

Company No. 07873964

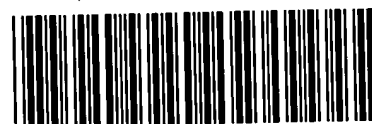
The BarnetGroup Limited

Annual Report

Strategic Report

Year ended 31 March 2017

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1. Company Information

Directors

Terry Rogers (Chair)
Nigel Turner (Vice Chair)
Rebecca Toloui-Marks
Councillor John Marshall
Councillor Ross Houston
Jeff Baker (Vice Chair)
Troy Henshall
Jack Stephen
Sharon Slotnick

Chief Executive Officer Troy Henshall

Executive Officers	Derek Rust	Deputy Chief Executive
	Julie Riley	Director of Care & Support
	Trudi Kleanthous	Director of Corporate Services
	Mark Jones	Interim Finance Director
		Resigned June 2016
	Mike Gerrard	Finance Director
		Appointed September 2016
	Elliott Sweetman	Director of Operations

Company Secretary	Troy Henshall	Resigned 7 November 2016
	Trudi Kleanthous	Appointed 7 November 2016

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London
N20 0EJ

Registered Number 07873964

Auditor Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Milton Keynes
MK9 1LW

Bankers Santander UK PLC
T54 Ground Floor Ops
Bridle Road
Bootle
Liverpool
L30 4GB

2. Report of the Directors

The Board is pleased to present the financial statements of TheBarnetGroup Limited for the year ended 31 March 2017.

Principal activities

TheBarnetGroup Limited (the 'Company') is a Local Authority Trading Company (LATC) created in 2012 and has three subsidiary organisations, being Barnet Homes Limited, an Arms' Length Management Organisation (ALMO), Your Choice (Barnet) Limited, another LATC and TBG Flex Limited, a company for the recruitment and employment of staff. Barnet Homes Limited has a subsidiary organisation, TBG Open Door Limited, a registered provider with the Homes and Communities Agency.

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

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

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

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

Your Choice (Barnet) Limited is a Local Authority Trading Company (LATC) ultimately owned by the London Borough of Barnet (the 'Council') via

TheBarnetGroup Limited, that commenced its operations on 1 February 2012 delivering specialist care and support services to adults with a range of physical and learning disabilities. These services were transferred in order to enable the company to become more cost effective and compete in the Adult Social Care marketplace.

The services include:

- **Rosa Morison Day Service** for adults who have profound and multiple learning and physical disabilities (PMLD);
- **Flower Lane Autism Service** providing support to adults who are on the autistic spectrum and have additional complex behaviour support needs;
- **Valley Way Respite Centre** for adults with PMLD, physical disabilities, autism and complex behaviour support needs;
- **Community Space Day Service** offering community support for adults who have a wide range of learning disabilities;
- **Supported Living Service** supporting people with learning disabilities to live as independently as possible in their own home;
- **Barnet Independent Living Service** for adults with a range of physical and sensory impairments;
- **PA Choices** a matching service for people who are on direct payments and who require a personal assistant to provide them with support with their daily activities, set up January 2016.
- **Your Choice Enablement Service** was set-up in December 2016. This service has successfully provided high quality enablement packages to support people to regain skills and their independence.

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

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

The Company was incorporated on 26 October 2015 and started trading in February 2016. These are the first financial statements for the Company.

TBG Flex Limited offers flexible benefits for all its employees.

TBG Open Door Limited is a new company within the Barnet Group structure and subsidiary of Barnet Homes for the development and management of affordable housing. The Company was registered with the Homes and Communities Agency as a registered provider of social housing on 7th March 2017.

The Company was incorporated on 29 October 2015. These are the first Financial Statements for the Company covering the seventeen month period from 29 October 2015 to 31 March 2017.

The services offered by TBG Open Door Limited will strongly support the London Borough of Barnet in the delivery of its new Housing Strategy 2015 – 2025 by seeking to:

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

Group results for the year

Before taking account of the adjustments required in relation to pensions, a trading surplus of £118,000 was achieved (2016: £663,000 surplus). After the adjustments for pensions, the Group recorded a net deficit of £1,375,000 (2016: £1,079,000 deficit) before the actuarial gain on the pension scheme of £6,870,000 (2016: £4,229,000 actuarial gain).

Accumulated revenue reserves, before the pension liability, now stands at £2,110,000 (2016: £1,992,000).

Directors

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

3rd party indemnity provision for Directors

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

Disabled persons

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

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

For the people we support, we will:

- Treat all of the people we support with dignity and respect;
- Consult and involve the people we support in planning the delivery of services;
- Engage with hard to reach groups to get their views;

- Target our services in a person centred way to ensure they reflect the needs of the people we support.

Employee information

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

As an employer we will:

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

Charitable donations

No charitable donations were made by the Group or the Company for the year ended 31 March 2017, (2016: £nil).

EU Political donations and expenditure

No political donations or expenditure were made for the year ended 31 March 2017, (2016: £nil).

Donations to non-EU political parties

No political donations or expenditure were made for the year ended 31 March 2017, (2016: £nil).

Payment policy

The Company pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 18 days of receipt of the invoice (2016: 18 days).

Directors' Remuneration Report

The Directors are defined as being the Board members of TheBarnetGroup Limited. The Independent Directors receive emoluments and are entitled to reimbursement of incidental expenses incurred when attending board meetings and other formal events in their capacity as board members. The Independent Directors are not entitled to pension benefits. These are the only transactions with the Independent Directors of the Company. Executive Directors who are fully employed as officers of the Company receive pension benefits. Directors' remuneration is disclosed in note 18 to the financial statements.

Code of Governance

The Group and its subsidiary Boards have adopted and complied with the National Housing Federation code of governance, Excellence in Governance 2015. The Group complies with its new code apart from two technical instances of non-compliance in relation to the overall length of service as a Board member within the

Group. These date back to events that took place before the code was adopted and at that time were compliant with the code of governance then in use:

- One of the Council nominees who joined the Group Board in 2012 had previously served on the Barnet Homes Limited Board between 2007 and 2012. This member was assessed before joining the Board in 2012, and found to have the requisite skills, experience, and the ability to contribute to the work of the Board. Following the findings of a comprehensive governance review, this issue has been included in a prioritised governance improvement plan for further consideration.
- An independent member was appointed as Chair of the newly formed TBG Open Door Limited Board and Group Board Member in 2015. This individual had previously been a member of the Barnet Homes Limited Board between 2006 and 2014, and has particular valuable specialist skills and chairing experience. In the light of this, the appointments were approved by the Group Governance & Remuneration Committee. The individual will serve one full term as Chair of TBG Open Door Limited Board, and will then step down from both Boards. This will give the Group time to fully develop the TBG Open Door Limited Board and to make appropriate plans for succession.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accounting Standards and applicable laws), including International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

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

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

for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

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

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

Going Concern

The accounts are prepared on a going concern basis. In line with International Accounting Standard 19, the Group's pension deficit is recognised in full in the Consolidated Statement of Financial Position and this is stated at £31,137 million at 31 March 2017 (2016: £36.514 million). However, the London Borough of Barnet has fully guaranteed Barnet Homes Limited's pension deficit at the point of its incorporation (on 1 April 2004) and has provided a letter of comfort to the Directors of Barnet Homes Limited, setting out its intention to fund Barnet Homes Limited's on-going operational cash flow requirements from the point of incorporation onwards, through the payment of the agreed monthly management fee. Furthermore, the London Borough of Barnet has also guaranteed the pension deficit in respect of Your Choice (Barnet) Limited at the point that the employees were transferred to Your Choice (Barnet) Limited (on 1 February 2012). The Directors have reviewed the Group's budget for the next financial year. Therefore, the Board considers preparation of the Financial Statements on a going concern basis to be appropriate.

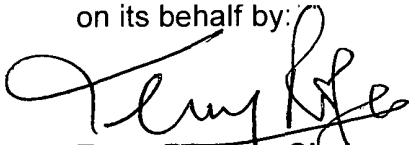
International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.

Auditor

Grant Thornton UK LLP has expressed their willingness to remain in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting.

Approval and signature

The Report of the Directors was approved by the Board on 28 June 2017 and signed on its behalf by:



Terry Rogers, Chair

3. Strategic Report

Review of Group results

The year to 31 March 2017 was the fifth year of operation for the Group. Before taking account of the adjustments required in relation to pensions, a Group surplus of £118,000 was achieved (2016: £663,000 surplus).

After the adjustments for pensions, the Group recorded a net loss after tax of £1,375,000 (2016: £1,079,000 deficit) before the actuarial gain on the pension scheme of £6,870,000 (2016: £4,229,000 actuarial gain).

Accumulated revenue reserves, before the pension liability, now stand at £2,110,000 (2016: £1,992,000).

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

Barnet Homes Limited

Principal Risks and Uncertainties

The Company's principal source of income is a fixed management fee from the London Borough of Barnet, which is paid monthly in advance in accordance with the Agreement. The fee is set in advance, and the main risk to the Company is that it is not able to deal with inflationary pressures and planned efficiencies in the management fee of £2.1 million annually by 2020.

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 gains momentum with 119 properties decanted for regeneration purposes in the year (2016: 174). Right to Buy (RTB) sales amounted to 66 units (2016: 76 units).

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

The HRA Business Plan is under pressure arising from Government Policy resulting in a 1% rent cut each year in the period up to 2020.

The original implementation of the QL Housing Management system does not comply with best practice, which has resulted in operational and reporting issues. Accordingly, a re-implementation of this system has progressed during the year. In this year's financial statements £270,000 of intangible assets relating to the original implementation has been written off.

The Company has established a new Registered Provider (RP) to deliver the first phase of 320 new homes in the borough. The RP is a subsidiary of Barnet Homes Limited. The draft Business Plan for the RP has identified risks associated with property development, construction costs, managing a debt facility, inflation and rent increase assumptions.

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

Key financial performance indicators

Overview

Barnet Homes Limited's performance is marginally better than its budget in 2016/17, showing a positive variance of £8,000 against budget, resulting in a surplus of £83,000 before pension adjustments (*2016: £276,000 surplus*). This is a satisfactory result.

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. The key performance indicators do not impact on the Company's financial results as they are delivered by the Company for the Council and mostly accounted for in the HRA. They are however, the key indicators in determining the Company's performance acting in its role as a homelessness and housing management provider for the Council.

Allocations and lettings

Average re-let times in days	2016/17	2015/16
Routine lettings (2017 Target 24 days)	13.5	20.9
Major works lettings (2017 Target 60 days)	37.2	46.0
All lettings	21.4	27.6

The above table shows the average re-let times performance for the year 2016/17 compared to performance from the previous year. Barnet Homes' year end performance for re-letting routine voids of an average of 13.5 days is a circa 7 day improvement on the 15/16 performance.

In 2016/17 performance improved for both routine lettings and major works lettings – with a reduction in turnaround time against target. When benchmarked with peer organisations through HouseMark, Quarter 3 2016/17 performance for routine re-letting of properties was in the top quartile.

The 2016/17 annual performance is the best voids performance for routine lettings in the history of Barnet Homes and the improvement is due to the implementation of the findings of a review of the voids service.

Households in emergency accommodation

	2016/17	2015/16
Number of households in Emergency Temporary Accommodation (ETA)	149	251
Number of households in bed and breakfast accommodation	0	2

A number of successful supply measures were delivered throughout 2015/16 to reduce the number of households in Emergency Temporary Accommodation (ETA). By the end of March 2017, there were just 149 households in ETA, the lowest number for over 5 years and a 41% reduction on the 2015/16 outturn.

	2016/17	2015/16
Number of lettings to Barnet Homes managed properties	517	519
Number of regeneration property lettings	104	139
Number of private sector lettings	646	492

Despite sustained high levels of demand, with over 1,400 placements into forms of interim temporary accommodation for the third consecutive year, the delivery of over 400 new units of affordable long-term temporary accommodation and supply of 646 private sector lettings meant that Barnet Homes was able to reduce reliance on Emergency Temporary Accommodation, creating better outcomes for both our customers and the Council.

Homelessness

	2016/17	2015/16
Number of homelessness preventions	972	870
Number of regeneration decants	104	174

In 2016/17 we completed 972 homelessness preventions which is an improvement on the 870 achieved in 2015/16 especially when considering the difficult climate in the private rented sector.

- The Barnet Homes Welfare Reform Task Force prevented homelessness in 89 households last year, helped 165 people into work and off the benefit cap, assisted 70 people to move to more affordable accommodation, gave out 1,027 discretionary housing payments, helped 130 clients to move onto disability benefits and off the benefit cap, received 288 referrals for help with universal credit and made 618 appointments for welfare benefit advice
- The Youth Mediation Co-ordinator has delivered 39 homelessness preventions by working with families and their 16 and 17 year old children to either keep them at home or arrange planned moves into suitable alternative accommodation.
- The Sanctuary Scheme installed 58 security measures into the properties of domestic violence and abuse victims which enabled them to remain in their homes.
- A domestic violence and abuse one stop shop now provides weekly surgeries, which further supports early intervention and prevention. 330 victims approached this service for support, advice and information over last financial year.

Rent collection and arrears performance

As at:	31-Mar-17	31-Mar-16
Number of tenants in arrears	3,546	3,703
Average arrear	£500	£488
Number of tenants more than 7 weeks in arrears	500	593
Arrears as a percentage of the debit	3.04%	3.24%

At 31 March 2017 arrears expressed as percentage of debit stands at 3.04% against a target of 3.00%. This is an excellent outcome following a challenging start to the year brought on by the payment failures in last year's fourth quarter. It is also pleasing to note that for nine out of the last twelve months the target has been achieved.

The high risk areas of tenant evictions and high level arrears cases continued to be addressed in line with our arrears improvement plan.

Evictions - all avenues are explored to support tenancy sustainment and maximise income for the customer and the Council. Whilst we have had increased success in obtaining funding from the Homeless Prevention Fund (HPF) and Discretionary Housing Payment (DHP) fund, we had anticipated that there would be an increase in evictions due to non-engagement from customers and those that had the ability to pay but had not. A total of 17 evictions were carried out during the year.

The number of current tenants in arrears for 7 weeks or more was 500 (2016: 593 cases). This area of work continues to be targeted with extra resources.

We are continuing to work with the Corporate Anti-Fraud Team (CAFT), the Neighbourhood Management Team and the DHP Section of the Task Force to support the management of these high level arrears cases.

Repairs and gas servicing

Responsive repairs satisfaction was 99.2% (2016: 99.1%) against a target of 96%. This is arrived at from a combination of contractor undertaken surveys and Barnet Homes' internal validation.

Gas servicing achieved 100% compliance in both years.

Major works satisfaction

Resident satisfaction with major works was 96% (2016: 94.8%) against a target of 94%.

Future Developments – Barnet Homes Limited

The application for registration with the Homes and Communities Agency for TBG Open Door Limited was completed in February 2017. This company is planning to develop 320 new homes for the Council in the period to 2021, and is a subsidiary of Barnet Homes Limited.

Your Choice (Barnet) Limited

Your Choice (Barnet)'s principal source of income is the fees from services that are commissioned by the London Borough of Barnet, which are paid monthly in arrears and based on an hourly, daily or nightly rate. The services are also commissioned by other local authorities, Clinical Commissioning Groups and privately through direct payments. These fees account for around 18.4% of the total income.

The Adult Social Care marketplace is extremely challenging and it is important for YCB to provide services that people will access and that the Council wants to commission. It is with this in mind that proposals for some of the services to be transformed have been submitted to and accepted by the Council.

The transformed services will provide support for people to gain greater independence when accessing the community and enable people to be in paid employment. In addition some people will move from supported living into mainstream housing. This in turn will provide opportunities for people who have more complex support needs to be in a supported living environment as an alternative to residential or hospital settings. The proposed changes have led to the contract being renewed from February 2017 for a further five years. There is a risk that the proposals will not be acceptable to the people we support or their families.

There is however, a significant risk that if YCB does not make the proposed changes, a number of the current services will no longer be commissioned as they

are not in the longer term fit for purpose. There are a number of reasons for this, including:

- a) The difficulty in attracting younger people to the services as they often have differing expectations, namely to move-on to their own accommodation (not in a block with others) and to get a job.
- b) The Supported Living Service provides 24/7 staffing levels and not all of the people living in the flats require this and there is a risk that people will come to rely on higher levels of support that are not needed and will go on to lose some of their independence skills.
- c) Benchmarking has shown that YCB respite and day services are relatively expensive compared to others, although some of the services are unique in providing for people who have profound or complex needs. The transformation of services will support the future plan to become more competitive in the longer term.

Health and safety and safeguarding of service users and employees is a priority, especially as the majority of the people we support have a significant range of disabilities. There are a number of performance indicators that measure the health and safety of the service provision and all have been consistently rated as Green throughout 2016/17.

Key performance indicators

2016/17 has been a good year in terms of performance with 17 (85%) performance indicators are rated green, 2 are green/amber (10%) and 1 red (5%). The number of referrals from other local authorities is still rated red as the cumulative total for the year is 9 against a target of 20. YCB continues to work closely with neighbouring authorities and continues to actively market its services.

Of the Green/Amber KPIs one relates to the use of agency staff which has remained fairly static at 12.9% (2015/16: 13.1%) against a target of 10%. The second green/amber related to utilisation at Valley Way which has been at 89% throughout the year against a target of 90%

Service utilisation

Overall, service utilisation is good, with strong performance at Independent Living Service (99%) and Flower Lane (98%).

The two new services, Personal Assistance and Enablement are growing towards target levels of utilisation though there have been challenges in recruiting staff quickly enough to respond to demand for the services.

	2016/17 Utilisation	2015/16 Utilisation	Target
Independent Living Service	99%	96%	96%

Community-Space	97%	97%	96%
Flower Lane	98%	97%	96%
Rosa Morison	95%	97%	96%
Supported Living	97%	99%	96%
Valley Way Personal Assistance Enablement	89%	94%	90%

At year end, there are 4 voids in the Supported Living Services, three of which have been allocated and are in the process of being filled.

Staffing

The use of agency staff has decreased in 2016/17, but is still behind target.

Indicator description	2016/17 Outturn	2015/16 Outturn	Target
Agency staff (%age of total FTEs)	12.9%	13.1%	10.0%
Sickness absence - days per FTE	7.6	12.7	10.0

Sickness levels have also improved; however it is important that staff do not attend work if they have infectious symptoms due to the vulnerability and health needs of the people we support.

Referrals

Two of the three targets for referrals have been met with only referrals from other local authorities at amber.

Indicator description	2016/17 Outturn	2015/16 Outturn	Full Year Target
Number of referrals from within the London Borough of Barnet	28	22	20
Number of referrals - other LAs	9	13	20
Number of referrals - other sources	29	22	20
Total number of referrals	66	57	60

Safeguarding

The table below presents the position on alerts raised:

	Indicator description	2016/17 Outturn	2015/16 Outturn
Alerts raised about YCB issues	Alerts raised	13	8
	Incidents under investigation	1	0
	Incidents closed and upheld	1	1
	Incidents closed and not upheld	11	7

Future Developments – Your Choice (Barnet) Limited

The discussions with the Council regarding the future of the Your Choice (Barnet) Limited services have provided the opportunity for remodelled services that are fit for the future, for the people we support now and those we will support in the future.

The Flower Lane service will continue to support people who have autism and complex behavioural support needs. This service is developing greater opportunities for people to access the community and is extending its outreach service in order to provide a service for more people as demand requires. This service will support people with autism as they age; adapting the type of support provided as their needs change.

The Rosa Morison service will continue to support people with profound and multiple learning disabilities (PMLD). This service will support more people with PMLD to access mainstream community groups. There will be an even greater use of emerging technologies that the service will access in order to improve and enhance choice and control opportunities for people who have PMLD.

BILS and CommunitySpace support some people who have complex support needs and these individuals will be supported to continue to access their activities with improved outcomes. However there are a number of people for whom Your Choice (Barnet) proposes to develop new services.

The introduction of a progression into employment offer for adults with learning disabilities (where this is appropriate for the individual) and will include a prevention and intervention service, to ensure that all activities are sustainable.

The Supported Living Services currently provide 24/7 support. There are a number of people who do not need this level of support. Therefore additional step down services will be developed, and a new shared housing offer for adults with learning disabilities who wish to access more independent living.

The introduction of additional short-term accommodation and support offers for use with clients at risk of a placement breakdown or, for older people, following a period of illness or hospital admission.

The new Enablement service went live in December 2016 and during 17/18 will increase its capacity and make available at least 1,000 hours per week to provide 2-

6 weeks of high quality enablement packages to support people to regain skills and their independence.

TBG Open Door Limited

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

The initial programme of 320 units in Barnet is part of a long-term strategy to position TBG Open Door Limited as a growing provider of affordable housing in the borough. Supplementing the current programme will provide mitigation for the programme-level risks.

In the construction of the properties, the company has made reasonable assumptions of costs across the whole programme to ensure all 320 units can be completed with the available funds. In addition, the company has invested in skilled staff to ensure the timely completion of the schemes.

In terms of funding, the company is partially funded by a loan facility of up to £65m for which interest is charged at the prevailing Public Works Loan Board rate, plus 1.24%. This rate is fixed from drawdown through to repayment and the company will ensure the development programme is completed to time to reduce the possibility of significant variations in interest cost.

Modelling of the business plan has demonstrated contingency to accommodate some variation in interest rate. The company benefits from £19m of grant funding which significantly contributes to the viability of each scheme.

Key performance indicators

2015/17 was an initial period of trading since incorporation on 29 October 2015 and has involved preparation and submission of information to ensure Housing Communities Agency (HCA) registration was successful. Registration was confirmed on 7th March 2017. There were no properties built or rental income received in the period.

Future Developments – TBG Open Door Limited

The discussions within the Group regarding the future of the TBG Open Door Limited services have provided the opportunity for achieving the following objectives as outlined in the TBG Open Door Limited 3 Year Business Plan:

- Develop quality new housing, including new types of construction and to deliver alternative tenure types
- Access grant opportunities and alternative funding streams
- Become asset owning and to use those assets over time to leverage further development and business opportunities

- Develop a new and more commercially orientated model of service delivery for landlord services, including the development of a “wrap around” facilities management company
- Develop bespoke viable service offerings for other stakeholders, landlords and tenure types
- Support the Council in delivering its housing strategy
- Support the Council in reducing or cross subsidising homelessness costs

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

TBG Flex Limited

TBG Flex's principal source of income is fees from group members and the London Borough of Barnet for the employment of staff.

Other members of the Barnet Group are charged a 4% annual fee by TBG Flex for the employment of staff. For the London Borough of Barnet, there is a one-off fee of £500 per new employee. The margin will be kept under review to ensure that it contributes to a viable surplus for TBG Flex.

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

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

Employees at 31 st March 2017	
Barnet Homes Limited	22
Your Choice (Barnet) Limited	16
London Borough of Barnet	15
Total	53

The table above includes 14 employees who were formerly on an interim or contract basis.

Future Developments – TBG Flex Limited

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

TBG Flex staff	Annual increase				
	2017/18	2018/19	2019/20	2020/21	2021/22
Conversion of agency staff	44	10	10	10	0
Permanent appointments	25	20	20	15	10
Total employed	122	152	182	207	217

Approval and signature

The strategic report was approved by the Board on 28 June 2017 and signed on its behalf by:



Terry Rogers, Chair

Independent auditor's report to the members of The Barnet Group Limited

We have audited the financial statements of TheBarnetGroup Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow, the consolidated statement of changes in equity, the company statement of comprehensive income, the company statement of financial position, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 7 and 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Directors' Report and Strategic Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

10/7/2017

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Revenue	3	68,144	61,876
Employee benefits expense	13	(18,327)	(16,262)
Retirement pension obligation		(88)	(337)
Depreciation	8	(136)	(193)
Amortisation	9	(369)	(448)
Asset impairment	9	(270)	(503)
Other expenses	4	(48,980)	(43,926)
Operating (loss)/profit	5	(26)	207
Finance income	7	1,877	1,701
Finance costs	7	(3,202)	(2,942)
Loss before tax		(1,351)	(1,034)
Income tax expense	16	(24)	(45)
Loss after tax		(1,375)	(1,079)
Other comprehensive income			
Actuarial gain on defined benefit on pension scheme	13	6,870	4,229
Total comprehensive income for the year		5,495	3,150
Total comprehensive income is attributable to:			
London Borough of Barnet		5,495	3,150

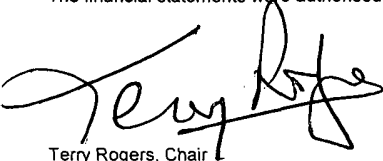
Reconciliation of total loss for the year after tax		
	2017 £'000	2016 £'000
Profit for the year	118	663
Loss from IAS19 pension fund accounting entries	(1,493)	(1,742)
Total (Loss) for the year after tax	(1,375)	(1,079)

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017
Consolidated Statement of Financial Position
as at 31 March 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Tangible Assets			
Property, plant and equipment	8	531	624
Intangible Assets			
Computer Software & Development	9	1,750	1,432
		<u>2,281</u>	<u>2,056</u>
Current assets			
Trade and other receivables	10	15,491	12,728
Cash and cash equivalents	11	14,288	14,661
		<u>29,779</u>	<u>27,389</u>
Total assets		<u>32,060</u>	<u>29,445</u>
EQUITY and LIABILITIES			
EQUITY			
Revenue reserve (excluding IAS 19 provisions)		2,110	1,992
Pension fund		(31,137)	(36,514)
Retained earnings		(29,027)	(34,522)
Total Equity		<u>(29,027)</u>	<u>(34,522)</u>
LIABILITIES			
Non-current liabilities			
Pension and other employee obligations	13	31,137	36,514
Provisions	14	64	59
		<u>31,201</u>	<u>36,573</u>
Current liabilities			
Trade and other payables	15	29,841	27,349
Current tax liabilities	16	45	45
		<u>29,886</u>	<u>27,394</u>
Total liabilities		<u>61,087</u>	<u>63,967</u>
Total equity and liabilities		<u>32,060</u>	<u>29,445</u>

The financial statements were authorised and approved by the Board on 28 June 2017 and signed on its behalf by:



Terry Rogers, Chair

Company Number: 07873964

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017
Consolidated Statement of Cash Flow
for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Loss before tax		(1,351)	(1,034)
Interest income		(30)	(41)
Depreciation of property, plant and equipment		136	193
Amortisation of intangible assets		369	448
Fixed assets impairment		270	503
Change in pension assets		(16,425)	(937)
Change in pension liabilities		11,048	(1,551)
Actuarial loss on pension scheme		6,870	4,229
Change in provisions		5	(64)
Taxes paid		(24)	(22)
Other		-	-
Net cash from operating activities		868	1,724
Net changes in working capital:			
Change in trade and other receivables		(2,763)	(6,417)
Change in trade and other payables		2,581	11,218
Change in other employee obligations		(89)	(53)
Total changes in working capital		(271)	4,748
Cash flows from investing activities			
Interest received	7	30	41
Purchase of equipment	8	(43)	(221)
Addition of intangibles	9	(957)	(563)
Decrease in short term investment		-	-
Net cash used in investing activities		(970)	(743)
Net (decrease)/increase in cash and cash equivalents		(373)	5,729
Cash and cash equivalents at beginning of year		14,661	8,932
Cash and cash equivalents at end of year	11	14,288	14,661

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017
Consolidated Statement of Changes in Equity

	Revenue Reserve (excl IAS19 provisions) £'000	Pension Fund £'000	Total retained earnings £'000
Balance as at 1 April 2015	1,329	(39,001)	(37,672)
Profit for the year	663	-	663
Increase in retirement pension obligation	-	(1,742)	(1,742)
<i>Other comprehensive income:</i>			
Actuarial gain on pensions scheme	-	4,229	4,229
Total comprehensive income for the year	663	2,487	3,150
Balance as at 31 March 2016	1,992	(36,514)	(34,522)
Balance as at 1 April 2016	1,992	(36,514)	(34,522)
Profit for the year	118	-	118
Increase in retirement pension obligation	-	(1,493)	(1,493)
<i>Other comprehensive income:</i>			
Actuarial gain on pensions scheme	-	6,870	6,870
Total comprehensive income for the year	118	5,377	5,495
Balance as at 31 March 2017	2,110	(31,137)	(29,027)

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017

Company Statement of Comprehensive Income
for the year ended 31 March 2017

	2017 £'000	2016 £'000
Revenue	-	-
Expenses		
Other expenses	(36)	(18)
Operating (loss)	(36)	(18)
Finance income	5	9
Finance costs	-	-
(Loss) before tax	(31)	(9)
Income Tax Expense	-	-
(Loss) after tax	(31)	(9)
Total comprehensive income for the year	(31)	(9)
Total comprehensive income is attributable to:		
London Borough of Barnet	(31)	(9)
Reconciliation of total loss for the year		
	2017 £'000	2016 £'000
Loss for the period	(31)	(9)
Total loss for the year	(31)	(9)

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017

Company Statement of Financial Position
for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Investment			
Current assets			
Trade and other receivables	10	26,187	20,945
Cash and cash equivalents	11	2,938	3,546
		<u>29,125</u>	<u>24,491</u>
Total assets		<u>29,125</u>	<u>24,491</u>
EQUITY and LIABILITIES			
EQUITY			
Revenue reserve		(122)	(91)
Pension fund		-	-
Retained earnings		<u>(122)</u>	<u>(91)</u>
Total Equity		<u>(122)</u>	<u>(91)</u>
LIABILITIES			
Non-current liabilities			
Provisions		-	-
		<u>-</u>	<u>-</u>
Current liabilities			
Trade and other payables	15	29,247	24,582
Current tax liabilities	16	-	-
		<u>29,247</u>	<u>24,582</u>
Total liabilities		<u>29,247</u>	<u>24,582</u>
Total equity and liabilities		<u>29,125</u>	<u>24,491</u>

The financial statements were authorised and approved by the Board on 28 June 2017 and signed on its behalf by:

Terry Rogers, Chair

Company Number: 07873964

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017
Accounting policies and explanatory notes to the financial statements
Year ended 31 March 2017

1. General information and statement of compliance with IFRS

This is the TheBarnetGroup Limited's fifth accounting period. TheBarnetGroup Limited is a local authority controlled company of the London Borough of Barnet limited by shares. The Company is incorporated and domiciled in England. The address of the registered office is Barnet House, 1255 High Road, Whetstone, London N20 0EJ. The Company's registration number is 07873964.

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and as developed and published by the International Accounting Standards Board (IASB) and on a historical cost basis.

Implementation of new accounting standards and policies

The following Standards and Interpretations which have been issued, but are not yet effective and have not been adopted early by the Group, will impact the Group in future years:

- IFRS 9 Financial Instruments which is effective for accounting periods commencing 1 January 2018. This will affect the measurement of the Groups financial assets and liabilities. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

Presentation of financial statements

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

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

2. Summary of significant accounting policies

Basis of preparation

These financial statements are for the year ended 31 March 2017 and are presented in Pounds Sterling rounded to the nearest thousand.

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

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

Basis of consolidation

The Company was incorporated on 7 December 2011 and is controlled by the London Borough of Barnet. On 1 February 2012, TheBarnetGroup Limited (the 'Company') was created, it is a Local Authority Trading Company (LATC) and has 4 subsidiary organisations, Barnet Homes Limited, an Arms' Length Management Organisation (ALMO), Your Choice (Barnet) Limited, another LATC, TBG Flex Limited and TBG Open Door Limited, which is registered with the Homes and Communities Agency as a Registered Social Landlord. Barnet Homes Limited is indirectly owned by the London Borough of Barnet via TheBarnetGroup Limited, which in turn has a management agreement with Barnet Homes Limited.

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

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

TheBarnetGroup Limited Financial Statements for the year ended 31 March 2017 2. Summary of significant accounting policies (continued)

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

Going concern

The financial statements have been prepared on a going concern basis.

Due to the application of IAS19, the Group's pension deficit of £31.137 m (2016: £36.514 m) is recognised in full on the consolidated statement of financial position. However, the London Borough of Barnet has fully guaranteed the deficit in respect of Barnet Homes Limited at the point of its incorporation (on 1 April 2004). Furthermore, the London Borough of Barnet has also guaranteed the pension deficit in respect of Your Choice Barnet Limited at the point that the employees were transferred to Your Choice Barnet (on 1 February 2012).

In addition, the London Borough of Barnet has provided a letter of comfort to the Directors of Barnet Homes Limited, setting out its intention to fund Barnet Homes Limited ongoing operational cash flow requirements from the point of incorporation onwards via the timing of the payment of the agreed monthly management fee. The directors have also prepared cash flow forecasts up to June 2018 which demonstrate that the group will have sufficient resources to continue as a going concern for the foreseeable future. Therefore the Board considers preparation on a going concern basis to be appropriate.

Revenue

Revenue represents the value (excluding value added tax) of services supplied and management fee to which the Group was entitled in respect of the financial year. The Group's main source of income is the management fee received from London Borough of Barnet in line with the approved management agreement which is fixed and also based on payment by usage for the adult social services arm of the business. The level of the fixed component of the annual management fee has been agreed with the Council for a 5 year period ending in Year 2020/21, and thereafter will be agreed either on an annual basis or over a longer period for the housing management arm of the business.

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

Interest income

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

Operating expenses

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

Property, plant and equipment and depreciation

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

Vehicles, plant & equipment: 5 years
Furniture, fixtures & fittings: 5 years
Computer equipment and software: 5 years

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

Any obsolete assets with a net book value will have all costs written off immediately to the Statement of Comprehensive Income. The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Leases

All current leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straightline basis over the lease term. Associated costs are expensed as incurred.

TheBarneGroup Limited
Financial Statements for the year ended 31 March 2017

2. Summary of significant accounting policies (continued)

Financial instruments

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

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

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

Financial assets and financial liabilities are measured initially at fair value, except for financial assets and financial liabilities carried at fair value through profit and loss, which is measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

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

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

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

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

Loans and receivables

All of the Group's financial assets are classified as loans and receivables.

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

Financial liabilities

Financial liabilities include borrowings and trade and other payables.

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

Financial liabilities are contractual obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

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

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.

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017

2. Summary of significant accounting policies (continued)

Income tax

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

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

Cash and cash equivalents

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

Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Short term liquid resources are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. They comprise of short term deposits with financial institutions.

Short term investment

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

Equity and reserves

Retained earnings include all current and prior period retained profits.

Post employment benefits and short term employee benefits

During the year, the Group operated a contributory defined benefit statutory pension scheme covering its present and past employees. International Accounting Standard 19 (IAS19) requires the net pension asset or liability of a company's pension scheme to be recognised in full on the statement of financial position. Accordingly, the Group's full net pension liability has been recorded in the consolidated statement of financial position of TheBarnetGroup Limited. The Company does not have any employees and therefore does not operate a pension scheme.

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

Interest on the pension scheme liabilities is charged to "Finance costs" in the consolidated 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.

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017
2. Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

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

Significant management judgements in applying accounting policies

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

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

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

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit liability of £31.137 m (2016: £36.514 m) is based on standard rates of inflation and mortality. It also takes into account the Company's specific anticipation of future salary increases. Assumptions are set with reference to market conditions at the year end. The discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. Estimation uncertainties exist as the anticipated assumptions could vary.

Provisions

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

Useful lives of depreciable assets

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

3. Revenue

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

	2017	2016
	£'000	£'000
Management fee paid by the London Borough of Barnet in respect of:		
Barnet Homes Limited housing management, homelessness and support services	52,757	46,606
Barnet Homes Limited repairs and maintenance	7,410	7,550
Your Choice (Barnet) Limited adult social care services	4,860	4,752
Total fee received from London Borough of Barnet	65,027	58,908
Capital works carried out directly by Barnet Homes Limited	1,112	1,093
Total income from the London Borough of Barnet	66,139	60,001
Other operating income	2,005	1,875
Total revenue	68,144	61,876

There is no revenue arising in the parent company.

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2017

4. Other expenses
Group

	2017	2016
	£'000	£'000
Housing, estate, hostel repairs & maintenance	8,057	8,076
Third party landlord and temporary accommodation costs	26,586	22,133
Agency Staff	4,231	3,991
Information Technology	1,211	1,156
Grounds Maintenance	794	597
Utility	1,246	1,401
Legal	617	664
Auditor's remuneration - statutory audit	54	46
Auditor's remuneration - for other services	11	18
Other *	6,173	5,844
	48,980	43,926

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

* Other costs include : Tenant Related Costs 2017 : £1,410,183 (2016: £1,757,923), Accommodation Costs 2017 : £928,760 (2016: £943,228), Consultancy 2017 : £1,039,766 (2016: £577,138), Other 2017 : £2,084,965 (2016: £2,140,174), Insurance 2017 : £422,148 (2016: £421,871), Provisions 2017 : £287,994 (2016: £3,769)

5. Group operating (Loss)/profit for the year

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

	2017	2016
	£'000	£'000
*Depreciation and amortisation of property, plant and equipment and Intangibles assets	505	641
Intangible asset impairment	270	503
Employee salaries and benefits	18,415	16,262
Auditor's remuneration - statutory audit	54	46
Auditor's remuneration - for other services	11	18

* Depreciation £136,000, Amortisation £369,000

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6. Commitments under operating leases

Group	2017 £'000	2016 £'000
Within one year	16	29
Later than one year but within five years	55	54
	<u>71</u>	<u>83</u>

The Group leased several vehicles under operating leases from the Council. The vehicle leases expired in the year and are now hired or owned. The total number of vehicles with operating leases in 2017 was 10 (2016: 17). The printers are leased for 5 years and commitment >1 to 5 years is all for printers.

Company

The Company does not have any commitments under operating leases.

7. Finance income and finance cost

Group	2017 £'000	2016 £'000
Finance income:		
- bank deposit and short term investment interest	30	41
- return on retirement benefit scheme assets	1,847	1,660
	<u>1,877</u>	<u>1,701</u>
Finance cost - interest on retirement benefit obligation	<u>(3,202)</u>	<u>(2,942)</u>

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8. Tangible Assets
Property, plant and equipment

Group

	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Mobile Devices £'000	Computer equipment £'000	Total £'000
Gross carrying amount					
Balance 1 April 2016	144	309	45	1,666	2,164
Reversal of accrued asset	-	-	-	(50)	(50)
Additions	44	15	-	34	93
Disposals	-	-	-	-	-
Balance 31 March 2017	188	324	45	1,650	2,207
Depreciation and impairment					
Balance 1 April 2016	105	273	15	1,147	1,540
Charge for year	18	3	15	100	136
Disposals	-	-	-	-	-
Balance 31 March 2017	123	276	30	1,247	1,676
Carrying amount 1 April 2016	39	36	30	518	624
Carrying amount 31 March 2017	65	48	15	403	531

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

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9. Intangible Assets

Group	Total £'000
Gross carrying amount	
Balance 1 April 2016	1,857
Reclassifications	-
Additions	957
Impairment	(679)
Balance 31 March 2017	2,135
Amortisation	
Balance 1 April 2016	425
Charge for year	369
Impairment	(409)
Balance 31 March 2017	385
Carrying amount 1 April 2016	1,432
Carrying amount 31 March 2017	1,750

Summary of Depreciation, amortisation & assets impairment	2017 £'000	2016 £'000
Depreciation	136	193
Amortisation	369	448
Impairment	270	503
	775	1,144

10. Trade and other receivables

Group	2017 £'000	2016 £'000
Amounts receivable within one year:		
Trade receivables, gross	297	252
Provision for doubtful debt	(213)	(27)
Trade receivables	84	225
Amounts due from parent undertaking	6,595	9,304
Provision for doubtful debt	(99)	-
Financial assets	6,580	9,529
Other debtors	2,164	2,463
Prepayments and accrued income	6,747	736
Non-financial assets	8,911	3,199
Trade and other receivables	15,491	12,728
The trade receivables ageing analysis is as follows:		
	2017 £'000	2016 £'000
Current		
0-30 days	3,918	8,679
31-60 days	1,540	203
> 60 days	1,122	647
	6,580	9,529

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

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10. Trade and other receivables (continued)

Company

	2017	2016
	£'000	£'000
Amounts receivable within one year:		
Amounts due from the London Borough of Barnet	6,595	3,296
Amounts due from subsidiaries	1,538	2,382
Financial assets	8,133	5,678
Other debtors		
Prepayments and accrued income from Parent undertaking	5,077	6,008
Prepayments and accrued income from Related Parties	12,974	9,217
Prepayments and accrued income	3	42
Non-financial assets	18,054	15,267
Trade and other receivables	26,187	20,945

The trade receivables ageing analysis is as follows:

	2017	2016
	£'000	£'000
Current		
0-30 days	6,054	5,212
31-60 days	1,497	123
> 60 days	582	343
	8,133	5,678

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

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11. Cash and cash equivalents

Group

	2017	2016
	£'000	£'000
Bank accounts	12,760	13,141
Cash in hand	5	6
Short term deposits	1,523	1,514
	14,288	14,661

Short term deposit represents cash held in a 90 Days Corporate Notice fixed deposit account.

Company

	2017	2016
	£'000	£'000
Bank accounts	2,938	3,546
	2,938	3,546

12. Equity

12.1 Share Capital

TheBarnetGroup Limited is a company limited by shares, with 100 £1 shares owned by The London Borough of Barnet.
TheBarnetGroup Limited is a local authority controlled trading company under the control of London Borough of Barnet.

13. Employee remuneration

13.1. Employee benefits expense

	2017	2016
	£'000	£'000
Wages and salaries	14,178	12,525
Social security costs	1,220	953
Pensions costs	2,929	2,784
	18,327	16,262

13.1.1 Directors remuneration

	2016	2016
	£'000	£'000
Wages and salaries	152	203
Social security costs	19	20
Pensions costs	-	-
	171	223

The highest paid director earned £171,571 (2016: £162,379)

In this financial year, wages and salary costs did not include any redundancy costs (2016: £9,379).

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13.2. Employees

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

Service	2017	2016
Chief Executive Office	3	2
Growth & Development	67	51
Care & Support (Barnet Homes)	220	185
Operations Directorate	222	235
Non Executive Directors	13	14
	525	487

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

13.3. Pension and other employee obligations

The Group operates a local government pension defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2007/08, 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 2013 and updated to 31 March 2016 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 year ending 31 March 2017, Barnet Homes Limited contributed to the Scheme at an equivalent rate of 25.8% of pensionable salaries. (2016: 25.8%)

For the year ending 31 March 2017, Your Choice (Barnet) Limited contributed to the Scheme at an equivalent rate of 24.3% of pensionable salaries (2016: 24.3%)

The financial assumptions used by the actuary were:

	31-Mar-17	31-Mar-16
	% p.a.	% p.a.
Salary Increases	2.7	4.2
Pension Increases	2.4	2.4
Discount Rate	2.6	3.7

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

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13.3. Pension and other employee obligations (continued)

Life expectancy from age 65 (years)		31 March 2017	31 March 2016
Retiring today	Males	21.9	22.1
	Females	24.3	24.5
Retiring in 20 years	Males	23.9	24.4
	Females	26.5	26.9

The post retirement mortality tables adopted are the S1PA tables with a multiplier of 110%. These base tables are then projected using the CMI 2013 Model, allowing for a long term rate of improvement of 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised above;

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

Net pension liability as at	31 March 2017	31 March 2016
	£'000	£'000
Present Value of Funded Obligation	(95,768)	(84,769)
Fair Value of Scheme Assets (bid value)	65,246	48,821
Net liability	(30,522)	(35,948)
Present Value of Unfunded Obligation	(615)	(566)
Unrecognised Past Service Cost		
Net liability in statement of financial position	(31,137)	(36,514)

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

	31 March 2017	31 March 2016
	£'000	£'000
Current Service cost	2,853	3,081
Net interest on net defined liability	1,358	1,281
Administration expenses	-	55
Total	4,211	4,417
Actual return on scheme assets	13,990	(877)

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

	31 March 2017	31 March 2016
	£'000	£'000
Opening Defined Benefit Obligation	85,335	86,885
Current service cost	2,853	3,056
Interest cost	3,205	2,941
Change in financial assumptions	12,213	(6,758)
Change in demographic assumptions	914	-
Experience gain on defined benefit obligation	(7,148)	(8)
Liabilities extinguished on settlements	-	-
Estimated benefits paid (net of transfers in)	(1,699)	(1,495)
Past service cost	-	25
Contributions by Scheme participants	734	714
Unfunded pension payments	(24)	(25)
Closing Defined Benefit Obligation	96,383	85,335

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13.3. Pension and other employee obligations (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

	31 March 2017	31 March 2016
	£'000	£'000
Opening fair value of scheme assets	48,821	47,884
Interest on assets	1,847	1,660
Return on assets less interest	12,849	(2,537)
Administration expenses	24	(55)
Contributions by employer including unfunded benefits	2,670	2,675
Contributions by scheme participants	734	714
Estimated benefits paid (net of transfers in)	(1,699)	(1,520)
Fair value of scheme assets at end of period	65,246	48,821

Re-measurements and Other Comprehensive Income

	31 March 2017	31 March 2016
	£'000	£'000
Return on plan assets in excess of interest	12,849	(2,537)
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	(12,213)	6,758
Change in demographic assumptions	(914)	-
Experience gain/(loss) on defined benefit obligation	7,148	8
Changes in effect of asset ceiling	-	-
	6,870	4,229

Sensitivity analysis

Change in assumptions at 31 March 2017:

	Approximate % increase to Employer Liability	Approximate monetary value
		£'000
0.5% decrease in Real Discount Rate	11%	10,551
0.5% increase in the Salary Increase Rate	2%	1,525
0.5% increase in the Pension Increase Rate	9%	8,884

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13.3. Pension and other employee obligations (continued)

Projections for year to 31 March 2018

	Year to 31 March 2018
	£'000
Service cost	4,580
Net interest cost	018
Administration	-
Total	5,398
Employer contributions	2,704

These projections are based on the actuarial assumptions as at 31 March 2017.

Assets

The estimated asset allocation for The Group as at 31 March 2017 is as follows:

	31 March 2017		31 March 2016	
	£'000	%	£'000	%
Employer Asset Share - Bid Value				
Equities	24,204	37%	23,270	47%
Gilts	16,700	26%	4,820	10%
Other Bonds	22,698	35%	20,387	42%
Cash	1,644	2%	344	1%
Alternative Assets	-	-	-	-
Total	65,246	100%	48,821	100%

The bid value of the Fund's assets as at 31 March 2017 is £1,042,498 as provided by the Administering Authority.

14. Provisions

Group

	Insurance claims	Other provision	Total
	£'000	£'000	provisions
			£'000
Carrying amount at 1 April 2016	49	10	59
Utilised	-	(10)	(10)
Increase in provisions	-	15	15
Carrying amount at 31 March 2017	49	15	64

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2017. The Group's liability is restricted to the amount of the claim or the policy excess, whichever is the greater. The policy excess is currently £2,500.

Other provision is the redundancy and early retirement pension strain costs of £15,000 (2016: £10,000) as a result of organisational restructure.

Company

The company had no provisions at 31 March 2017 (2016: nil)

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15. Trade and other payables

Group

	2017	2016
	£'000	£'000
<i>Current:</i>		
Trade payables	2,641	1,781
Amount due to parent undertaking	14,846	11,743
Financial liabilities	<u>17,487</u>	<u>13,524</u>
Other payables	342	60
Other taxation and social security	4,128	4,218
Accruals and deferred income	<u>7,884</u>	<u>9,547</u>
	29,841	27,349

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

Company

	2017	2016
	£'000	£'000
<i>Current:</i>		
Trade payables	-	-
Amount due to parent undertaking	1,846	2,829
Amount owed to subsidiaries	5,552	2,522
Financial liabilities	<u>7,398</u>	<u>5,351</u>
Other payables	-	-
Other taxation and social security	3,770	3,989
Accruals and deferred income to Parent undertaking	12,974	9,234
Accruals and deferred income to Related party	5,078	6,008
Accruals and deferred income to 3rd party	<u>27</u>	<u>-</u>
	29,247	24,582

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16. Income tax expense

	Current period		Previous period	
	Derived £'000	Accounts £'000	Derived £'000	Accounts £'000
Analysis of tax charge/(credit) for the period				
Current tax				
UK corporation tax at 20.00% (2016: 20.00%)	45	45	45	45
Adjustments in respect of prior periods	-	-	-	-
	45	45	45	45
Deferred tax				
Origination and reversal of temporary differences	-	-	-	-
Tax on profit on ordinary activities	45	45	45	45
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	nil	nil	nil	nil
Deferred tax (asset)/liability not recognised	nil	nil	nil	nil
Reconciliation of tax charge				
Profit on ordinary activities before tax	(1,159)	(1,159)	(1,136)	(1,136)
Tax on profit on ordinary activities at standard CT rate of 20.00% (2016: 20.00%)	(232)	(232)	(227)	(227)
Effects of:				
Expenses not deductible for tax purposes	277	277	272	272
Tax charge/(credit) for the period	45	45	45	45

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17. Financial assets and liabilities

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

Group			
	Note	2017 £'000	2016 £'000
Financial assets			
Loans and receivables:		-	-
Trade and other receivables	10	6,580	9,529
Cash and cash equivalent	11	14,288	14,661
		20,868	24,190
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	15	29,841	27,349

Company

	Note	2017 £'000	2016 £'000
Financial assets			
Loans and receivables:			
Trade and other receivables	10	8,133	5,678
Cash and cash equivalent	11	2,938	3,546
		11,071	9,224
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	15	29,247	24,581

18. Related party transactions

18.1 Transaction with controlling party/related parties

	2017 £'000	2016 £'000
Invoices to London Borough of Barnet	123,786	115,193
Invoices from London Borough of Barnet	3,476	5,676
Amount owed to London Borough of Barnet	14,846	11,743
Amount owed by London Borough of Barnet	11,672	9,305
Payments to London Borough of Barnet Pensions	2,072	2,565
Invoices from London Borough of Barnet Pensions	-	17

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18. Related party transactions (continued)

The London Borough of Barnet owns 100% of the share capital of TheBarnetGroup Limited. TheBarnetGroup Limited has three subsidiary organisations, being Your Choice (Barnet) Limited, Barnet Homes Limited and TBG Flex Limited. TheBarnetGroup Limited owns 100% of the share capital of Your Choice (Barnet) Limited. TheBarnetGroup Limited is the sole member and guarantor of Barnet Homes Limited, a company limited by guarantee. The London Borough of Barnet contracts with TheBarnetGroup Limited for the provision of Adult Social Care Services, Housing Management and Homelessness Services. TheBarnetGroup Limited then contracts on a back to back basis with Your Choice (Barnet) Limited and Barnet Homes Limited in respect of Adult Social Care Services, Housing Management and Homelessness Services respectively. As a result, TheBarnetGroup Limited receives the management fee from The London Borough of Barnet on behalf of Barnet Homes Limited and Your Choice (Barnet) Limited. It also invoices for ad hoc services on behalf of the two companies and for the capital works programme carried out by Barnet Homes Limited on behalf of the London Borough of Barnet. TBG Flex Limited is a company for the recruitment and employment of staff. Barnet Homes has a subsidiary organisation, TBG Open Door Limited, a registered provider with the Homes and Communities Agency.

As at 31 March 2017, TheBarnetGroup Limited owed £14,846k (2016: £11,743k) to The London Borough of Barnet in respect of expenses on behalf of Barnet Homes Limited and TheBarnetGroup Limited was owed £11,672k (2016: £9,305k) by the London Borough of Barnet in respect of management and other fees in respect of services provided by the Group.

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

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18.2. Key Management Personnel

18.2.1 Non Executive Directors

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

These are the only transactions with the Non Executive Directors of the Group;

	2017 £'000	2016 £'000
Salaries	98	57
Incidental expenses	-	-
	98	57

18.2.2 Executive Directors

	2017 £'000	2016 £'000
Salaries	542	338
Performance Bonus	12	12
Honorarium	7	7
Social security costs	78	44
Pensions costs	46	27
Interim Directors	98	98
Consultant fees	-	-
Car Lump Sum	-	-
Other Benefits	18	-
	801	526

The Executive directors are defined as being the members of the Group's Main Board's who are executive officers of the Group. The Executive Directors consists of the Chief Executive Officer, Deputy Chief Executive Officer, Director of Corporate Services, Director of Operations and Director of Care and Support (see Company Information - page 2). Three of the executive directors have retirement benefits accruing under the defined benefit pension scheme in respect of qualifying services.

19. Contingent Assets and Liabilities

At 31 March 2017, a possible liability existed as a result of Connaught Limited going into administration in relation to the Group's pension deficit for staff transferred from Barnet Homes Limited to Connaught Limited in prior years. The Local Authority Pension Scheme could make a claim to Barnet Homes Limited in respect of the pension deficit not met by Connaught Limited.

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20. Financial instrument risks

Risk management and objectives and policies

20.1 Interest rate sensitivity

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

20.2 Credit risk analysis

The Group's principal financial assets are bank balances, cash and trade and other receivables. Liquid funds are placed with financial institutions with high credit ratings, as assigned by credit rating agencies. The Group's primary credit risk relates to its fee receivables. The amount presented in the statement of financial position are net of provisions for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on past experience and management's forecasts, is evident of a reduction in the recoverability of the cash flow. See note 2 above for further information on impairment of financial assets that are past due. The Group's risk in relation to its income receivable is low as the main income is receivable from London Borough of Barnet. Placement of liquid funds are currently across three banks and this has helped to lower the risk associated with such placements.

20.3 Liquidity risk analysis

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

21. Capital management policies and procedures

The Group's capital management objective is to maintain its assets in order to ensure ability to continue to provide improved quality of service to the residents at an affordable price and sustain itself as a going concern. As the Group is not set up for profit, it continues to strive to maintain a balance between liquidity and provision of value for money services. The main capital making owned by the Group are liquid cash and cash equivalent and cash held in fixed deposit notice accounts. The Group continues to monitor this investments with the Bank to ensure its going concern is not at risk.

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

	Note	2107 £'000	2016 £'000
Cash & cash equivalent	11	14,288	14,661
		14,288	14,661