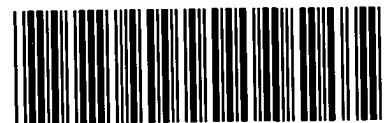


Company No. 07873964

**TheBarnetGroup Limited**  
**Annual Report and Financial Statements**  
**Year ended 31 March 2023**

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**1. Company Information****Non-Executive Directors**

Eamon McGoldrick	(Chair)
John Stephen	
(Vice-Chair of Board and Chair Group Audit and Risk Committee)	
Ursula Bennion	(Chair, TBG Open Door Limited)
Aruna Bhatt	(Chair, Resident Board) Resigned 14 June 2023
Councillor Paul Edwards	
Penelope Farrar	(Chair, Group Governance and Remuneration Committee)
Jade Lam	
Adam Mansell	
June Riley	
Councillor Sarah Wardle	
Robert Webber	(Chair, TBG Flex Limited)

**Chief Executive Officer  
And Executive Director**

Tim Mulvenna

**Executive Officers**

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

**Company Secretary**

Shaun McLean

**Registered Office**

2 Bristol Avenue  
Colindale  
London  
NW9 4EW

**Registered Number**

07873964

**Auditor**

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

**Bankers**

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

## 2. Report of the Directors

The Board is pleased to present the Annual report and the financial statements of TheBarnetGroup Limited for the year ended 31 March 2023.

### Principal activities

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

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

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

Barnet Homes Limited is operating under a ten-year agreement to manage the social housing stock of London Borough of Barnet which came into effect on 1 April 2016.

Barnet Homes Limited is a subsidiary of TheBarnetGroup Limited, becoming a part of TheBarnetGroup Limited on 1 February 2012. TheBarnetGroup Limited acts as an agent for Barnet Homes Limited in transacting with the Council. 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 from other external providers, in order to enable the Company to become more cost effective and compete in the Adult Social Care marketplace.

### The services include:

- **Rosa Morison Day Service** for adults who have profound and multiple learning and physical disabilities (PMLD);
- **Flower Lane Autism Service** providing support to adults who are on the autistic spectrum and have additional complex behaviour support needs;
- **Valley Way Respite Centre** for adults with PMLD, physical disabilities, autism and complex behaviour support needs;
- **CommunitySpace Day Service** offering community support for adults who have a wide range of learning disabilities;

- **Supported Living Service** supporting people with learning disabilities to live as independently as possible in their own home;
- **Barnet Independent Living Service** for adults with a range of physical and sensory impairments;
- **PA Choices** a matching service for people who are on direct payments and who require a personal assistant to provide them with support with their daily activities, set up in January 2016.
- **Ansell Court Extra Care Service** a new-build scheme handed over to Your Choice (Barnet) in February 2019 made up of 53 self-contained flats designed to enable older people, some of whom may have dementia, to remain as independent as possible.

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

- **Apthorp Care Centre** was closed at the end of October 2021
- **Dell Field Court** a residential care home registered with the Care Quality Commission to provide 40 en-suite bedrooms for older people some of whom have dementia. The care home provides a block contract of 20 beds to the London Borough of Barnet and the remaining 20 beds are marketed privately.
- **Meadowside** a residential care home registered with the Care Quality Commission to provide 68 en-suite bedrooms for older people some of whom have dementia. The care home provides a block contract of 38 beds to the London Borough of Barnet and the remaining 30 beds are marketed privately. Meadowside also provides a day care facility for up to 38 older people who are not resident of the care home. This day care facility is open 7 days a week.

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

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

TBG Flex Limited offers flexible benefits for all its employees.

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

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

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

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

### **Group results for the year**

The Group recorded a deficit of £5,146,000 (2022: £4,249,000 *deficit*) before the actuarial gain on the pension scheme of £38,924,000 (2022: £15,977,000 *actuarial gain*).

### **Directors**

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

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

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

### **Equality, Diversity and Inclusivity Aims**

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

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

For the people we support, we:

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

### **Employee focus**

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

As an employer, we:

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

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

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

### **Charitable donations**

Charitable donations of £5,000 were made by the Group (2022: £5,000) and nil by the Company for the year ended 31 March 2023, (2022: *£nil*).

### **EU Political donations and expenditure**

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

### **Donations to non-EU political parties**

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

**Payment policy**

The Company pays suppliers where possible within suppliers' credit terms.

**Directors' Remuneration Report**

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

**Code of Governance**

The Group has adopted and complied with the National Housing Federation's 'Code of Governance: (2020 edition)'. An annual review of compliance is performed by the Board, with the most recent review in May 2023 demonstrating that the Group complies with the 2020 code.

**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 UK-adopted international accounting standards. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

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

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

The Companies Act 2006 sets out a number of general duties which directors owe to the Company. New legislation has been introduced to help shareholders and other stakeholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section S172(1) (a) to (f) of the Companies Act 2006 (s172 factors). In the year ended 31 March 2023, the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the Company on behalf of its shareholder through TheBarnetGroup Limited board.

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

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

### Gender Pay Gap

The gender pay report for the period ending 31 March 2023 will not be prepared until later in 2023 when all returns to HMRC are finalised. For the period to March 2022, TheBarnetGroup Limited completed their gender pay gap report for the entire Group. This showed that the median gender pay gap was 16.8% (2021:19.9%) and the mean gender pay gap was 18.7% (2021: 16.0%).

The large gap reflects the very diverse services that the Group provides. More than 50% of the staff work in our Care & Support services where we pay London Living Wage. This sector is largely female and is the main reason for the large gender pay gap result. The addition of the 3 residential care homes Dell Field Court, Meadowside and Apthorp Care Centre that London Borough of Barnet asked the Group to manage on their behalf is a large contributing factor to the pay gap.

A suitable comparator organisation has not been found due to the very diverse set of operations we provide. We continue to monitor our gender pay gap and will make appropriate efforts to reduce the pay gap.

### Sustainability

A key objective for TheBarnetGroup Limited is to ensure all the homes that we own or manage are energy efficient. One of London Borough of Barnet's 2021-2025 Housing Strategy objectives is to ensure all homes are 'Safe and Secure' which includes investment in the existing stock. Our current focus is on improving the existing homes so they all achieve a minimum EPC rating of C (EPC score of 69) or above by March 2028. The focus is on existing homes, as new build properties all have higher EPC ratings at construction. This aim will also support achieving the aim of reducing fuel poverty.

Fundamental to achieving this for London Borough of Barnet owned properties and those owned by the Group is investing in transforming older homes with improved insulation and more efficient heating systems as part of the planned investment program, to make them fit for the future.



### Streamline Energy & Carbon Reporting (SECR)

Within the Group, Barnet Homes Limited meets the criteria whereby it is required to comply with SECR. Barnet Homes' energy consumption and associated carbon emissions are reported below in line with the UK government's streamlined energy and carbon reporting (SECR) regulations. These figures represent the carbon emissions associated with the Company's consumption of natural gas, electricity and transport fuel. Specifically, they include:

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

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

### 2022/23 Performance

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

### Energy efficiency measures

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

### Equality, Diversity & Inclusion

At TheBarnetGroup Limited we recognise the diversity of our residents who live in the homes we manage, residents at our care homes and users of the day centres and all these services are provided by a staff cohort that is also diverse, be that race, religious belief, sexual orientation or ethnicity. Following the heightened awareness that the 'Black Lives Matter' campaign generated, the Group established a 'Race Equality Steering Group' made up of staff volunteers of different races. The Chief Executive is the sponsor of this group, which has done a lot of work to challenge the way we operate with the aim of making sure race is not a factor in any decision that is taken. One of the key actions was for all staff to undertake 'Unconscious bias training, highlighting how race bias may still be part of the decision-making process without even realising it. There is also a designated Board member with enhanced responsibility for EDI.

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

### **Customer Involvement**

TheBarnetGroup operates a Resident Board for housing customers, creating a direct link between residents and the decisions being made by the Board of Directors at a strategic level.

Resident Board members have development sessions to ensure the relationship with the Group Board is as strong as it can be. Currently one Group Board Director sits on the Resident Board, it is intended that there will be two Group Board Directors on the Resident Board by 2024.

The Resident Board now takes an active role in overseeing our customer strategies and monitoring housing management performance of Barnet Homes. TheBarnetGroup Limited Board has delegated specific responsibilities to the Resident Board; the main one being detailed review of the housing management performance, escalating matters as required through the Chair of the Resident Board (who is also a Group Board Director).

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

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

QuAG carry out reviews and their involvement continues to provide valuable feedback and helps to shape the way services are provided.

### **Financial Instruments**

The Group has risks relating to interest rates, credit risks and liquidity risks. These are explained in more detail in note 22 of the accounts.

### **Going Concern**

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

- Management has prepared forecasts (including monthly cash flows) of expected results (including pension obligations) for the period to March 2025. These demonstrate that the Group has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least the 12 months following the approval of these accounts.
- In line with International Accounting Standard 19, the Group's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £11.635m at 31 March 2023 (2022: £47.534m). However, the London Borough of Barnet has fully guaranteed the pension deficits at the point of Barnet Homes incorporation (on 1 April 2004) as well as pension deficits at the point the employees were transferred to the Group on 1 February 2012 and 7 July 2019 within the Your Choice (Barnet) business. International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.
- The London Borough of Barnet has confirmed its intention to offer support to TheBarnetGroup Limited for at least 12 months after the date of these Annual Financial Statements, to allow the Group to meet its liabilities as they fall due in a scenario where forecasts are materially inaccurate.

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

### **Auditor**

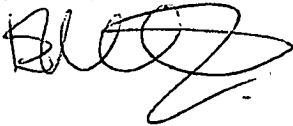
Grant Thornton UK LLP has expressed their willingness to remain in office. A resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the June 2023 Board meeting.

**Other information**

The strategic report below and the remainder of these financial statements, includes important information regarding events after the year-end and other relevant matters pertinent to the Group and subsidiaries and understanding the operations and financial position of the Group. As such the entire Annual report and financial statements document should be read, not only the Report of the Directors.

**Approval and signature**

The Report of the Directors was approved by the Board on 29 June 2023 and signed on its behalf by:

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

**Eamon McGoldrick, Chair**

### 3. Strategic Report

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

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

#### Review of Group results

The year to 31 March 2023 was the eleventh year of operation for the Group. The Group recorded a net loss after tax of £5,146,000 (2022: £4,249,000 deficit) before the actuarial gain on the pension scheme of £38,924,000 (2022: £15,977,000 actuarial gain).

Accumulated revenue reserves, before the pension liability, now stand at a deficit of £3,011,000 (2022: £890,000 deficit) and total assets at £268,400,000 (2022: £226,234,000).

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

#### Post Year-end events

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

#### Barnet Homes Limited

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

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

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

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

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

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

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

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

### Key financial performance indicators for Barnet Homes

#### Overview

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

#### Annual Housemark Benchmarking Exercise

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

#### Cost Per Property Summary

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

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

#### Quality and Performance

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

### Key non-financial performance indicators

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

### Tenant Satisfaction

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

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

### Allocations and Lettings

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

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

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

### Households in Temporary Accommodation

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

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

## Lettings

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

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

## Homelessness Preventions

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

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

## Community Support

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

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

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

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

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

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

The BOOST Annual Report can be found via this link, and provides further information <https://issuu.com/boostbarnet/docs/boost-annual-report-2022-2023>.

### Rent Collection and Arrears

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

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

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

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

### Responsive Repairs and Gas servicing

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

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

### Major Works Capital Investment Programme

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

### Resident Safety (Fire Safety)

	2022/23	2021/22
Scheduled fire risk assessments completed (council housing) on time (2022/23 target 100%)	99.6%	99.4%
Percentage of priority 0 (urgent- works to be done as soon as practical) and 1 (important- works to be done within 6 months) FRA actions completed in period (2022/23 target 92.5%)	94.9%	97.0%



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

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

### **Your Choice (Barnet) Limited**

Your Choice (Barnet) Limited'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 private users. 18% of income comes from sources other than London Borough of Barnet.

The Adult Social Care marketplace continues to be extremely challenging and it is important for Your Choice (Barnet) Limited to provide services that people will access and that the Council wants to commission.

The principal challenge continues to be the balance of providing good quality services that are financially viable whilst also providing value for money services to the Council.

The priority in past years has been the growth of the service provision to enable the overhead costs to cover these additional services at little additional cost. The transfer of the three care homes and two-day services in July 2019 (Dell Field Court, Meadowside and Apthorp) has contributed to this. This may not apply long-term as the contract agreed prior to transfer was for Your Choice (Barnet) to run the services on a caretaker basis on behalf of the Council until July 2022. A 2-year extension has been agreed on the same terms as the original agreement but that may not be the case once that extension ends.

In 2015 Your Choice (Barnet) committed to pay at least the London Living Wage (LLW) to all staff if the contracts supported this.

### **Key performance indicators (KPIs) for Your Choice (Barnet)**

There are ten KPIs reported to the Council and an additional nine KPIs to the Your Choice (Barnet) Board only. Twelve of the KPIs are rated either red, amber or green. The other measures have no targets but are recorded and monitored and may be rated against targets in future years.

The results for Quarter 4 22/23 show that for those KPIs with targets, four (33%) are rated green, six are amber (50%) and two are red (17%).

The amber performance indicators (this means within 10% of target) are:

- The number of service users supported to retain employment was 5 against the target of 7.
- The percentage of tenancies that breakdown (Supported Living Services) was 3% against a target of 0%. This related to a single tenant who was transferred to more suitable accommodation after demonstrating challenging behaviour towards another resident and staff.
- Only 4 service users moved on from a service level to a lower service level, against a target of 5.
- Percentage of staff training in date was 92% against a target of 95%. There are staff shortages in many of the services which means limited availability to do all the required training.

- Service utilisation at 83% against a target of 93%. Much of the shortfall relates to Dell Field and Meadowside care homes where it was agreed to reduce utilisation so there was less disruption to residents whilst significant works are being undertaken in the buildings.
- Agency usage is at 11% against a target of 10%. This reflects the ongoing difficulties recruiting staff in the care sector.

The red performance indicators are:

- The number of service users in employment for 2 hours or more. The result was 2 again this year against a target of 8. This KPI can be difficult to achieve depending on the service users abilities
- Staff sickness was 12.9 days against a target of 10 days. Services continue be cautious and we encourage staff not to come into the care settings if they have any signs of illness.

#### Building resilience in residents and managing demand KPIs

	2022/23	2021/22	Target
% of services rated good or outstanding by the Care Quality Commission at the most recent inspection	100%	100%	100%
Number of service users in employment for 2 hours or more (BILS & CommunitySpace)	2	2	8
Number of service users supported to retain employment (Day Services)	5	5	7
% of tenancies that breakdown during reporting period (Supported Living Services)	3%	0%	0%
% of service users with a return to home plan and service end date (Respite Services).	100%	100%	99%
Service Users moved on from a service level to a lower service level	4	6	5

#### Safeguarding

- There are six Care Quality Commission registered services within the business. Ansell Court's rating was confirmed in the financial year.

The current ratings are as follows:

Supported Living	Outstanding
Valley Way	Good
Enablement	Good
Dell Field Court	Good
Meadowside	Good
Ansell Court	Good

Safeguarding is defined in the Care Act (2014) as: "Protecting an adult's right to live in safety, free from abuse and neglect. It is about people and organisations working together to prevent and stop both the risks and experience of abuse or neglect". Safeguarding of our service users and residents is critical to the business.

	Indicator description	2022/23	2021/22
<b>Safeguarding concerns raised by YCB staff about YCB issues</b>	Concerns escalated to Section 42 enquiry	2	0
	Section 42 enquiries still under investigation	1	0
	Section 42 enquiries closed and not upheld	0	0
	Section 42 enquiries closed and upheld	1	0
	Total concerns raised	11	10
<b>Safeguarding concerns raised by YCB staff about relative/another agency</b>	Concerns raised and investigated	11	13
<b>Safeguarding concerns raised by YCB staff about unknown causes</b>	Concerns raised and investigated	1	1
<b>Total concerns raised NOT about YCB</b>		12	14
<b>Total concerns raised</b>		<b>23</b>	<b>24</b>

#### Delivering Quality Services

	Q1-Q4 2022/23	Q1-Q4 2021/22	Target (yearly)
Number of unresolved complaints for Supported Living, Day Care and Respite Services	0	2	0
	Q4 2022/23	Q4 2021/22	Target (qtrly)
% staff that are in date with YCB's staff training programme	92%	95%	95%
% staff that are in date with their specialist accredited training programme	100%	96%	95%

All services have been struggling with staffing levels with the knock-on effect on staff availability to complete training. We continue to work with managers to try and ensure all staff training is undertaken.

**Additional Indicators as requested by the Board**

<b>Scheme utilisation</b>	<b>22/23</b>	<b>21/22</b>	<b>Target</b>
<b>Ansell Court</b>	<b>96%</b>	<b>100%</b>	90%
<b>Barnet Independent Living Service</b>	<b>100%</b>	<b>100%</b>	96%
<b>CommunitySpace</b>	<b>99%</b>	<b>100%</b>	96%
<b>Dell Field Court Care home</b>	<b>36%</b>	<b>74%</b>	95%
<b>Enablement</b>	<b>89%</b>	<b>93%</b>	90%
<b>Flower Lane</b>	<b>86%</b>	<b>100%</b>	96%
<b>Meadowside day service</b>	<b>100%</b>	<b>100%</b>	96%
<b>Meadowside Care home</b>	<b>40%</b>	<b>52%</b>	90%
<b>Rosa Morison</b>	<b>94%</b>	<b>100%</b>	96%
<b>Supported Living</b>	<b>92%</b>	<b>91%</b>	94%
<b>Valley Way</b>	<b>76%</b>	<b>79%</b>	90%
<b>Total utilisation</b>	<b>83%</b>	<b>90%</b>	93%

Meadowside and Dell Field utilisation are very low as private beds have been kept vacant whilst refurbishment works are being undertaken; this is to try and limit disruption to residents.

	<b>Q1-Q4 2022/23</b>	<b>Q1-Q4 2021/22</b>	<b>Target (yearly)</b>
% FTE agency staff	11%	9%	10%
Sickness: average days sickness per FTE	12.9 days	18.5 days	10 days
Number of RIDDOR reportable incidents – staff	0	1	n/a
Number of RIDDOR reportable incidents – service users	0	0	n/a
Number of Regulatory / Statutory Enforcement Notices	0	0	n/a
Income from outside Barnet Council	18%	19%	n/a
Complaints received	9	7	n/a
Compliments received	118	75	n/a

Staff sickness was 12.9 days. The services have continued to be cautious where staff show any signs of ill health and encouraged staff not to attend the services if any risk of causing illness to service users.

**Future Developments – Your Choice (Barnet) Limited**

The Your Choice (Barnet) Growth and Transformation Strategy 2023-2025 was approved by the Board in December 2022 and focuses on three core aims to direct our future.

1. To improve the quality of our services for the people we support
2. Transform our services through technology and digitisation.
3. Grow to meet demand and increase our viability.

The 'Golden Thread' of the strategy is to ensure that the voice of the people we support is heard and included in the decisions we make.

Over the next 12 months; All the services that are regulated by the Care Quality Commission (CQC) will be able to evidence improvements made since their last CQC inspection. We will introduce technology to support, maintain and improve independence and we will review each service area to ensure financial viability.

Your Choice (Barnet) will continue to develop the transformed operating models for the Day Centres, there is scope to support more people with learning disabilities into employment and the outreach service for people with autism will continue to successfully support people who have complex needs to access their community.

Your Choice (Barnet) will mobilise a newly built 51-unit, Extra Care Scheme in Burnt Oak (Atholl House) for over 55's in the summer of '23 and will aim to have full occupancy by March 2024. In addition to Atholl House we will also take on a contract for an established Extra Care Scheme in East Barnet, Goodwin Court. We will transfer the staff into the Group under TUPE regulations and continue to provide the excellent care and support to the tenants already living in the flats.

The original agreement for Your Choice (Barnet) to manage the care homes until July 2022 has been extended to July 2024. It was agreed by the Council in 2022 that they would seek to purchase the care homes and undertake much needed improvements to the buildings, for safety and compliance reasons and to modernise and improve the quality of the accommodation. The major works began in October 2022 and will be completed in 2024.

### **TBG Open Door Limited**

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

The Association has built 317 homes so far (with 46 more to complete in July 2023). In the construction of the properties, the Association has made reasonable assumptions of costs across the whole programme to ensure all the units can be completed with the available funds. In addition, the Association 'buys in' the services of skilled staff to ensure the timely completion of the schemes.

In terms of funding, the Association is partially funded by a loan facility from London Borough of Barnet of up to £77.3m for which interest is charged at the prevailing Public Works Loan Board rate plus a margin. This rate is fixed from drawdown through to repayment and the Association will ensure the development programme is completed to time to reduce the possibility of significant variations in planned interest cost.

Modelling of the business plan and stress testing has demonstrated contingency to accommodate some variation in interest rate. The Association benefited from approximately £45m of grant funding which significantly contributes to the viability of each scheme.

In addition to the £77.3m loan facility described above, the Association has loan facilities from London Borough of Barnet totalling £215m which allowed it to acquire 155 homes from London Borough of Barnet and which allows it to acquire up to 500 homes available for sale in the open market. The 155 units completed in 2021 and 198 of the 500 program has completed over the last 2 years. Interest is charged at the prevailing Public Works Loan Board rate plus a margin. This rate is fixed from drawdown through to repayment. Current interest rate volatility is a risk to future acquisitions, but the Board can pause or stop the program as it deems appropriate.

The health and safety of residents is of prime importance to the Association. The risk of non-compliance with relevant legislation and regulation could potentially impact on the safety of residents. There are a number of areas that the Association is required to comply with and thus this is a significant risk for the Association. Board receives updates on compliance at each Board meeting and management monitor performance monthly.

### **Post Year-end event**

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

### Key performance indicators

A suite of key performance measures are tracked, below are the key ones.

	31 March 2023	31 March 2022
Properties with a current LGSR certificate	99.8% New build 100% Acquisitions	99.6% New build 100% Acquisitions
Properties surveyed for electrical safety within the last 5 years	100% New build 91.1% Acquisitions	100% New build 99.6% Acquisitions
% P0 (urgent-works to be done as soon as practical) & P1 (important-works to be done within 6 months) FRA remedial actions completed within time- new builds	100%	100%
Arrears as a percentage of the rent debit	5.1% New build 13.4% Acquisitions	4.1% New build 10.8% Acquisitions

Rent arrears performance has declined for both new build and acquisition properties. This has occurred for 2 main reasons; firstly the high level of inflation and resulting cost-of-living pressures on all tenants and secondly an increasing proportion of acquisition property tenants have complex issues requiring significant levels of support and co-ordination with other support groups. This collaboration between Open Door and other support services has prioritised the wellbeing of these residents above rent collection and so a level of arrears is incurred until the resident is fully supported and once this is in place rental payments have been regularly received.

Compliance with having a current LGSR certificate on new build properties is 100% bar one unit where a court injunction has been sought to gain access so as to complete the annual LGSR (gas) certification. For the acquisition properties compliance was 100%.

Financial Performance is monitored by the Board via quarterly updates to the Business Plan and monitoring key inputs to the business plan such as interest rates and inflation.

### Value for Money

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

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

		31-Mar-2021		31-Mar-2022		31-Mar-2023	31-Mar-2023	31-Mar-2024	31-Mar-2025	31-Mar-2026
		Actual	Sector	Actual	Sector	Budget	Actual	Forecast	Forecast	Forecast
Metric 1	Reinvestment	15.1%	5.8%	9.4%	6.5%	3.2%	14.4%	11.7%	6.2%	0.6%
Metric 2a	New supply delivered (social housing)	85.6%	1.3%	30.9%	1.4%	17.3%	15.1%	13.6%	5.5%	0.0%
Metric 2b	New supply delivered (non- social housing)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Metric 3	Gearing	82.7%	43.9%	86.6%	44.1%	95.9%	86.2%	85.5%	87.9%	89.6%
Metric 4	EBITDA-MRI Interest Cover	54%	183%	88%	146%	108%	96%	89%	92%	75%
Metric 5	Headline Social Housing Cost Per Unit	£1,564	£3,730	£2,559	£4,150	£2,625	£2,997	£4,438	£4,687	£6,248
Metric 6a	Operating margin (social housing lettings)	39.4%	26.3%	44.3%	23.3%	42.5%	41.9%	41.9%	41.8%	41.5%
Metric 6b	Operating margin (overall)	27.4%	23.9%	35.5%	20.5%	35.2%	35.7%	34.2%	35.0%	35.0%
Metric 7	Return on Capital employed	0.4%	3.3%	1.2%	3.2%	1.5%	1.5%	1.5%	1.6%	1.7%

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

The above table shows how as a new organisation the standard metrics have significant fluctuations year to year as units complete. In the current year, costs have increased due to higher repair costs but the Association continues to benefit from nearly half the units being new build and thus there is limited major works costs on units. This is forecast to change over the coming years as additional costs are incurred to get all units to EPC C or higher.

Metric 1 does not include acquired units, only spend on new units whilst Metric 2a does include acquired units and is why the results differ significantly. The results have declined, but this due to the opening number of units increasing and so the percentage of growth is lower.

Metric 3 reflects that the business has no reserves and so all build and acquisition is funded via debt and grant. This is why the interest cover (Metric 4) is much lower than historical sector average and below 100%. This is forecast to fluctuate depending on the levels of major works spend to be incurred each year.

Operating margins are strong (Metric 6), aided by lower operating costs. The positive operating performance has resulted in the positive Return on Capital (Metric 7).

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

#### **Future Developments – TBG Open Door Limited**

The Associations business plan is based on the following key aspirations:

- Develop quality new housing, including new types of construction and to deliver alternative tenure types such as shared ownership, market rent or other sub-market opportunities
- Access grant opportunities and third-party funding streams rather than solely from London Borough of Barnet
- To leverage a growing portfolio of assets for further development and business opportunities
- Support the Council in delivering its housing strategy
- Support the Council in reducing or cross subsidising homelessness costs

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

#### **TBG Flex Limited**

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

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

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

A key risk for TheBarnetGroup Limited is being able to recruit appropriately skilled staff. As TBG Flex Limited is the employment company within the Group, it is mitigating this risk by ensuring that everyone is at or above the London Living Wage (LLW). As such the Company may be exposed to changes to the economy and wage levels arising from higher inflation and other socio-economic impacts. In mitigation, payment at LLW puts the company among the highest payers of care staff locally, meaning it is less likely to suffer recruitment issues than comparable businesses paying lower wages. Salaries for roles are determined using the Hays salary model. During the current year, the Company has continued to fill most vacancies arising from staff turnover and new posts.

TheBarnetGroup Limited has employees on several different sets of employment terms & conditions as services have come into the Group under Transfer of Undertakings (Protection of Employment) (TUPE) over the years. Human Resources monitor all salaries for similar roles across the Group and a review of TBG Flex Limited employment terms (specifically around holiday, sick pay and 'family friendly' policies) has been undertaken with all TBG Flex Limited staff receiving improved allowances for these benefits from April 1 2022. The improvements mean there is much less variance to other employment terms & conditions within the Group. These enhanced terms will not impact on the financial performance of TBG Flex Limited as any additional cost will be recovered.

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

<b>Employees at 31 March 2023 (2022 in brackets)</b>	
Barnet Homes Limited	315 (251)
Your Choice (Barnet) Limited	256 (204)
<b>Total</b>	<b>571 (455)</b>

The large increase in the year includes 75 staff who had TUPED into the TheBarnetGroup in prior years from other organisation and transferred to TBG Flex during the year as it has better terms and conditions than their legacy contracts.

#### **Future Developments – TBG Flex Limited**

There are plans to further increase the number of employees within the Barnet Group employed by TBG Flex Limited over the five-year budget period as follows:

<b>TBG Flex Limited staff</b>	<b>Figure at 31 March 2023</b>	<b>Annual increase</b>				
		<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Total	571	616	663	698	732	767

#### **Bumblebee Lettings Limited**

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

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

The lettings market has faced increased challenges during the year, with greater competition from the established agencies meaning that margins are under pressure as agents compete for the business of landlords. There is also still some uncertainty as to the longer-term impact of Covid, including further potential lockdowns. Taken together, the two areas of activity are performing as expected, which will enable it to repay the loan to its fellow Group company, Barnet Homes.



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

#### Key performance indicators

	Actual	Target
Units let	46	60
Units in management	330	387
Retention rate	96%	90%

The business faced a combination of challenges this year, including Covid impacting on nominations due to a reduction in evictions by private landlords in the Borough, as there was the eviction ban and private rental prices increasing significantly, increased affordable supply within TheBarnetGroup Limited via more new build units or acquired properties and less demand.

#### Future Developments – Bumblebee Lettings Limited

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

- Average annual rent inflation at CPI
- An average business retention rate of 90%

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

The Company has decided to start operating in the sales market, i.e. acting as agent for homeowners wanting to sell their property. Operations started in May 2023.

#### Post Year-end event

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

#### Approval and signature

The strategic report was approved by the Board on 29 June 2023 and signed on its behalf by:



**Eamon McGoldrick, Chair**

## ***Independent auditor's report to the members of TheBarnetGroup Limited***

### **Opinion**

We have audited the financial statements of TheBarnetGroup Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flow, Consolidated Statement of Changes in Equity, Company Statement of Comprehensive Income, Company Statement of Financial Position, Company Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss and the parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group, and the industry in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (UK-adopted international accounting standards and the Companies Act 2006), and the NHF Code of Governance 2020. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the Group is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee, and through our legal and professional expenses review;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- To assess the potential risks of material misstatement, including how fraud might occur, we obtained an understanding of:
  - The Group's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
  - The Group's control environment including the adequacy of procedures for authorisation of transactions.
- Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the sector in which the Group operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of groups of a similar size and complexity, appropriate to their role within the team.

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

### **Use of our report**

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

*Grant Thornton UK LLP*

Victoria McLoughlin  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
Date: 4/7/2023

**THEBARNETGROUP LIMITED****FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
Revenue	3	100,009	96,264
Employee benefits expense	12.1	(34,443)	(34,028)
Depreciation	7,7.1	(7,251)	(6,667)
Amortisation	8	(457)	(663)
Net impairment gains/(losses) on financial assets and contract assets		105	(44)
Gain on disposal of fixed assets		456	135
Other expenses	4	(56,071)	(53,395)
<b>Operating profit</b>	5	2,348	1,602
Finance income	6	2,602	1,722
Finance costs	6	(10,096)	(7,620)
<b>Loss before tax</b>		(5,146)	(4,296)
Income tax expense	18	-	47
<b>Loss after tax</b>		(5,146)	(4,249)
<b>Other comprehensive income</b>			
Actuarial gain on defined benefit pension scheme	12.3	38,924	15,977
<b>Total comprehensive profit for the year</b>		<b>33,778</b>	<b>11,728</b>
<b>Total comprehensive profit is attributable to:</b>			
London Borough of Barnet		33,778	11,728

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.

**THEBARNETGROUP LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2023**

	Note	2023 £'000	2022 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Tangible Assets</b>			
Property, plant and equipment	7	204,557	178,422
Right of Use assets	7.1	6,274	8,394
<b>Intangible Assets</b>			
Computer software & development	8	789	1,256
		<u>211,620</u>	<u>188,072</u>
<b>Current assets</b>			
Trade and other receivables	9	21,182	22,960
Cash and cash equivalents	10	35,598	15,202
		<u>56,780</u>	<u>38,162</u>
<b>Total assets</b>		<u>268,400</u>	<u>226,234</u>
<b>EQUITY and LIABILITIES</b>			
<b>EQUITY</b>			
Revenue Reserve		(3,011)	(890)
IAS 19 Pension Reserve		(10,499)	(46,398)
Other Reserve		(1,136)	(1,136)
<b>Total Equity</b>		<u>(14,646)</u>	<u>(48,424)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pension and other employee obligations	12.3	11,635	47,534
Lease liabilities	14	2,764	4,452
Provisions	13	28	33
Loans	15	176,228	154,023
Deferred grant	16	43,992	32,820
		<u>234,647</u>	<u>238,862</u>
<b>Current liabilities</b>			
Trade and other payables	17	44,900	31,799
Lease liabilities	14	3,499	3,997
Current tax liabilities	18	-	-
		<u>48,399</u>	<u>35,796</u>
<b>Total liabilities</b>		<u>283,046</u>	<u>274,658</u>
<b>Total equity and liabilities</b>		<u>268,400</u>	<u>226,234</u>

The financial statements were authorised and approved by the Board on 29 June 2023 and signed on its behalf by:



Eamon McGoldrick, Chair  
**Company Number: 07873964**

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.

**THEBARNETGROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Note</b>	<b>2023</b> £'000	<b>2022</b> £'000
<b>Cash flows from operating activities</b>			
Loss before tax		(5,146)	(4,296)
Interest expense	6	10,096	7,620
Interest income	6	(2,602)	(1,722)
Depreciation of property, plant and equipment	7,7.1	7,251	6,667
Amortisation of intangible assets	8	457	663
Grant amortised		(338)	(272)
Gain on disposal of fixed assets		(456)	(135)
Net impairment losses on financial assets and contract assets	3	(105)	44
Movement in pension liability		1,765	2,355
Decrease/(increase) in trade and other receivables		1,883	(8,366)
Increase in trade and other payables		13,101	11,154
Taxes paid		-	-
<b>Net cash from operating activities</b>		<b>25,906</b>	<b>13,712</b>
<b>Cash flows from investing activities</b>			
Interest received		86	2
Finance costs paid		(4,150)	(4,672)
Proceeds from sale of fixed assets		896	-
Purchase and construction of housing properties	7	(29,388)	(45,648)
Grant receipts	16	11,617	3,964
Purchase of fixed assets	7	(28)	(16)
<b>Net cash used in investing activities</b>		<b>(20,967)</b>	<b>(46,370)</b>
<b>Cash flows from financing activities</b>			
Loan drawdowns*	15	20,000	42,568
Principal element of lease payments*	14	(4,543)	(4,585)
<b>Net cash from financing activities</b>		<b>15,457</b>	<b>37,983</b>
Net increase in cash and cash equivalents		20,396	5,325
Cash and cash equivalents at beginning of year		15,202	9,877
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>35,598</b>	<b>15,202</b>

\* Changes in liabilities arising from financing activities are disclosed in note 14 and note 15.

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.



**THEBARNETGROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Revenue Reserve</b>	<b>IAS 19 Pension Reserve</b>	<b>Other Reserve *</b>	<b>Total retained earnings</b>
	£'000	£000	£'000	£'000
<b>Balance as at 1 April 2021</b>	<b>(236)</b>	<b>(58,780)</b>	<b>(1,136)</b>	<b>(60,152)</b>
Loss after tax for the year	(654)	(3,595)	-	(4,249)
<i>Other comprehensive income:</i>				
Actuarial gain on pension scheme	-	15,977	-	15,977
<b>Balance as at 31 March 2022</b>	<b>(890)</b>	<b>(46,398)</b>	<b>(1,136)</b>	<b>(48,424)</b>
<b>Balance as at 1 April 2022</b>	<b>(890)</b>	<b>(46,398)</b>	<b>(1,136)</b>	<b>(48,424)</b>
Loss after tax for the year	(2,121)	(3,025)	-	(5,146)
<i>Other comprehensive income:</i>				
Actuarial gain on pension scheme	-	38,924	-	38,924
<b>Balance as at 31 March 2023</b>	<b>(3,011)</b>	<b>(10,499)</b>	<b>(1,136)</b>	<b>(14,646)</b>

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

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.

**THEBARNETGROUP LIMITED**  
**COMPANY STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2023**

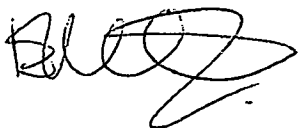
	<b>2023</b> £'000	<b>2022</b> £'000
Revenue	-	-
<b>Expenses</b>		
Other expenses	(78)	(40)
<b>Operating loss</b>	(78)	(40)
Finance income	12	-
Finance costs	-	-
<b>Loss before tax</b>	(66)	(40)
Income tax expense	-	-
<b>Loss after tax</b>	(66)	(40)
<b>Total comprehensive loss for the year</b>	<b>(66)</b>	<b>(40)</b>
<b>Total comprehensive loss is attributable to:</b>		
London Borough of Barnet	(66)	(40)

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.

**THEBARNETGROUP LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Note</b>	<b>2023</b> £'000	<b>2022</b> £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment	20.1	-	-
<b>Current assets</b>			
Trade and other receivables	9	11,551	13,673
Cash and cash equivalents	10	14,916	5,481
		<u>26,467</u>	<u>19,154</u>
<b>Total assets</b>		<u>26,467</u>	<u>19,154</u>
<b>EQUITY and LIABILITIES</b>			
<b>EQUITY</b>			
Revenue reserve		(358)	(292)
<b>Total Equity</b>		<u>(358)</u>	<u>(292)</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	26,825	19,446
		<u>26,825</u>	<u>19,446</u>
<b>Total liabilities</b>		<u>26,825</u>	<u>19,446</u>
<b>Total equity and liabilities</b>		<u>26,467</u>	<u>19,154</u>

The financial statements were authorised and approved by the Board on 29 June 2023 and signed on its behalf by:



Eamon McGoldrick, Chair

**Company Number: 07873964**

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.

**THEBARNETGROUP LIMITED**  
**COMPANY CHANGES IN EQUITY**

	<b>Total revenue reserve and retained losses</b>
	£'000
<b>Balance as at 1 April 2021</b>	(252)
Loss for the period	40
<b>Balance as at 31 March 2022</b>	<u>(292)</u>
<b>Balance as at 1 April 2022</b>	(292)
Loss for the period	(66)
<b>Balance as at 31 March 2023</b>	<u><u>(358)</u></u>

**COMPANY STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		£'000	£'000
<b>Cash flows from operating activities</b>			
Loss before tax		(66)	(40)
Interest income		(12)	-
Decrease/(increase) in trade and other receivables		2,122	(2,049)
Increase in trade and other payables		7,379	7,219
<b>Net cash inflow from operating activities</b>		<u>9,423</u>	5,170
<b>Cash flows from financing activities</b>			
Interest received		12	-
<b>Net cash from financing activities</b>		<u>12</u>	-
Cash and cash equivalents at beginning of year		5,481	351
<b>Cash and cash equivalents at end of year</b>	10	<u><b>14,916</b></u>	<u><b>5,481</b></u>

The accompanying accounting policies and notes on pages 36 to 69 form part of these financial statements.

**THEBARNETGROUP LIMITED****ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023****1. General information and statement of compliance with IFRS**

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

The financial statements of the Company have been prepared in accordance with the UK-adopted international accounting standards.

**Implementation of new accounting standards and policies.**

IAS 8.30 requires entities to disclose Standards issued but not yet effective that they will apply in the future. As part of this disclosure, entities must provide known or reasonably estimable information relevant to assessing the possible impact the new IFRS will have on their financial statements in the period of initial application. For new or amended IFRS or Interpretations that are expected to have a material impact, entities should consider disclosing the title of the new IFRS Standard, the nature of the expected change in accounting policy, the effective date of the Standard, and the date at which the entity intends to first apply the Standard (IAS 8.31). Where there is not expected to be a material impact, it is not necessary to do this, and doing so may actually contribute to disclosure overload. At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these are expected to have a material impact. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

**Presentation of financial statements**

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

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

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

These financial statements are for the year ended 31 March 2023 and have been prepared on a historical cost basis, except for the defined benefit pension plans; the pension plan assets and liabilities are measured at fair value.

The financial statements are presented in British Pounds Sterling, which is the Group's functional and presentation currency, 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.

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

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

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

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

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

**Going Concern**

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

- Management has prepared forecasts (including monthly cash flows) of expected results (including pension obligations) for the period to March 2025. These demonstrate that the Group has sufficient resources to meet all liabilities as they fall due for the foreseeable future and for at least for the 12 months following the approval of these accounts.
- In line with International Accounting Standard 19, the Group's pension deficit is recognised in full in the Statement of Financial Position and this is stated at £11.635m at 31 March 2023 (2022: £47.534m). However, the London Borough of Barnet has fully guaranteed the pension deficits at the point of Barnet Homes incorporation (on 1 April 2004) as well as pension deficits at the point the employees were transferred to the Group on 1 February 2012 and 7 July 2019 within the Your Choice (Barnet) business. International Accounting Standard 19 relates to the assessment of the employer's liability in respect of the pension scheme, which has the impact of increasing or reducing the pension deficit on the Statement of Financial Position. This is an accounting rule which shows the current estimate of future pension costs and has no impact on the Company's current liquidity.
- The London Borough of Barnet has confirmed its intention to offer support to TheBarnetGroup Limited for at least 12 months after the date of these Annual Financial Statements, to allow the Group to meet its liabilities as they fall due in a scenario where forecasts are materially inaccurate.

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

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

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

**Revenue**

Revenue arises mainly from delivery of contract services either for housing management services or Care & Support Services.

To determine whether to recognise revenue, the Group follows a 5-step process:

Identifying the contract with a customer

Identifying the performance obligations

Determining the contract price

Allocating the transaction price to the performance obligations

Recognising revenue as/when performance obligations are satisfied.

The Group has several contracts with its parent London Borough of Revenue. Each contract is assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. Revenue is then recognised either at a point in time or over time, when (or as) the Group satisfies its performance obligations by delivering the promised services to customers.

Social housing rental income and housing rental income represents rent and service charges receivable in the year (net of rent and service charge losses from voids).

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

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

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

**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.

**THEBARNETGROUP LIMITED****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Property, plant and equipment and depreciation**

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

Vehicles, plant & equipment: 5 years

Furniture & fittings: 5 years

Computer equipment 5 years

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

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

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

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

**Capitalised Development Costs**

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

**Pre-contract costs**

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

**Government Grants**

Grants are paid by the London Borough of Barnet to subsidise the cost of constructing housing properties. Grants on completed housing properties are accounted for using the accrual model as set out in the Housing SORP 2022. Grants are recognised as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset.

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



**THEBARNETGROUP LIMITED****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Land and other donated assets**

Land and other assets donated by local authorities and other government sources are recognised at the fair value on initial recognition, at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the difference between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income. On disposal of an asset for which non-monetary government grant was received by the social landlord any unamortised grant remaining within liabilities in the statement of financial position is derecognised and recognised as income in the statement of comprehensive income

**Interest Payable**

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

**Depreciation of Housing Properties**

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

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

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

**Other Tangible Fixed Assets**

Other tangible fixed assets are measured at cost less accumulated depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives of 5 years (with no charge in the year of acquisition).

**Intangible assets - computer software**

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

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

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

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

**Measurement and recognition of leases as a lessee**

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

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

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

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

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

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

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

**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.

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

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

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

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

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

**Loans and receivables**

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

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

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

**Financial liabilities**

Financial liabilities include borrowings and trade and other payables.

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

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

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

**Contract assets**

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

Contract assets are subject to the impairment requirements under IFRS 9. Consistent with trade and other

receivables, the Company measures lifetime expected credit losses for contract assets.

## **THEBARNETGROUP LIMITED**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

#### **Contract liabilities**

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

#### **Trade and other payables**

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

#### **Corporation Tax**

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

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

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

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

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

#### **Short term investment**

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

#### **Equity and reserves**

Retained earnings include all current and prior period retained profits.

#### **Coronavirus Job Retention Scheme**

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

**THEBARNETGROUP LIMITED****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Transfer of business from owners**

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

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

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

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

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

The Fund is financed by contributions from employers, employees and the income from the Fund's investments. The funding policy aims to ensure that the assets held by the scheme in the future are adequate to meet accrued liabilities, allowing for future increases in pay and pensions. Employee contribution rates range from 5.5% to 12.5% in accordance with Local Government Pension Scheme Regulations 2013. Primary and secondary employer contributions are determined after each triennial

actuarial valuation. Contribution rates are set to achieve a funding position of 100% within 17 years. In the event of the pension fund being wound up or the Group withdraws from the fund; the Group's share of assets and liabilities can be separately identified and apportioned appropriately.

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

## **THEBARNETGROUP LIMITED**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

#### **Provisions, contingent liabilities and contingent assets**

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

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

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

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

Information about the significant judgements, 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 £11.635m (2022: £47.534m) is based on standard rates of inflation and mortality. It also takes into account the Company's specific anticipation of future salary increases. The actuarial approach applies a roll forward methodology from the previous triennial review. Assumptions are set with reference to market conditions at the year end. The discount rate has been set whereby a 'Hymans Robertson' corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index. This basis has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. Estimation uncertainties exist as the anticipated assumptions could vary.

#### **Provisions**

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

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

#### **Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets to the Group. The carrying amounts are analysed in notes 7 and 8. Actual results, however, may vary due to technical obsolescence, particularly for software and IT equipment.

#### **Transfer of business**

Director's judgement has been applied in the accounting treatment of the transfer of the 3 care homes and 2 day-centres. The directors have assessed that this meets the criteria to be accounted for as a transfer of a business under common control and used 'predecessor accounting' to create an 'other reserve' within equity.

## THE BARNET GROUP LIMITED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Other Grants

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

#### Value Added Tax

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

### 3. REVENUE

#### Group

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

	2023 £'000	2022 £'000
<b>Management fee paid by the London Borough of Barnet in respect of:</b>		
Barnet Homes Limited housing management, homelessness and support services	60,283	55,232
Barnet Homes Limited repairs and maintenance	8,341	6,942
Property Development	1,523	1,130
Your Choice (Barnet) Limited adult social care services	12,436	14,290
<b>Total fee received from London Borough of Barnet</b>	<b>82,583</b>	<b>77,594</b>
Management fee for capital works carried out directly by Barnet Homes Limited	-	3,619
<b>Total income from the London Borough of Barnet</b>	<b>82,583</b>	<b>81,213</b>
Social Housing rental income	7,926	6,039
Housing rental income	4,991	4,690
Other operating income	4,171	4,050
Amortised Grant	338	272
<b>Total revenue</b>	<b>100,009</b>	<b>96,264</b>

Revenues of £82.6m (2022: £77.6m) are derived from London Borough of Barnet. These revenues are attributed to management fee.

There is no revenue arising in the parent company.

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

Long-term contract revenue – over time	88,986	82,503
Short-term contract revenue – over time	6,514	5,820
Transactional revenue – at a point in time	4,509	7,941
<b>Total revenue</b>	<b>100,009</b>	<b>96,264</b>

### THEBARNETGROUP LIMITED

#### 3. REVENUE CONTINUED

Minimum lease income receivable	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	£000	£000	£000	£000	£000
Rent receivable	3,312	1,431	354	-	5,097

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

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

	2023	2022
	£'000	£'000
Contract assets	7,450	16,328
Allowance for expected credit losses	(332)	(437)
<b>Total Contract assets</b>	<b>7,118</b>	<b>15,891</b>
Contract liabilities	-	-

Contract assets have decreased as additional cash receipts from London Borough of Barnet have been received prior to year-end as compared to prior year.

#### 4. OTHER EXPENSES

##### Group

	2023	2022
	£'000	£'000
Housing, estate, hostel, repairs & maintenance	10,583	11,301
Third party landlord and temporary accommodation costs	23,562	23,634
Agency Staff	7,345	7,681
Information Technology	1,532	1,391
Grounds Maintenance	1,007	973
Utility	2,738	1,564
Legal	1,297	824
Auditor's remuneration - statutory audit	157	108
Auditor's remuneration - for other services	45	66
Other *	4,861	3,823
Accommodation & Tenant related	954	614
Social Housing Lettings	1,990	1,416
<b>Total</b>	<b>56,071</b>	<b>53,395</b>



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

## **THEBARNETGROUP LIMITED**

### **4. OTHER EXPENSES (continued)**

\* Other costs include: Equipment £275,000 (2022: £253,000); Consultancy £436,000 (2022: £451,000), Insurance £787,000 (2022: £551,000), Printing £190,000 (2022: £126,000), Food £288,000 (2022: £267,000), Postage £97,000 (2022: £102,000), Staff travel £166,000 (2022: £66,000), Telephone £341,000 (2022: £251,000); Transport Costs £279,000 (2022: £343,000), Facility costs £660,000 (2022: £489,000), Staff training £247,000 (2022: £255,000); Irrecoverable VAT £286,000 (2022: £424,000); Internal Audit £78,000 (2022: £73,000); PR& Marketing £110,000 and Other £621,000 (2022: £172,000).

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

#### **Group**

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
*Depreciation and amortisation of property, plant and equipment and Intangible assets	7,708	7,330
Intangible asset write-off	-	24
Employee salaries and benefits	34,443	34,028
Auditors remuneration		
- Fees payable for the audit of the Group financial statements	23	16
- Fees payable for the audit of the subsidiary financial statements	134	92
- Fees payable to the Group's auditors for other services	45	66

\* Depreciation £7,251,000, Amortisation £457,000 (2022: Depreciation £6,667,000, Amortisation £663,000)

### **6. FINANCE INCOME AND FINANCE COST**

#### **Group**

Finance income:

- bank deposit and short-term investment interest	86	2
- return on retirement benefit scheme assets	2,516	1,720
	<b>2,602</b>	<b>1,722</b>

Finance costs:

Lease finance costs	(425)	(488)
Loan interest costs	(6,049)	(4,614)
Interest capitalised on housing properties	204	423

Interest on retirement benefit obligation and other charges	<u>(3,826)</u>	<u>(2,941)</u>
	<u><b>(10,096)</b></u>	<u><b>(7,620)</b></u>

Interest capitalised was at an average rate of 3.24% (2022: 3.33%)

**THEBARNETGROUP LIMITED**  
**7. TANGIBLE ASSETS**

**Property, plant and equipment**  
**Group**

	Social Housing under construction £'000	Social Housing Properties £'000	Vehicles, plant & equipment, furniture & fittings £'000	Computer equipment £'000	Total £'000
<b>Gross carrying amount</b>					
Balance 1 April 2022	20,355	161,001	330	1,620	183,306
Additions	7,638	21,750	-	28	29,416
Disposals	-	(440)	(108)	(22)	(570)
Schemes completed	(17,471)	17,471	-	-	-
Balance 31 March 2023	10,522	199,782	222	1,626	212,152
<b>Depreciation and impairment</b>					
Balance 1 April 2022	-	3,011	283	1,590	4,884
Charge for year	-	2,811	14	15	2,840
Disposals	-	-	(108)	(21)	(129)
Balance 31 March 2023	-	5,822	189	1,584	7,595
Carrying amount 1 April 2022	20,355	157,990	47	30	178,422
<b>Carrying amount 31 March 2023</b>	<b>10,522</b>	<b>193,960</b>	<b>33</b>	<b>42</b>	<b>204,557</b>

Included within the cost of social housing properties is £2.4m (2022: £2.2m) of capitalised interest costs. This includes £0.2m (2022: £0.4m) of costs during the current financial year. Interest is capitalised on borrowings using the actual interest rate to finance the development of qualifying assets during the construction phase.

**Company**

The Company does not have any tangible assets.

**THEBARNETGROUP LIMITED**  
**7.1 TANGIBLE ASSETS**
**Right of use assets**
**Group**

	Vehicles £'000	Leasehold Offices £'000	Office Equipment £'000	Residential Properties £'000	Total £'000
<b>Gross carrying amount</b>					
Balance 1 April 2022	1,177	2,417	408	12,550	16,552
Additions	10	8	322	2,184	2,524
Lease expiration	-	-	(408)	(3,897)	(4,305)
Lease cancellations	-	-	-	(233)	(233)
Balance 31 March 2023	1,187	2,425	322	10,604	14,538
<b>Depreciation and impairment</b>					
Balance 1 April 2022	433	592	368	6,765	8,158
Charge for year	237	378	147	3,649	4,411
Lease expiration	-	-	(408)	(3,897)	(4,305)
Lease cancellations	-	-	-	-	-
Balance 31 March 2023	670	970	107	6,517	8,264
Carrying amount 1 April 2022	744	1,825	40	5,785	8,394
<b>Carrying amount 31 March 2023</b>	<b>517</b>	<b>1,455</b>	<b>215</b>	<b>4,087</b>	<b>6,274</b>

**Company**

The Company does not have any right of use assets.

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

Computer  
software and  
development  
£'000

**Gross carrying amount**

Balance 1 April 2022	4,372
Additions	-
Write-off	(2,534)
Balance 31 March 2023	1,838

**Amortisation**

Balance 1 April 2022	3,116
Charge for year	457
Write-off	(2,524)
Balance 31 March 2023	1,049

Carrying amount 1 April 2022	1,256
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**Carrying amount 31 March 2023**

**789**

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

**Summary of Depreciation, amortisation & assets impairment**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		£'000	£'000
Depreciation	7,7.1	7,251	6,667
Amortisation	8	457	663
		<b>7,708</b>	<b>7,330</b>

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable within one year:		
Trade receivables, gross	1,543	1,377
Provision for doubtful debt	(437)	(396)
Amounts due from parent undertaking	10,979	15,997
Receivables /	<u>12,085</u>	<u>16,978</u>
Other debtors	8,085	4,853
Provision for doubtful debt	-	-
Financial assets	<u>20,170</u>	<u>21,831</u>
Allowance for expected credit losses (note 3)	(332)	(356)
Prepayments and accrued income	<u>1,344</u>	<u>1,485</u>
Non-financial assets	<u>1,012</u>	<u>1,129</u>
Trade and other receivables	<b><u>21,182</u></b>	<b><u>22,960</u></b>

The trade receivables ageing analysis is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Current		
0-30 days	9,983	13,398
31-60 days	2,144	2,971
> 60 days	(42)	609
	<b><u>12,085</u></b>	<b><u>16,978</u></b>

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

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable within one year:		
Amounts due from the London Borough of Barnet	6,992	6,319
Amounts due from subsidiaries	291	766
Financial assets	<u>7,283</u>	<u>7,085</u>
Prepayments and accrued income from Parent undertaking	3,171	4,052
Prepayments and accrued income from Related Parties	1,094	2,532
Prepayments and accrued income	<u>3</u>	<u>4</u>
Non-financial assets	<u>4,268</u>	<u>6,588</u>
Trade and other receivables	<b><u>11,551</u></b>	<b><u>13,673</u></b>

The trade receivables ageing analysis is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Current		
0-30 days	5,342	4,122
31-60 days	2,143	2,802
> 60 days	<u>(202)</u>	<u>161</u>
	<b><u>7,283</u></b>	<b><u>7,085</u></b>

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

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

	<b>2023</b>	<b>2022</b>
	£'000	£'000
Bank accounts	35,592	15,197
Cash in hand	6	5
Short term deposits	-	-
	<b>35,598</b>	<b>15,202</b>

**Company**

	<b>2023</b>	<b>2022</b>
	£'000	£'000
Bank accounts	14,916	5,481
	<b>14,916</b>	<b>5,481</b>

**11. EQUITY****11.1 Share Capital**

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

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

	<b>2023</b>	<b>2022</b>
	£'000	£'000
Wages and salaries	26,742	25,989
Social security costs	2,731	2,486
Pensions costs	4,970	5,553
	<b>34,443</b>	<b>34,028</b>



**THEBARNETGROUP LIMITED**  
**12.1.1 DIRECTOR'S REMUNERATION**

	<b>2023</b>	<b>2022</b>
	£'000	£'000
Wages and salaries	174	174
Social security costs	22	22
Pensions costs	15	13
Bonus	-	12
	<b>211</b>	<b>221</b>

The highest paid director cost £211,477 including £15,304 of contributions to a defined benefit scheme employees (2022: £221,427)

In this financial year, wages and salary costs include redundancy costs of £Nil (2022: £nil).

**12.2. Employees**

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

Service	<b>2023</b>	<b>2022</b>
Chief Executive Office	1	1
Care & Support	420	489
Operations	450	417
Non-Executive Directors	16	16
	<b>887</b>	<b>923</b>

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

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

The Group participates in a local government pension defined benefit statutory scheme, administered by London Borough of Barnet in accordance with the Local Government Pension Scheme Regulations 2013, as amended. It is contracted out of the State Second Pension. The basis on which the net pension liability is recognised in the financial statements is set out in the accounting policies (note 2).

A full actuarial funding valuation was carried out at 31 March 2019 and updated to 31 March 2023 by a qualified independent actuary. The actuarial report states that it was prepared in accordance with the International Accounting Standard 19 (IAS 19). This forms the basis of the Statement of Financial Position and funding status disclosures to be made in respect of its pension obligations under the Local Government Pension Scheme.

For the year ending 31 March 2023, Barnet Homes Limited contributed to the Scheme at an equivalent rate of 24.3% of pensionable salaries (2022: 24.3%).

For the year ending 31 March 2023, Your Choice (Barnet) Limited contributed to the Scheme at an equivalent rate of 21.1% of pensionable salaries (2022: 21.1%).

**The financial assumptions used by the actuary were:**

	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Salary Increases	3.95	3.90
Pension Increases (CPI)	2.95	3.20
Discount Rate	4.75	2.70

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.

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

**Commutation**

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

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

<b>Net pension liability as at</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	£'000	£'000
Present Value of Funded Obligation	(101,088)	(140,337)
Fair Value of Scheme Assets (bid value)	89,936	93,413
<b>Net liability</b>	<b>(11,152)</b>	<b>(46,924)</b>
Present Value of Unfunded Obligation	(483)	(610)
<b>Net liability in statement of financial position</b>	<b>(11,635)</b>	<b>(47,534)</b>

	<b>31 March 2023</b>	<b>31 March 2022</b>
	£'000	£'000
Current and past service cost	3,976	5,060
Net interest on net defined liability	1,307	1,221
Past service costs	140	29
<b>Total</b>	<b>5,423</b>	<b>6,310</b>
<b>Actual return on scheme assets</b>	<b>(2,968)</b>	<b>6,739</b>

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>140,947</b>	<b>145,410</b>
Current service cost	3,976	5,060
Interest cost	3,823	2,941
Change in financial assumptions	(51,941)	(10,615)
Change in demographic assumptions	(625)	(596)
Experience gains on defined benefit obligation	7,366	253
Estimated benefits paid (net of transfers in)	(2,714)	(2,181)
Past service cost	140	29
Contributions by Scheme participants	625	673
Unfunded pension payments	(26)	(27)
<b>Closing Defined Benefit Obligation</b>	<b>101,571</b>	<b>140,947</b>

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of scheme assets</b>	<b>93,413</b>	<b>85,494</b>
Interest on assets	<b>2,516</b>	<b>1,720</b>
Return on assets less interest	<b>(5,484)</b>	<b>5,019</b>
Administration expenses	<b>26</b>	<b>27</b>
Other actuarial losses	<b>(792)</b>	<b>-</b>
Contributions by employer including unfunded benefits	<b>2,372</b>	<b>2,688</b>
Contributions by scheme participants	<b>625</b>	<b>673</b>
Estimated benefits paid (net of transfers in)	<b>(2,740)</b>	<b>(2,208)</b>
<b>Fair value of scheme assets at end of period</b>	<b>89,936</b>	<b>93,413</b>

**Re-measurements and Other Comprehensive Income**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of interest	<b>(5,484)</b>	<b>5,019</b>
Other actuarial gains/(losses) on assets	<b>-</b>	<b>-</b>
Change in financial assumptions	<b>51,941</b>	<b>10,615</b>
Change in demographic assumptions	<b>625</b>	<b>596</b>
Experience (loss) / gain on defined benefit obligation	<b>(8,158)</b>	<b>(253)</b>
Effect of business combinations	<b>-</b>	<b>-</b>
	<b>38,924</b>	<b>15,977</b>

**Sensitivity analysis**

<b>Change in assumptions at 31 March 2023:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary value</b>
		<b>£'000</b>
0.1% decrease in Real Discount Rate	<b>2%</b>	<b>1,799</b>
1 year increase in member life expectancy	<b>4%</b>	<b>4,063</b>
0.5% increase in the Salary Increase Rate	<b>0%</b>	<b>187</b>
0.5% increase in the Pension Increase Rate	<b>2%</b>	<b>1,638</b>

**THEBARNETGROUP LIMITED****12.3. Pension and other employee obligations continued****Projections for year to 31  
March 2024**

	<b>Year to 31 March 2023</b>
	<b>£'000</b>
Service cost	(1,152)
Net interest cost	(550)
Administration	-
<b>Total</b>	<b>(1,702)</b>
<b>Employer contributions</b>	<b>2,003</b>

These projections are based on the actuarial assumptions as at 31 March 2023.

**Assets**

The estimated asset allocation for the Group as at 31 March 2023 is as follows;

	<b>31 March 2023</b>		<b>31 March 2022</b>	
Employer Asset Share - Bid Value	£'000	%	£'000	%
Debt Securities	7,896	9%	8,254	9%
Real Estate	5,962	6%	3,990	4%
Investment Funds and Unit Trusts	72,526	81%	76,056	81%
Private Equity	2,540	3%	2,369	3%
Cash	1,012	1%	2,744	3%
<b>Total</b>	<b>89,936</b>	<b>100%</b>	<b>93,413</b>	<b>100%</b>

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

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

	Insurance claims £'000	Other provision £'000	Total provisions £'000
Carrying amount at 1 April 2022	33	-	33
Released	(5)	-	(5)
Increase in provisions	-	-	-
<b>Carrying amount at 31 March 2023</b>	<b>28</b>	<b>-</b>	<b>28</b>

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2023. The Group's liability is restricted to the amount of the claim or the policy excess, whichever is the greater. The policy excess is currently £2,500 per claim.

**Company**

The Company had no provisions at 31 March 2023 (2022: £nil)

**14. LEASE LIABILITIES****Group**

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

	2023 £'000	2022 £'000
Balance at 1 April	8,449	10,547
New finance leases	2,524	6,016
Finance leases cancelled	(167)	(3,529)
Less: Net Present Value of lease payments	(4,543)	(4,585)
<b>Total finance lease liability</b>	<b>6,263</b>	<b>8,449</b>
Finance leases payable in less than one year	3,499	3,997
Finance leases payable in more than one year	2,764	4,452
	<b>6,263</b>	<b>8,449</b>

31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Lease Payments	3,714	2,009	844	46	6,613
Finance charges	215	98	35	2	350
<b>Net Present Value</b>	<b>3,499</b>	<b>1,911</b>	<b>809</b>	<b>44</b>	<b>6,263</b>

31 March 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Lease payments	4,333	2,859	1,227	583	9,002
Finance charges	336	147	48	22	553
<b>Net Present Value</b>	<b>3,997</b>	<b>2,712</b>	<b>1,179</b>	<b>561</b>	<b>8,449</b>

**Company**

The Company has no finance lease liabilities

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

The Group has loan facilities of £281.7m. Loans drawn are secured on all the properties of TBG Open Door Limited, the carrying amount of these properties amounts to £204.5m as per note 7 and the amount outstanding is repayable as follows:

	<b>2023</b>	<b>2022</b>
	£'000	£'000
<b>Loans at start of the year</b>	<b>154,459</b>	<b>111,891</b>
Loan drawdowns:	20,000	40,605
Capitalised interest	2,287	1,963
<b>Loan balance at end of the year</b>	<b>176,746</b>	<b>154,459</b>
Loans payable in instalments in more than 5 years	176,746	154,459
Less: loan issue costs	(518)	(436)
<b>Total borrowings</b>	<b>176,228</b>	<b>154,023</b>

The rate of interest on each loan for each interest period is the prevailing interest rate offered to the lender at the date of utilisation request by the Public Works Loans Board for the relevant period and type of loan plus a margin.

**16. GRANT****Group**

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

	<b>2023</b>	<b>2022</b>
	£'000	£'000
At 1 <sup>st</sup> April	33,119	29,427
Grant received in the year	11,617	3,964
Released to income in the year	(338)	(272)
At 31 <sup>st</sup> March	44,398	33,119
Amounts to be released within 1 year	(406)	(299)
Amounts to be released in more than 1 year	43,992	32,820

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

<b>Group</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current:</i>		
Trade payables	12,566	3,540
Amount due to parent undertaking	7,356	4,380
Financial liabilities	19,922	7,920
Other payables	683	316
Contract liabilities (note 3)	-	-
Other taxation and social security	8,922	6,916
Accruals and deferred income	15,373	16,647
	<b>44,900</b>	<b>31,799</b>

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

The carrying amounts of trade and other payables are considered to be short-term as their fair values, due to their short-term nature.

**Company**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current:</i>		
Trade payables	1,037	27
Amount due to parent undertaking	1,775	18
Amount owed to subsidiaries	10,798	6,020
Financial liabilities	13,610	6,065
Other taxation and social security	8,879	6,827
Accruals and deferred income to Parent undertaking	1,094	2,483
Accruals and deferred income to Related party	3,219	4,052
Accruals and deferred income to 3rd party	23	19
	<b>26,825</b>	<b>19,446</b>



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

	Current period		Prior period	
	Derived £'000	Accounts £'000	Derived £'000	Accounts £'000
<b>Analysis of tax charge/(credit) for the period</b>				
<b>Current tax</b>				
UK corporation tax at 19.00% (PY: 19.00%)	-	-	-	-
Adjustments in respect of prior periods	-	-	-	-
	-	-	-	-
<b>Deferred tax</b>				
Origination and reversal of temporary differences	-	-	-	-
<b>Tax on profit on ordinary activities</b>	-	-	-	-
<b>Provision for deferred tax</b>				
<b>Deferred tax (asset)/liability not recognised</b>	(26)	(26)	(41)	(41)
<b>Reconciliation of tax charge</b>				
Loss on ordinary activities before tax	(66)	(66)	(40)	(40)

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

	Current period		Prior period	
	Derived £'000	Accounts £'000	Derived £'000	Accounts £'000
Tax on loss on ordinary activities at standard CT rate of 19.00% (PY:19.00%)	(13)	(13)	(8)	(8)
Income not taxable for tax purposes	-	-	-	-
<b>Effects of:</b>				
Fixed asset differences	-	-	-	-
Use of losses brought forward	(3)	(3)	-	-
Group relief surrendered	16	16	-	-
Adjustments to tax charge in respect of previous periods- deferred tax	-	-	11	11
Income not taxable for tax purposes	-	-	-	-
Re-measurement of deferred tax for changes in tax rates	-	-	(10)	(10)
Deferred tax not recognised	-	-	7	7
<b>Tax charge for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**19. FINANCIAL ASSETS AND LIABILITIES**

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

**Group**

	Note	2023 £'000	2022 £'000
<b>Financial assets</b>			
Loans and receivables:		-	-
Trade and other receivables	9	20,170	21,831
Cash and cash equivalent	10	35,598	15,202
		<b>55,768</b>	<b>37,033</b>
<b>Financial liabilities</b>			
Financial liabilities measured to amortised cost:			
Trade and other payables	17	44,900	31,799
Lease liabilities, short-term	14	3,499	3,997
Lease liabilities, long-term	14	2,764	4,452
		<b>51,163</b>	<b>40,248</b>

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

		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
<b>Financial assets</b>			
Loans and receivables:			
Trade and other receivables	9	7,283	7,085
Cash and cash equivalent	10	14,916	5,481
		<b>22,199</b>	<b>12,566</b>
<b>Financial liabilities</b>			
Financial liabilities measured to amortised cost:			
Trade and other payables	17	<b>26,825</b>	<b>19,446</b>

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Invoices to London Borough of Barnet	217,186	191,464
Invoices from London Borough of Barnet	6,669	8,436
Amount owed to London Borough of Barnet	7,356	4,380
Amount owed by London Borough of Barnet	10,979	15,997
Loan and grant balances repayable to London Borough of Barnet	221,144	186,843

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

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

The London Borough of Barnet contracts with TheBarnetGroup Limited for the provision of Adult Social Care Services, Housing Management and Homelessness Services. TheBarnetGroup Limited then contracts on a back-to-back basis with Your Choice (Barnet) Limited, Barnet Homes Limited, TBG Flex Limited and TBG Open Door Limited in respect of Adult Social Care Services, Housing Management, Homelessness Services and construction of properties. As a result, TheBarnetGroup Limited receives the management fee from The London Borough of Barnet on behalf of Barnet Homes Limited and Your Choice (Barnet) Limited. It also invoices for ad hoc services on behalf of the two companies and for the capital works programme carried out by Barnet Homes Limited on behalf of the London Borough of Barnet. Total revenue recognised from London Borough of Barnet is disclosed in note 3. Related party transactions are made on agreed terms.

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

TBG Flex Limited is a Company for the recruitment and employment of staff. Barnet Homes has a subsidiary organisation, TBG Open Door Limited, a registered provider with the Regulator of Social Housing.

As at 31 March 2023, TheBarnetGroup Limited owed £7,356,000 (2022: £4,529,000) to The London Borough of Barnet in respect of expenses on behalf of Barnet Homes Limited and TBG Open Door Limited. TheBarnetGroup Limited also owed £221,144,000 (2022: £186,843,000) in respect to loans and grants to The London Borough of Barnet.

TheBarnetGroup Limited was owed £10,979,000 (2022: £16,535,000) by The London Borough of Barnet in respect of management and other fees for services provided by the Group.

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

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Eamon McGoldrick	12	12
John Stephen	8	8
Washington Ainabe	-	3
Ursula Bennion	8	8
Aruna Bhatt	5	5
Councillor Paul Edwards	-	-
Penny Farrar	8	7
Jade Lam	5	1
Adam Mansell	5	5
June Riley	5	5
Councillor Sarah Wardle	-	-
Robert Webber	7	7
	<b>63</b>	<b>61</b>

## THEBARNETGROUP LIMITED

### 20.2.2 EXECUTIVE OFFICERS

	2023 £'000	2022 £'000
Salaries	736	726
Performance Bonus	-	48
Social security costs	96	96
Pensions costs	86	90
	<b>918</b>	<b>960</b>

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

## 21. CAPITAL COMMITMENTS

	2023 £'000	2022 £'000
Capital expenditure contracted for but not provided for in the financial statements	521	7,947
Capital expenditure authorised by the Board but not yet under contract	32,334	9,257

This contracted expenditure will be funded in the ratio 60% from existing loan facilities and 40% from grant funding and is for 46 social housing units.

The uncontracted expenditure is to acquire 102 properties for use as social housing and this will be entirely funded from existing loan facilities.

## 22. FINANCIAL INSTRUMENT RISKS

### Risk management and objectives and policies

#### 22.1 INTEREST RATE SENSITIVITY

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

#### 22.2 CREDIT RISK ANALYSIS

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

## THEBARNETGROUP LIMITED

### 22.3 LIQUIDITY RISK ANALYSIS

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

### 23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
Cash & cash equivalent	10	<b>35,598</b>	<b>15,202</b>

### 24. CONTROLLING PARTIES

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