

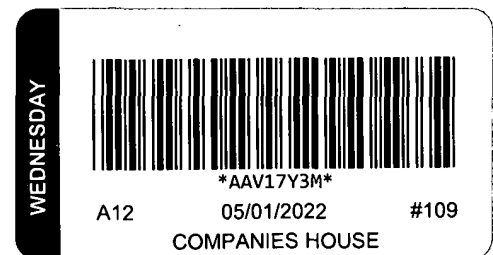
i4B Holdings Limited  
Company Registration No. 10529802



**i4B Holdings Limited**

**Annual report and financial statements for the year  
ended 31<sup>st</sup> March 2021**

**Company Registration No. 10529802**



i4B Holdings Limited  
Company Registration No. 10529802

## **Company Information**

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### **Directors:**

Saqib Butt  
Akintoye Durowoju  
Peter Gadsdon  
Martin Smith (Chair)  
Gail Tolley

**Company number:** 10529802

**Registered office:** Civic Centre  
9 Engineers Way  
Wembley  
London  
HA9 0FJ

**Auditors:** Grant Thornton UK LLP  
Chartered Accountants, Statutory Auditor  
30 Finsbury Square  
London EC2A 1AG

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i4B Holdings Limited  
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## Strategic Report

### Business Overview

i4B Holdings Limited (the company or i4B) has been established to reduce homelessness, provide affordable good quality homes, and invest to deliver regeneration and financial benefits for its sole shareholder Brent Council.

The company commenced trading on 16th December 2016 and the original business plan assumed 200 residential properties would be purchased by 31st March 2018 and 300 in total by 31st March 2019. The business has purchased 40 new units of accommodation in 2020/21 (63 units in 2019/20) which is slightly in excess of the 36 property target set out in the COVID adjusted business planning forecasts. In addition the key worker block of 153 affordable housing units became operational in the year. Property numbers have increased from 277 units at the 31<sup>st</sup> of March 2020 to 470 at the 31<sup>st</sup> of March 2021. The business plan assumes a further 60 units will be purchased in 2021/22.

Turnover at £4.523m (2019/20 £3.556m) was £0.269m lower than the £4.792m target due to higher void rent loss than budgeted. Income collection was 6.5% less than targeted levels. The Operating loss for the year (before tax and excluding revaluation movements) was £1.071m (2019/20 £0.977m).

As the impacts of Covid unwind cash collection rates will be closely monitored to determine whether Covid has been the key driver for lower than anticipated collection rates or whether forecast collection rates need to be adjusted.

The company is benefitting from economies of scale through the increase in property numbers. Rental income growth is exceeding growth in expenditure and the company is forecasting to generate its first annual operational surplus in 2021/22.

### Performance in 2020/21

Measure	Target	2020/21
Turnover	£4.792m	£4.523m
Profit before tax and revaluations	-£1.101m	-£1.071m
PRS properties purchased in year	36	40
Net yield of new purchases	1.2%	1.8%
Rent Collection	98.5%	92%

### Risks and Uncertainties

The company has been generating operating losses since inception. The business model for moving the company into profit is dependent on increasing the number of properties under management. In the longer term the interaction of market supply, property prices, rental affordability and the availability of finance at sustainable rates will determine the company's longer term ability to continue acquiring assets. Currently these factors are allowing properties to continue to be purchased at prices that are sustainable for the business plan.

### Covid-19

Rental collection has been affected by the COVID pandemic with collection rates of 92% in 2021 against a target of 98.5%. Collection rates will be monitored closely in 2021/22 as the impact of the winding down of government furlough scheme, employment levels in the wider labour market and the ending of the suspension of arrears recovery action is unclear at present.

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### **Opportunities and future developments**

The company is carrying out a review of its acquisitions strategy with the aim of aligning its purchases more closely to the housing needs requirements in the Borough. The review will look at supply, demand and affordability of housing in the Borough and to secure future funding streams at rates that support a sustainable purchasing programme.

The company's strategic priorities for 2021/22 are:

- Increasing housing supply
- Maintaining a viable business
- Providing safe and sustainable homes
- Delivering good housing services

### **Governance**

The Board currently comprises of five members. The Board meets on a monthly basis and takes collective responsibility for the long-term success of the company.

The Board approves a business and financial plan on an annual basis and monitors these along with key performance indicators throughout the year.

Biannual meetings take place with the shareholder to review performance and key objectives for the company's business plan.

The company carries out regular risk reviews of its activities which are reviewed at Board level and these risk reviews are used to inform the focus of Audit plans for the company.

### **System of internal control**

The Board of i4B is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its operations.

The Board is responsible for ensuring that sound systems of internal control exist within i4B, which focus on the significant risks that threaten the company's ability to meet its objectives and provide reasonable assurance for the safeguarding of assets. The key means of identifying, evaluating and managing the systems of internal control are:

- Corporate governance arrangements as set out above;
- Policies and procedures for all key areas of the business, which are reviewed periodically to ensure their continued appropriateness;
- Internal Audit reviews provide the Board with independent assurance on controls and key risks in addition to that provided by management. i4B uses the services of a professional firm of auditors (through the Council) and other specialists as necessary. All audit reports are reviewed by the Board, which also receives updates on the implementations of agreed external and internal audit recommendations;
- i4B's Board regularly monitors performance against budgets and other indicators.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the annual report, from 1st April 2020 up to the date of the approval of the annual report.

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**By order of the board**

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

A handwritten signature in black ink, appearing to read 'Martin Smith', written in a cursive style.

Martin Smith  
Chair of the board of directors  
Date: 17 December 2021

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## **Directors' Report**

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### **Reporting period**

The directors present their report for the year ended 31 March 2021.

### **Financial instruments**

As at 31st March 2021, i4B had loan facilities with the London Borough of Brent totalling £126.0m (2019/20 £107.3m) and equity in shares of £32.3m (2019/20 £29.9m), secured against the residential properties owned by i4B. Of the £126.0m total £18.6m was drawn down for the financial year 2020/21. All loan facilities are extended with fixed interest rates for the full term of the loan, which mitigates any interest rate risk.

### **Directors**

The directors at the date of approval of these financial statements are listed on page 2. I4B has Directors and officers indemnity insurance policies in place. There have been the following changes to Directors during the financial year:

#### **Appointed**

5 October 2020	James Howard Denselow
23 November 2020	Saqib Ilyas Butt

#### **Resigned**

14 September 2020	George Crane
23 November 2020	James Howard Denselow

### **Employees**

i4B does not directly employ staff, instead the company 'buys-in' services from the London Borough of Brent under a Service Level Agreement (SLA).

### **Going concern**

The company (a company limited by shares) is a wholly owned subsidiary of The London Borough of Brent (LBB).

The Directors have reviewed the company's forecasts and ability to fund the company's activities. Based on this analysis, at the date of approval of the financial statements, the Directors have a reasonable expectation that the company will continue to operate for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements.

In addition, a letter of support has been issued by London Borough of Brent from the section 151 officer. This states that LBB will provide continuing financial support as the sole guarantor of the Company to enable i4B Holdings Limited to fund its liabilities as they fall due and to allow its financial statements to be prepared on a going concern basis.

### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Strategic report and Directors' report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they

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are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 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.

In the case of each director in office at the date the Directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors' report was approved by the Board and signed on its behalf by:



Martin Smith

Chair of the board of directors

Date: 17 December 2021



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## Independent auditors report

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### Opinion

We have audited the financial statements of i4B Holdings Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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### Other information

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

### Responsibilities of directors for the financial statements

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

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

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

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

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

We enquired of management and the Board of Directors about the Groups' policies and procedures relating to the identification, evaluation and compliance with laws and regulations and detection and the response to the risk of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

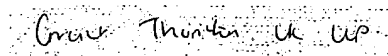
The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations related to health and safety, environmental matters, and bribery and corruption practices. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to potential management bias in determining significant accounting estimates, including the valuation of properties.
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, including those close to the year-end; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with the applicable financial reporting framework requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than those that result from error, as those irregularities that result from 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;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement teams understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.

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**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.

A handwritten signature in black ink, appearing to read "Joanne Love", is written over a faint, dotted rectangular background.

Joanne Love  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
17/12/2021

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### Statement of comprehensive income for year ended 31<sup>st</sup> March 2021

	<b>Note</b>	<b>2020/21</b>	<b>Restated 2019/20</b>
		<b>£000</b>	<b>£000</b>
Turnover	5	4,523	3,556
Cost of sales	6	(280)	(240)
<b>Gross profit(loss)</b>		<b>4,243</b>	<b>3,316</b>
Administrative expenses	7,8,9	(1,615)	(1,149)
Loss on revaluation	12	(2,451)	(3,977)
<b>Operating Profit/Loss</b>		<b>177</b>	<b>(1,810)</b>
Interest payable and similar charges	10	(3,699)	(3,144)
<b>Loss on ordinary activities</b>		<b>(3,522)</b>	<b>(4,954)</b>
Tax on Loss on ordinary activities	11	2,020	-
<b>Profit (Loss) on ordinary activities after taxation</b>		<b>(1,502)</b>	<b>(4,954)</b>
Unrealised Gain (Loss) on Property Plant and Equipment	12	13,884	-
Deferred Tax charge	11	(2,638)	-
<b>Total Comprehensive Income for the year</b>		<b>9,744</b>	<b>(4,954)</b>


The notes on pages 17 to 29 form part of these financial statements

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### Statement of financial position at 31<sup>st</sup> March 2021

Statement of financial position at 31 <sup>st</sup> of March 2021	Notes	2020/21 £000	Restated 2019/20 £000
<b>Fixed assets</b>			
Investment Properties	12	105,080	90,671
Property Plant and Equipment	12	52,646	-
Assets under construction	12	-	35,012
<b>Total fixed assets</b>		<b>157,726</b>	<b>125,683</b>
<b>Current assets</b>			
Debtors	13	922	1,162
Cash at bank and in hand	14	2,186	1,564
<b>Total current assets</b>		<b>3,108</b>	<b>2,725</b>
Creditors: amounts falling due within one year	15	(4,977)	(4,008)
<b>Net current liabilities</b>		<b>(1,869)</b>	<b>(1,282)</b>
<b>Total assets less current liabilities</b>		<b>155,857</b>	<b>124,401</b>
Provision for deferred tax	11	(650)	-
Creditors: amounts falling due after more than one year	16	(126,001)	(107,353)
<b>Net assets</b>		<b>29,206</b>	<b>17,048</b>
<b>Capital and reserves</b>			
Retained earnings	SOCIE	(17,024)	(12,884)
Revaluation Reserve	SOCIE	13,884	-
Equity Shares	SOCIE	32,346	29,932
<b>Total Capital and Reserves</b>		<b>29,206</b>	<b>17,048</b>

The financial statements were approved by the Board of I4B Holdings Limited on 17 December 2021 and signed on its' behalf by:



Martin Smith

Chair of the board of directors i4B Holdings Limited

Company no: 10529802

The notes on pages 17 to 29 form part of these financial statements

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### Statement of changes in equity for the year ended 31<sup>st</sup> March 2021

	<i>Note</i>	<b>Revenue earnings £000</b>	<b>Revaluation Reserve</b>	<b>Ordinary Shares £000</b>	<b>Total Reserves £000</b>
<b>Restated Balance at 1 April 2020</b>		(12,884)	-	29,932	17,048
Net profit / (loss) for the year	<i>SOCI</i>	(1,502)	-	-	(1,502)
Revaluation		-	13,884	-	13,884
Deferred Tax		(2,638)	-	-	(2,638)
<b>Total Comprehensive Income</b>		<b>(4,140)</b>	<b>13,884</b>	<b>-</b>	<b>9,744</b>
Ordinary share issue	<i>21</i>	-	-	2,414	2,414
<b>Balance at 31 March 2021</b>		<b>(17,024)</b>	<b>13,884</b>	<b>32,346</b>	<b>29,206</b>

	<i>Note</i>	<b>Revenue earnings £000</b>	<b>Revaluation Reserve</b>	<b>Ordinary Shares £000</b>	<b>Total Reserves £000</b>
<b>Restated Balance at 1 April 2019</b>		(7,930)	-	-	(7,930)
Restated Net profit / (loss) for the year	<i>SOCI</i>	(4,954)	-	-	(4,954)
Ordinary share issue	<i>21</i>	-	-	29,932	29,932
<b>Restated Balance at 31 March 2020</b>		<b>(12,884)</b>	<b>-</b>	<b>29,932</b>	<b>17,048</b>

The opening balance on the revenue reserve at 1<sup>st</sup> of April 2019 of -£7.930m has been restated by a prior year adjustment of -£6.277m from -£1.653m to reflect the revaluation of assets to fair value on the balance sheet. The movement on the revenue reserve in the 2019/20 financial year of -£4.954m has been restated by -£3.756m from -£1.198m to reflect the revaluation of assets to fair value on the balance sheet.

The notes on pages 17 to 29 form part of these financial statements

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### Statement of cash flows for the year ended 31<sup>st</sup> of March 2021

	Notes	2020/21 £000	Restated 2019/20 £000
<b>Cash flows from operating activities</b>			
Profit / (Loss) for the year	SOCI	(1,502)	(4,954)
<b>Adjustments for:</b>			
(Surplus) / deficit on investment properties revaluation	11	2,451	3,977
Interest expense	10	3,699	3,144
Corporation tax expense	12	(2,020)	-
Decrease / (increase) in debtors	13	325	92
Increase / (decrease) in creditors	15	(569)	(153)
<b>Net cash from operating activities</b>		<b>2,384</b>	<b>2,106</b>
<b>Cash flows from investment activities</b>			
Acquisition of investment properties	11	(16,860)	(23,626)
Assets Under Construction	11	-	(34,000)
Acquisition of Property Plant and Equipment	11	(3,750)	-
<b>Net Cash flows from investment activities</b>		<b>(20,610)</b>	<b>(57,626)</b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(2,215)	(929)
Capital Loan borrowing for acquisition of properties	17	18,649	28,005
Proceeds from issue of ordinary shares	20	2,414	29,932
<b>Net cash used in financing activities</b>		<b>18,848</b>	<b>57,008</b>
<b>Net (decrease)increase in cash and cash equivalents</b>		<b>622</b>	<b>1,488</b>
Cash and cash equivalents at beginning of year		1,564	76
<b>Cash and cash equivalents at end of year</b>	17	<b>2,186</b>	<b>1,564</b>

The notes on pages 17 to 29 form part of these financial statements



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## **Notes to the accounts**

### **1. General Information**

i4B Holdings Limited manages and maintains private sector residential rental properties on behalf of its parent local authority, the London Borough of Brent (the 'Council' or 'LBB'). The Company is a private company limited by shares and is incorporated in England (registered number 10529802). The address of the parent undertaking's registered office is Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ.

### **2. Statement of compliance**

The financial statements of i4B have been prepared in compliance with the Generally Accepted Accounting Practice in the UK; including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The company is a public benefit entity.

### **3. Accounting policies**

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

#### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of certain assets annually tested for revaluation gains and impairment.

The financial statements have been prepared on an accruals basis. Assets and liabilities are recognised on the Company's statement of financial position when it is probable that future economic benefits or costs will flow and the amounts of the assets and liabilities can be reliably measured. Turnover and expenditure is recognised in the statement of comprehensive income where it can be reliably measured that income has become due to the Company or expenditure has been incurred by the Company.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

Adjustments have been made to the 2019/20 financial statements to ensure the fixed assets and revaluations linked to them reflect the company's accounting policies and that assets are recorded at fair value. On reviewing the accounting statements for 2019/20 it was identified that revaluations for 2018/19 and 2019/20 had not accounted for transaction costs held on the balance sheet for stamp duty and that these costs had remained held on the balance sheet in excess of the fair value of the assets. The table below sets out the impact of the adjustments on the statement of comprehensive income and the statement of position.

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Adjustments were made to the 2019/20 accounts to reclassify the soft loan equity as long term borrowing. This reduced the value of the reserves by £32.173m and increased the value of long term liabilities by £32.173m

**Statement of financial position at 31st of March 2021**

	<b>Restated 2019/20 £,000</b>	<b>Adjustment 2019/20 £,000</b>	<b>2019/20 £,000</b>
Investment Properties	90,671	(10,032)	100,703
Creditors Amounts falling due after more than one year	(107,352)	(32,173)	(75,179)
Equity Soft Loan	-	(32,173)	32,173
Retained earnings	(12,883)	(10,032)	(2,851)

(b) Going concern

The Directors have reviewed the company's forecasts in for the 3 years from the 1<sup>st</sup> of April 2021 along with the availability of financing to fund both the company's development activities and its working capital requirements. Based on this analysis, at the date of approval of the financial statements, the Directors have a reasonable expectation that the company will be profitable within 2 years and has adequate access to financing in the interim to meet working capital requirements and continue in operational existence for the foreseeable future. A letter of support has been issued by London Borough of Brent from the section 151 officer, covering the period up to 30 November 2022. This states that LBB will provide continuing financial support as the sole shareholder of the Company to enable i4B to fund its liabilities as they fall due and to allow its financial statements to be prepared on a going concern basis.

(c) Turnover

Turnover represents services supplied in the year ended 31 March 2021 such as rents, included at gross cost (all supply is VAT exempt). All income is recognised on a receivable basis.

(d) Taxation - Value added tax (VAT)

The Company is not VAT registered. All services supplied by the Company are VAT exempt.

(e) Tangible assets

(i) Tangible assets, which on the statement of financial position are recorded as property plant and equipment, are stated at revaluation less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, and refurbishment costs.

(ii) Investment properties consist of i4Bs residential housing stock excluding the key worker block which is accounted for as property plant and equipment. Investment properties are measured at cost on initial recognition and subsequently at fair value (or open market value), in accordance with FRS102 and are not depreciated. At the year end the changes in fair value are recognised in income and expenditure.

Property Plant and Equipment

(iii) This class of asset is made up of the key worker block which is subject to depreciation over their estimated useful economic life (100 years). These properties were revalued by JLL as at 31 March 2021 on the basis of their existing use value - social housing (EUV-SH). The Company conducts an annual review of the need to adopt component accounting as per the 2018 SORP.

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Furniture, fixtures and fittings

(iv) Furniture, fixtures, and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(v) Depreciation and residual values

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Depreciation is charged so as to write down the assets to their residual value on a straight line basis over their estimated useful economic life, unless otherwise noted below. Depreciation is calculated as follows:

PPE buildings	Straight line basis over 100 years
---------------	------------------------------------

(vi) Subsequent additions and main components

Repairs, maintenance and minor inspection costs are expensed in the statement of comprehensive income as incurred.

(vii) Assets in the course of construction

Assets in the course of construction are stated at historical cost. These assets are not depreciated until they are available for use. There were no assets under construction in this financial year.

(viii) De-recognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

(f) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(h) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Doubtful debts are provided for based on a risk assessment linked to the age and status of the debt.

(k) Financial instruments

The Company adopts Sections 11 and 12 of FRS 102 in respect of financial instruments.

(l) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the

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asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Loans to I4B from the Council are treated as concessionary loans under the public benefit standard and are recorded as long term liabilities.

(m) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from the Council classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(o) Related party transactions

The Company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

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#### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key accounting estimates and judgements

##### Provision for doubtful debts

Provision is made for bad debts on rental income from the Company's owned stock. This provision requires management's best estimate, doubtful debts estimated on an aged basis and status of the debt. The provision is included in net rental debtors' calculation.

##### Valuation of properties (note 11)

The valuation was carried out by Wilks, Head and Eve (WHE), Chartered Surveyors. The Valuer prepared the valuations based on the existing use value at the 31<sup>st</sup> of March 2021 for property plant and equipment and open market value for investment properties.

The key worker block which has become operational during the 20/21 financial year has been categorised as property plant and equipment. This is in accordance with the requirements of FRS102 whereby a public benefit entity operating an asset primarily for the provision of social benefits at a substantial discount to the market price to realise social gains is required to account for the property as property plant and equipment. The purpose of the block as providing key worker accommodation for rents at 65% of market levels meets this requirement.

#### 5. Particulars of turnover

Turnover in the current and prior year is derived completely from the principal activities of the Company and arises solely within the United Kingdom.

	2020/21 £'000	2019/20 £'000
Rental Income	4,523	3,556
<b>Total</b>	<b>4,523</b>	<b>3,556</b>

#### 6. Cost of sales

	2020/21 £'000	2019/20 £'000
SLA - Variable Costs	280	240
<b>Total</b>	<b>280</b>	<b>240</b>

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The Service Level Agreement (SLA) is the agreement to provide management and associated housing and professional services and support from the Council to I4B.

## 7. Administrative expenses

	2020/21 £'000	2019/20 £'000
Supplies and services	353	212
Fees payable to the Company's auditor for the provision of audit services	32	30
Service level agreements	688	630
Legal and other professional fees	213	228
Other admin expenses	329	49
<b>Total</b>	<b>1,615</b>	<b>1,149</b>

## 8. Operating Profit

Operating profit is stated after charging (crediting):

	2020/21 £'000	2019/20 £'000
Administrative expenses	1,615	1,149
Loss on revaluation of investment properties	2,451	3,977
<b>Total</b>	<b>4,066</b>	<b>5,126</b>

## 9. Employees and directors

### Employees

The Company had no employees during the current financial year and prior financial year.

### Directors

Board remuneration:

	2020/21 £'000	2019/20 £'000
Chairperson	10	10
Other board members	7	7
<b>Total</b>	<b>17</b>	<b>17</b>

## 10. Interest payable and similar expenses

	2020/21 £000	2019/20 £000
Interest payable on loans from the Council	3,116	2,360
Facility non-utilisation fee	186	504
Facility arrangement fee	397	280
<b>Interest payable and similar charges</b>	<b>3,699</b>	<b>3,144</b>

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**11. Tax on surplus on ordinary activities**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<b>A: Current tax:</b>		
UK corporation tax on surplus for the year	53	-
<b>Tax on surplus on ordinary activities</b>	<b>53</b>	<b>-</b>

**Tax on (income)/ expense included in equity**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<b>B: Deferred tax:</b>		
Origination and reversal of timing differences	(2,073)	-
<b>Total deferred tax (income) expense</b>	<b>(2,073)</b>	<b>-</b>
<b>Total Tax Charge for the year</b>	<b>(2,020)</b>	<b>-</b>

**Factors affecting the tax charge**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Surplus on ordinary activities before taxation	(3,522)	(4,954)
Surplus multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	(669)	(941)
Effects of:		
deferred tax not recognised	323	988
deferred tax not recognised in prior periods	(1,674)	(41)
<b>Total tax charge for the year</b>	<b>(2,020)</b>	<b>-</b>
deferred tax timing difference in P&L	(1,988)	-
deferred tax timing difference in equity	2,638	-
<b>Deferred tax liability</b>	<b>650</b>	<b>-</b>
Deferred tax asset	(85)	-
<b>Analysis of Deferred tax due</b>	<b>565</b>	<b>-</b>

)

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## 12. Tangible fixed assets

	Investment Properties £000	Affordable Housing £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>				
As at 1 April 2020	100,703	0	35,012	135,715
Prior Year Restatements	(10,032)	0	0	(10,032)
<b>Restated as at 1st April 2020</b>	<b>90,671</b>	<b>-</b>	<b>35,012</b>	<b>125,683</b>
Restated as at 1st April 2020	90,671	0	35,012	125,683
Additions	16,860	0	3,750	20,610
Transfers		38,762	(38,762)	
Valuation surplus	(2,451)	13,884	-	11,433
<b>As at 31 March 2021</b>	<b>105,080</b>	<b>52,646</b>	<b>-</b>	<b>157,726</b>
<b>Accumulated depreciation and impairment</b>				
As at 31 March 2021	-	-	-	-
<b>Net book value</b>				
<b>As at 31 March 2021</b>	<b>105,080</b>	<b>52,646</b>	<b>-</b>	<b>157,726</b>
<b>As at 31 March 2020</b>	<b>90,671</b>	<b>-</b>	<b>35,012</b>	<b>125,683</b>

	Investment Properties £000	Investment Properties £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>				
As at 1 April 2019	71,022	-	-	71,022
Additions	23,626	-	35,012	58,638
Valuation Loss	(3,977)	-	-	(3,977)
<b>Restated as at 31 March 2020</b>	<b>90,671</b>	<b>-</b>	<b>35,012</b>	<b>125,683</b>
<b>Accumulated depreciation and impairment</b>				
As at 1 April 2019	-	-	-	-
<b>Restated as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
<b>Restated as at 31 March 2020</b>	<b>90,671</b>	<b>-</b>	<b>35,012</b>	<b>125,683</b>

## Valuation

	No of properties	£000
Assets measured at fair value as per 2019-20 accounts	277	90,671
Assets measured at fair value as per 2020-21 accounts	471	157,726



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**The valuation was carried out by Wilks, Head and Eve (WHE), Chartered Surveyors. The Valuer prepared the valuations based on the value on the 31st March 2021.**

The financial statements for 2019/20 have been restated to ensure consistency with the fair value basis for recording investment properties as set out in the accounting policies. Transaction costs including SDLT, acquisition costs and refurbishments costs had been included in the balance sheet in excess of their fair value. The restated accounts revalue down £10.032m of value from the fixed assets over two years with restatements writing down fixed asset values of £6.276m in 2018/19 and £3.756m in 2019/20.

The valuation has been carried out and reviewed by RICS registered valuers of WHE.

Investment properties have been valued at fair value and PPE has been valued on an Existing Use Valuation (EUV) basis assuming an asset life of 60 years.

All assets owned by i4B are held as security against loans made by Brent Council.

The key worker block was brought into operational use in 2020/21. The valuation of the block on a historic cost basis is £38.8m.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Investment Properties at historical cost	115,548	98,688
PPE at historical cost	38,759	-
Depreciation and impairment	-	-
	<b>154,307</b>	<b>98,294</b>

### **13. Debtors - Amounts falling due within one year**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Rental debtors* - rent arrears	831	713
Rental debtors* - cash collected but not paid to i4B	454	430
Other debtors	-	286
Deferred tax asset	85	-
Provision for doubtful debts	(448)	(267)
<b>Total debtors falling due within one year</b>	<b>922</b>	<b>1,162</b>

\*Rents are paid to third party managing agents managed by the Council on behalf of i4B under the SLA arrangement and aggregate payments are made periodically to i4B.

### **Provision for doubtful debts**

Doubtful debts are estimated from the analysis of aged debtors.

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**14. Cash at bank and in hand**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Cash at bank	2,186	1,564
<b>Total cash at bank and in hand</b>	<b>2,186</b>	<b>1,564</b>

**15. Creditors**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Debt financing costs owed to London Borough of Brent Council	3,699	2,215
SLA payments owed to London Borough of Brent Council	1,066	625
Audit fees	38	35
HMRC Corporation Tax	53	-
Other creditors	121	1,133
<b>Total creditors falling due within one year</b>	<b>4,977</b>	<b>4,008</b>

**16. Provision for deferred tax**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Provision for deferred tax	650	-

**17. Creditors: amounts falling due after more than one year**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Loans owed to the London Borough of Brent*	126,001	107,353
<b>Total creditors falling due after more than five years</b>	<b>126,001</b>	<b>107,353</b>

\*Long term loans owed to the Council are secured against all properties, the purchase of which was financed with the respective loans.

**18. Loans and other borrowings**

<b>Changes in net debt for the year</b>	<b>2020/21</b>	<b>Cashflows</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and Cash equivalents	2,187	623	1,564
Borrowing	(126,001)	(18,649)	(107,352)
<b>Net Debt</b>	<b>(123,814)</b>	<b>(18,026)</b>	<b>(105,788)</b>

As at 31 March 2021, public benefit entity concessionary loans with the London Borough of Brent Council for the acquisition of properties totalled £126m (2019/20 £107.4m). The loans are secured against all of the Investment and PPE properties owned by I4B.

As at 31st March 2021 the company had unutilised borrowing of £60.6m and unutilised equity draw down facilities of £11.6m totalling £72.2m of available finance with the London Borough of Brent.

Loan drawings are subject to a one-off 1% set-up fee and interest is charged on the unutilised facility at 0.75% per annum. Loans are repaid on an interest only basis with the capital amount repaid after 30 years.

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In the financial year 2020/21 £21m (2019/20 £57.9m) of finance was provided by the London Borough of Brent to support the property acquisition programme. This was in the form of £18.6m of loans (2019/20 £28.0m and £2.4m of equity shares (2019/20 £29.9m).

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## 19. Related party transactions

During the period the Company had the following related party transactions with the Council.

### Transactions

Amounts payable to the London Borough of Brent Council in the period were £4.39m (2019/20 £4.46m) inclusive of loan interest payments of £3.7m (2019/20 £3.1m).

### Amount of outstanding balances

Trade receivables with the London Borough of Brent Council for the period were £0.4m (the rental debtors and collected rent yet to be paid to i4B via the Council) and trade payables were £4.4m including £3.7m of interest payments. Loans due to the Council are £126m secured on housing properties. Ordinary shares have been issued to the value of £32.3m, which are secured on properties.

## 20. Controlling party

The immediate and ultimate parent undertaking and controlling party is the London Borough of Brent, whose financial statements can be obtained from The Chief Financial Officer, London Borough of Brent, Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ.

## 21. Equity shares and equity contribution

Ordinary shares are at par value of £1

Authorised, allotted and fully paid	Number	£
As at 1st April 2020	29,931,831	29,931,831
issued during the year	2,413,982	2,413,982
As at 31st March 2021	<u>32,345,813</u>	<u>32,345,813</u>

## Capital and Reserves

The company maintains the following reserve accounts:

### Retained earnings

Includes all current and prior period retained profits and losses.

### Equity Shares

Contains the nominal value of all shares that have been issued. All Ordinary Shares have the same rights in line with the Articles of Association

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## 22. Auditors' remuneration

For the financial year 2020/21, the Company had payables of £38k including VAT for Grant Thornton UK LLP for audit services in respect of the financial statements for the period.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Fees payable for the audit of the financial statements	32	30
VAT on fees	<u>6</u>	<u>6</u>
Fees payable for the audit of the financial statements, including VAT	<u>38</u>	<u>36</u>