pages 20 to 42 form part of the financial statements.

The above results are derived from continuing operations.

BARNET HOMES LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Loan to associated Company	8	347	805
Tangible Assets			
Property, plant and equipment	6	-	-
Right of use assets	6.1	2,187	2,609
Intangible Assets			
Computer software and development	7	789	1,253
		<u>3,323</u>	<u>4,667</u>
Current assets			
Loan to associated Company	8	460	150
Trade and other receivables	9	21,044	14,198
Cash and cash equivalents	10	6,086	5,433
		<u>27,590</u>	<u>19,781</u>
Total assets		<u>30,913</u>	<u>24,448</u>
EQUITY and LIABILITIES			
EQUITY			
Revenue reserve (excluding IAS 19 provisions)		2,042	1,796
Pension fund		(11,826)	(40,740)
Retained earnings		(9,784)	(38,944)
Total Equity		(9,784)	(38,944)
LIABILITIES			
Non-current liabilities			
Pension and other employee obligations	13.3	11,826	40,740
Lease liabilities	11	1,321	1,966
Provisions	14	28	33
		<u>13,175</u>	<u>42,739</u>
Current liabilities			
Trade and other payables	15	26,684	19,915
Lease liabilities	11	838	738
Current tax liabilities	16	-	-
		<u>27,522</u>	<u>20,653</u>
Total liabilities		<u>40,697</u>	<u>63,392</u>
Total equity and liabilities		<u>30,913</u>	<u>24,448</u>

The financial statements were authorised and approved by the Board on 14 December 2023 and signed on its behalf by:



Eamon McGoldrick, Chair
Company Number: 04948659

The accompanying accounting policies and notes on pages 20 to 42 form part of the financial statements

BARNET HOMES LIMITED
STATEMENT OF CHANGES IN EQUITY

	Revenue Reserve £000	Pension Reserve £000	Total retained earnings and equity £'000
Balance as at 1 April 2021	1,333	(50,330)	(48,997)
Loss after tax	463	(2,661)	(2,198)
Other comprehensive income	-	12,251	12,251
Total comprehensive income for the year	463	9,590	10,053
Balance as at 31 March 2022	1,796	(40,740)	(38,944)
Balance as at 1 April 2022	1,796	(40,740)	(38,944)
Loss after tax	246	(2,427)	(2,181)
Other comprehensive income:	-	31,341	31,341
Total comprehensive income for the year	246	28,914	29,160
Balance as at 31 March 2023	2,042	(11,826)	(9,784)

The accompanying accounting policies and notes on pages 20 to 42 form part of the financial statements.

BARNET HOMES LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Barnet Homes Limited is a Company established with no share capital and limited by guarantee. The Company is incorporated and domiciled in England and Wales. The address of the registered office is 2 Bristol Avenue, Colindale, London N9 4EW. The Company's registration number is 04948659.

Barnet Homes Limited is a subsidiary of TheBarnetGroup Limited. TheBarnetGroup Limited is a local authority trading Company, wholly controlled by London Borough of Barnet. Barnet Homes Limited will continue to operate in the same way as under its previous structure ALMO management agreement with the London Borough of Barnet, albeit under TheBarnetGroup Limited structure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are for the year ended 31 March 2023 and are presented in British Pounds Sterling rounded to the nearest thousand. The functional currency is also British Pounds Sterling.

In accordance with s401 of the Companies Act 2006, the Company has taken exemption from preparing consolidated financial statements on the basis that the Company is a wholly-owned subsidiary of TheBarnetGroup Limited, registered at 2 Bristol Avenue, Colindale, London, NW9 4EW.

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 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 2023 that have a material impact on the Company's financial statements.

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

BARNET HOMES LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 period to March 2025. These demonstrate that the Group has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least for the 12 months following the approval of these accounts.
- The key risk to these forecasts are significant increases to costs such as repairs or void costs that must be met under a fixed value management fee. The other risk is a suspension or termination of the development management or acquisition services Barnet Homes Limited provides to London Borough of Barnet and other Group companies. If the provision of these services is retained, but over a longer period (such as the acquisition program), this can be done, within reason.
- 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 £11.826m at 31 March 2023 (2022: £40.740m). However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point of its incorporation (on 1 April 2004). 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 has allowed TheBarnetGroup Limited to support Barnet Homes 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, on this basis and the London Borough of Barnet's stated intention to support TheBarnetGroup Limited, the Board consider preparation of the Financial Statements on a going concern basis to be appropriate.

BARNET HOMES LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Revenue****Housing Management**

The Company's main source of income is the housing management fee received from London Borough of Barnet in line with the approved management agreement. The Company provides certain housing management services to the public, including housing options, tenancy management, repairs and maintenance, on behalf of the Barnet Council. The agreement has a duration of ten years commencing in April 2016 and ending in March 2026. The housing management fee was agreed with the Council on a fixed basis for the first 5-year period ending in Year 2020/21, subject to annual reviews considering factors including five-year business plan, any changes in government policy affecting delivery of the services, and the prevailing rate of CPI inflation. The Company satisfies its performance obligations as the housing management services are provided, and charges the Council monthly. As the monthly invoices reflect the services performed during a particular month, the Company recognises its revenue over time when the invoices are raised.

Adult social services

The Company's adult social services arm 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, commencing in February 2017 and has been extended for a further two years to April 2024. 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.

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 Group standing ready as this stand-ready service is provided, the Group has determined that the revenue arising from providing this stand-ready service should be recognised over time, based on the time spent standing ready.

Property, plant and equipment and depreciation

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

Vehicles, plant & equipment:	5	years
Furniture, fixtures & fittings:	5	years
Mobile devices:	5	years
Computer equipment:	5	years

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

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.

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

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

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

Leases

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

BARNET HOMES LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial assets

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

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

Financial assets at amortised cost

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

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

The Company holds trade and other receivables at amortised cost.

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

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

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

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

BARNET HOMES 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.

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

Contract assets

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

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

Contract liabilities

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

Trade and other payables

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

Income tax

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

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

BARNET HOMES 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 Group and not recoverable from HM Revenue and Customs. The 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.

Short term investments

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

Equity and reserves

Retained earnings include all current and prior period retained profits.

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 Barnet Homes Limited, but the Company's pension deficit at the point of incorporation (1 April 2004) has been guaranteed by London Borough of Barnet.

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 gains arise 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 because 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.

Provisions, contingent liabilities and contingent assets

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

BARNET HOMES LIMITED**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****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.

Significant management judgements in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

Determining the timing of revenue recognition

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

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

Capitalisation and amortisation of contract costs arising from revenue contracts

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 £40,740,000 (2022: £40,740,000) is based on standard rates of inflation and mortality. It also considers the Company's specific anticipation of future salary increases. The actuarial approach applies a roll forward methodology from the previous triennial review.

Assumptions are set with reference to market conditions at the year end. The discount rate has been set whereby a 'Hymans Robertson' corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index. This basis has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. Further details of the assumptions used can be found in note 13. Estimation uncertainties exist as the anticipated assumptions could vary.

Provisions

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

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

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets to the Company. The carrying amounts are analysed in note 6. Actual results, however, may vary due to technical obsolescence, particularly for software and IT equipment.

Extension options for leases

All leases can be extended with both lessee and lessor agreement. Management has not assumed any leases will be extended beyond their contract period.

Lease borrowing rate

Management has used the Company's incremental borrowing rate when calculating the Right of use asset value and corresponding lease liability.

BARNET HOMES LIMITED**3. REVENUE**

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

	2023	2022
	£'000	£'000
Management fee paid by The Barnet Group in respect of:		
Barnet Homes Limited housing management and support services	60,283	55,233
Repairs and maintenance	8,341	6,942
Property development	1,523	1,130
Total income from The Barnet Group	70,147	63,305
Capital works carried out directly by Barnet Homes Limited	-	3,619
Total income from The Barnet Group	70,147	66,924
Other operating income	5,526	3,642
Total revenue	75,673	70,566

The management fee income received from TheBarnetGroup Limited relate to the following services: (i) homelessness, (ii) housing management and support services, (iii) repairs and maintenance, (iv) capital works, all provided to The London Borough of Barnet. TheBarnetGroup Limited invoices London Borough of Barnet on behalf of Barnet Homes Limited and the management fee income is payable to Barnet Homes Limited on receipt of invoices.

The other operating income includes £2,381,612 (2022: £1,361,029) of income from other TheBarnetGroup Limited entities.

Revenues of £70.16m (2022: £66.9m) are derived from London Borough of Barnet. These revenues are attributed to management fee.

The company derives its revenue from the provision of contract services over time and transactional services at a point in time. All contract revenue is recognised in the year that services are provided.

Long-term contract revenue – over time	68,624	65,794
Short-term contract revenue – over time	1,523	1,130
Transactional revenue – at a point in time	5,526	3,642
Total revenue	75,673	70,566

BARNET HOMES LIMITED**3. REVENUE (continued)****Assets and liabilities related to contracts with customers**

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

	2023	2022
	£'000	£'000
Contract assets	21,291	14,656
Allowance for expected credit losses	(248)	(361)
Total Contract assets	<u>21,043</u>	<u>14,295</u>
Contract liabilities	-	-

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

4. OPERATING PROFIT/(LOSS)

The profit/(loss) for the year (before pension accounting entries) has been arrived at after charging the following,

	2023	2022
	£'000	£'000
Depreciation and amortisation	1,219	1,512
Employee salaries and benefits	24,469	20,867
Auditor's remuneration		
- Fees payable to the Company's auditors for the audit of the financial statements	73	58
- Fees payable to the Company's auditors for other services (i)	-	2

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

5. FINANCE INCOME AND FINANCE COST

	2023	2022
	£'000	£'000
Finance income:		
- bank deposit and short-term investment interest	2	2
- interest & charges on loan to Group companies	58	64
- return on retirement benefit scheme assets	<u>1,870</u>	<u>1,272</u>
	1,930	1,338
Finance cost:		
Lease finance costs	(101)	(113)
Interest on retirement benefit obligation	<u>(2,987)</u>	<u>(2,294)</u>
	(3,088)	(2,407)

The interest and charges income relate to interest on the loan, and the arrangement fee on the loan to Your Choice (Barnet) Limited and Bumblebee Lettings Limited.

BARNET HOMES LIMITED**6. TANGIBLE ASSETS****Property, plant and equipment**

	Vehicles, plant & equipment £'000	Computer equipment £'000	Total £'000
Gross carrying amount			
Balance 1 April 2022	141	1,528	1,669
Additions	-	-	-
Disposals	-	-	-
Balance 31 March 2023	141	1,528	1,669
Depreciation and impairment			
Balance 1 April 2022	141	1,528	1,669
Charge for year	-	-	-
Disposals	-	-	-
Balance 31 March 2023	141	1,528	1,669
Carrying amount 1 April 2022	-	-	-
Carrying amount 31 March 2023	-	-	-

6.1 Right of Use assets

	Vehicles £'000	Leasehold Offices £'000	Office equipment £'000	Total £'000
Gross carrying amount				
Balance 1 April 2022	1,177	2,417	408	4,002
Additions	10	8	322	340
Lease cancellation/ended	-	-	(408)	(408)
Balance 31 March 2023	1,187	2,425	322	3,934
Depreciation				
Balance 1 April 2022	433	592	368	1,393
Charge for year	237	378	147	762
Lease cancellation/ended	-	-	(408)	(408)
Balance 31 March 2023	670	970	107	1,747
Carrying amount 1 April 2022	744	1,825	40	2,609
Carrying amount 31 March 2023	517	1,455	215	2,187

Capital Commitments

At the Statement of Financial Position date, the Company has no capital commitments (2022: £nil).

BARNET HOMES LIMITED
7. INTANGIBLE ASSETS

Computer software and development

	Total £'000
Gross carrying amount	
Balance 1 April 2022	4,372
Additions	-
Disposals	(2,534)
Balance 31 March 2023	<u>1,838</u>
Amortisation	
Balance 1 April 2022	3,119
Charge for the year	457
Disposal	(2,527)
Balance 31 March 2023	<u>1,049</u>
Carrying amount 1 April 2022	<u>1,253</u>
Carrying amount 31 March 2023	<u><u>789</u></u>
The remaining useful lives vary between 6 months and 5 years.	

Summary of depreciation and amortisation	2023 £'000	2022 £'000
Depreciation	762	860
Amortisation	457	652
	<u>1,219</u>	<u>1,512</u>

8. LOAN TO ASSOCIATED COMPANY

	2023 £'000	2022 £'000
8-year unsecured loan to Your Choice (Barnet) Limited	520	670
5-year unsecured loan to Bumblebee Lettings Limited	290	290
Deferred arrangement fee	(3)	(5)
	<u>807</u>	<u>955</u>
Less Amount repayable within 12 months (classified as current asset)	<u>(460)</u>	<u>(150)</u>
Long Term Loan receivable	<u>347</u>	<u>805</u>

The Your Choice (Barnet) Limited loan and 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. The loan agreement includes annual bullet loan repayments from Your Choice (Barnet) Limited which is payable to the Company.

The five-year, £0.5 million loan facility to Bumblebee Lettings Limited is subject to an interest rate of 6% per annum payable monthly in arrears.

BARNET HOMES LIMITED**9. TRADE AND OTHER RECEIVABLES**

	2023	2022
	£000	£000
Amounts receivable within one year:		
Trade receivables, gross	237	290
Provision for doubtful debt	(202)	(232)
Trade receivables	35	58
Amounts due from ultimate parent undertaking	223	21
Amounts due from parent undertaking	12,675	9,331
Amounts due from fellow Group undertakings	1,821	1,188
Financial assets	14,754	10,598
Other debtors	5,369	3,143
Allowance for expected credit losses (note 3)	(248)	(361)
Prepayments and unbilled income	1,169	818
Non-financial assets	6,290	3,600
Trade and other receivables	21,044	14,198

The ultimate parent undertaking is London Borough of Barnet.

The parent undertaking is TheBarnetGroup Limited.

The fellow Group undertakings are Your Choice (Barnet) Limited, TBG Flex Limited and Bumblebee Lettings Limited as well as the Barnet Homes Limited subsidiary, TBG Open Door Limited.

10. CASH AND CASH EQUIVALENTS

	2023	2022
	£'000	£'000
Bank accounts	6,083	5,430
Cash in hand	3	3
Short term deposit	-	-
	6,086	5,433

Short term deposit represents cash held in a 95 Day Corporate Notice fixed deposit account.

BARNET HOMES LIMITED**11. LEASE LIABILITIES**

	2023	2022
	£'000	£'000
Opening Balance	2,704	4,520
New finance leases	340	2,438
Lease cancellations	-	(3,336)
Less: Net Present Value of lease payments	(885)	(918)
Total finance lease liability	<u>2,159</u>	<u>2,704</u>
Finance leases payable in less than one year	838	738
Finance leases payable in more than one year	<u>1,321</u>	<u>1,966</u>
	<u>2,159</u>	<u>2,704</u>

Minimum lease payments £000					
31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Lease Payments	906	836	542	-	2,284
Finance charges	68	38	19	-	125
Net Present Value	838	798	523	-	2,159

Minimum lease payments £000					
31 March 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Lease Payments	824	791	749	542	2,906
Finance charges	86	61	36	19	202
Net Present Value	738	730	713	523	2,704

12. EQUITY**12.1 SHARE CAPITAL**

Barnet Homes Limited became a subsidiary of TheBarnetGroup Limited on 1 February 2012. It is a Company established with no share capital and is limited by guarantee. From 1 February 2012, TheBarnetGroup Limited is the sole member of the Company.

TheBarnetGroup Limited is a Company limited by shares wholly owned by The London Borough of Barnet.

Barnet Homes Limited continues to operate in the same way as under its original ALMO management agreement with London Borough of Barnet, albeit under a Group structure.

TheBarnetGroup Limited is a local authority-controlled trading Company under the control of London Borough of Barnet.

BARNET HOMES LIMITED**13. EMPLOYEE REMUNERATION****13.1. EMPLOYEE BENEFITS EXPENSE**

	2023	2022
	£'000	£'000
Wages and salaries	18,541	15,009
Social security costs	1,967	1,655
Pensions costs	3,961	4,203
	24,469	20,867

In addition to the above, £nil (2022: £743,000) wages and salaries have been capitalised as part of intangible assets development.

Wages and salary costs in this financial year include redundancy costs of £73,929 (2022: £12,391).

13.1.1 DIRECTOR'S REMUNERATION

	2023	2022
	£'000	£'000
Eamon McGoldrick	4	4
Washington Ainabe	-	1
Aruna Bhatt	3	3
Jade Lam	2	-
Tim Mulvenna	211	221
Robert Webber	2	2
	222	231

Apart from the Chief Executive Officer none of the other Executive Officers were Directors of the Company. The non-executive directors are not entitled to any pension benefits.

Emoluments of the highest paid Director was £ 211,477 (2022: £ 221,427)

Directors' salary costs are included in Employee benefits expense above (13.1).

13.2. EMPLOYEES

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

Service	2023	2022
Growth & Development	11	31
Care and Support	32	62
Operations Directorate	165	154
Non-Executive Directors	4	5
	212	252

BARNET HOMES LIMITED**13.3. 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. It is contracted out of the State Second Pension. The basis on which the net pension liability is recognised in the financial statements is set out in the accounting policies (Note 2).

A full actuarial funding valuation was carried out at 31 March 2022 and updated to 31 March 2023 by a qualified independent actuary. The actuarial report states that it was prepared in accordance with the International Accounting Standard 19 (IAS 19). This forms the basis of the balance sheet and funding status disclosures to be made in respect of its pension obligations under the Local Government Pension Scheme.

For the years ending 31 March 2023 and 31 March 2022, the Company contributed to the Scheme at a rate of 24.3% of pensionable salaries.

The financial assumptions used by the actuary were:

	31 March 2023	31 March 2022
	% p.a.	% p.a.
Salary Increases	3.95	3.90
Pension Increases	2.95	3.20
Discount Rate	4.75	2.70

The pension increase assumption is set in line with the default Consumer Prices Index (CPI) assumption.

Life expectancy from age 65 (years)	31 March 2023	31 March 2022
Current Pensioners		
Males	21.4	21.7
Females	24.8	24.3
Future Pensioners		
Males	22.8	23.1
Females	26.1	26.1

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.

BARNET HOMES LIMITED**13.3. PENSION AND OTHER EMPLOYEE OBLIGATIONS CONTINUED**

Net pension liability as at	31 March 2023	31 March 2022
	£'000	£'000
Present Value of Funded Obligation	(79,047)	(109,177)
Fair Value of Scheme Assets (bid value)	67,704	69,047
Net liability	(11,343)	(40,130)
Present Value of Unfunded Obligation	(483)	(610)
Net liability in statement of financial position	(11,826)	(40,740)

The amounts recognised in the statement of comprehensive Income are as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Service cost	3,264	3,785
Net interest on the net defined liability	1,117	1,022
Past service costs	99	29
Total	4,480	4,836
Actual return on scheme assets	(2,057)	4,984

Reconciliation of opening and closing balances of the present

value of the defined benefit obligation	31 March 2023	31 March 2022
	£'000	£'000
Opening Defined Benefit Obligation	109,787	113,582
Current service cost	3,264	3,785
Interest cost	2,987	2,294
Change in financial assumptions	(41,232)	(8,278)
Change in demographic assumptions	(259)	(467)
Experience loss/(gain) on defined benefit obligation	6,402	206
Estimated benefits paid (net of transfers in)	(2,006)	(1,844)
Past service cost, including curtailments	99	29
Contributions by scheme participants	514	507
Estimated unfunded benefits paid	(26)	(27)
Closing Defined Benefit Obligation	79,530	109,787

BARNET HOMES LIMITED**13.3. PENSION AND OTHER EMPLOYEE OBLIGATIONS CONTINUED****Reconciliation of opening and closing balances of the fair value of scheme assets**

	31 March 2023	31 March 2022
	£'000	£'000
Opening fair value of scheme assets	69,047	63,252
Other experience adjustment	179	-
Interest on assets	1,870	1,272
Return on assets less interest	(3,927)	3,712
Administration expenses	26	27
Contributions by employer including unfunded benefits	2,027	2,148
Contributions by scheme participants	514	507
Estimated benefits paid plus	(2,006)	(1,844)
Estimated unfunded benefits paid	(26)	(27)
Fair value of scheme assets at end of period	67,704	69,047

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:

Change in assumptions at 31 March 2023:	Approximate % Increase to Employer Liability	Approximate Monetary Amount (£000)
0.1% decrease in Real Discount Rate	2%	1,422
1 year increase in life expectancy	4%	3,181
0.1% increase in Salary Increase Rate	0%	149
0.1% increase in Pension Increase Rate	2%	1,294

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

Re-measurements and Other Comprehensive Income

	31 March 2023	31 March 2022
	£'000	£'000
Return on plan assets in excess of interest	(3,927)	3,712
Change in financial assumptions	41,232	8,278
Change in demographic assumptions	259	467
Experience gain on defined benefit obligation	(6,223)	(206)
	31,341	12,251

BARNET HOMES LIMITED**13.3. PENSION AND OTHER EMPLOYEE OBLIGATIONS CONTINUED****Projections for year to 31 March 2024**

	Year to 31 March 2024 £'000
Service Cost	(1,708)
Net interest on the defined liability	(554)
Return on assets	-
Total	(2,262)
Employer's contributions for the period to 31 March 2024	2,003

Assets

The estimated asset allocation for Barnet Homes Limited is as follows;

	31 March 2023		31 March 2022	
	£'000	%	£'000	%
Employer Asset Share - Bid Value				
Debt Securities	5,944	9%	6,101	9%
Real Estate	4,488	6%	2,949	4%
Investment Funds and Unit Trusts	54,598	81%	56,218	81%
Private Equity	1,912	3%	1,751	3%
Cash	762	1%	2,028	3%
Total	67,704	100%	69,047	100%

The breakdown of assets in monetary terms in the table shown to the nearest £1,000.

14. PROVISIONS

	Insurance claims £'000	Other provision £'000	Total provisions £'000
Carrying amount at 1 April 2022	33	-	33
Utilised	-	-	-
Released from provisions	(5)	-	(5)
Carrying amount at 31 March 2023	28	-	28

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2023. Barnet Homes Limited's liability is restricted to the amount of the claim or the policy excess, whichever is the lesser. The policy excess is currently £2,500. Disrepair claims are estimates relating to outstanding disrepair cases. The Company has provided for any such challenges where at the end of the year it is more likely than not that there is an obligation to be settled.

BARNET HOMES LIMITED**15. TRADE AND OTHER PAYABLES**

	2023	2022
	£'000	£'000
<i>Current:</i>		
Trade payables	11,368	3,271
Amounts due to ultimate parent undertaking	35	2
Amounts due to parent undertaking	1,300	2,929
Amounts due to fellow Group undertakings	114	(21)
Financial liabilities	12,817	6,181
Other payables	104	81
Other taxation and social security	20	68
Contract liabilities (note 3)	-	-
Accruals	13,743	13,585
	26,684	19,915

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

The fellow Group undertakings are Your Choice (Barnet) Limited, TBG Flex Limited and Bumblebee Lettings Limited as well as the Barnet Homes Limited subsidiary, TBG Open Door Limited.

16. INCOME TAX EXPENSE**Tax charge per accounts**

	Current period		Prior period	
	Derived	Accounts	Derived	Accounts
	£'000	£'000	£'000	£'000
	£	£	£	£
Analysis of tax charge/(credit) for the period				
Current tax				
UK corporation tax at 19.00% (PY: 19.00%)	-	-	-	-
Adjustments in respect of prior periods	-	-	(47)	(47)
	-	-	(47)	(47)
Deferred tax				
Origination and reversal of temporary differences	-	-	-	-
Tax on profit on ordinary activities	-	-	(47)	(47)

BARNET HOMES LIMITED**16. INCOME TAX EXPENSE CONTINUED****Provision for deferred tax**

Movement in Provision:

Provision at start of period

- -

Deferred tax charged in the income statement

for the period

- -

Provision at end of the period

- -

Deferred tax (asset)/liability not recognised

(531) (531) - -

Reconciliation of tax charge

Loss before tax

(2,181) (2,181) (2,245) (2,245)

Tax on loss at standard CT rate of 19.00% (PY: 19.00%)

(414) (414) (427) (427)

Effects of:

Expenses not deductible for tax purposes

49 49 250 250

Remeasurement of deferred tax for changes in tax rates

- - (85) (85)

Adjustment in respect of previous periods-deferred tax

- - (10) (10)

Deferred tax not recognised

365 365 272 272

Tax charge for the period

- - - -

17. RELATED PARTY TRANSACTIONS**17.1 TRANSACTION WITH CONTROLLING PARTY/RELATED PARTIES**

	2023	2022
	£'000	£'000
Payments to LBB Pensions	2,984	3,052

Barnet Homes Limited is a local authority-controlled Company of the London Borough of Barnet established with no share capital and limited by guarantee. The Council has delegated responsibility for overseeing homelessness and allocations, as well as the management and maintenance of its residential stock to Barnet Homes Limited in accordance with the ten-year management agreement effective from 1 April 2004. There is a new 10-year agreement in place from 2016-17. Housing Options, the homelessness and allocations service area for the Council, was transferred into Barnet Homes Limited on 01 April 2012. Barnet Homes Limited became part of the local authority trading Company, TheBarnetGroup Limited, from 1 February 2012.

The Council has delegated the responsibility of homelessness, management and maintenance of its residential stock to Barnet Homes Limited through TheBarnetGroup Limited.

TheBarnetGroup Limited is a local authority trading Company (LATC) limited by shares, which is 100% owned by London Borough of Barnet.

BARNET HOMES LIMITED**17.1 TRANSACTION WITH CONTROLLING PARTY/RELATED PARTIES CONTINUED**

Your Choice (Barnet) Limited is also a subsidiary of TheBarnetGroup Limited.

Barnet Homes Limited continues to operate in the same way as under its original ALMO management agreement with the Council, albeit under a Group structure.

From 1 February 2012, the Council pays the management fee, in accordance with that management agreement and any variations approved, to TheBarnetGroup Limited, who passes the whole management fee to Barnet Homes Limited. TheBarnetGroup Limited acts as an agent of Barnet Homes Limited in transacting with the Council.

Barnet Homes Limited has invoiced a total of £180,657,803 to TheBarnetGroup Limited which mainly relates to its management fee income received from London Borough of Barnet via the LATC, as well as funding for the homelessness service third party costs for temporary accommodation and private sector lease rentals.

17.2. KEY MANAGEMENT PERSONNEL**17.2.1 NON- EXECUTIVE DIRECTORS**

The Non-Executive Directors are defined as being the members of Barnet Homes Limited's Board who are not executive officers of Barnet Homes Limited. The Non-Executive Directors received emoluments for the financial year and were entitled to reimbursement of incidental expenses incurred when attending board meetings and other formal events in their capacity as board members. The Non-Executive Directors are not entitled to pension benefits.

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

	2023	2022
	£'000	£'000
Salaries	11	10

17.2.2 EXECUTIVE OFFICERS

	2023	2022
	£'000	£'000
Salaries	607	601
Performance Bonus	-	40
Social security costs	79	79
Pensions costs	59	59
Other	3	4
	748	783

18. 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 Barnet Homes 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.