

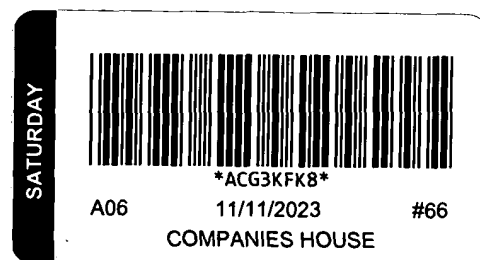
i4B Holdings Limited  
Company Registration No. 10529802



**i4B Holdings Limited**

**Annual report and financial statements for the year  
ended 31<sup>st</sup> March 2023**

**Company Registration No. 10529802**



i4B Holdings Limited  
Company Registration No. 10529802

### **Company Information**

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**Directors:**

Saqib Butt  
Akintoye Durowoju  
Peter Gadsdon  
Philip Porter (appointed 19<sup>th</sup> September 2022)  
Martin Smith (Chair)  
Gail Tolley (resigned 1<sup>st</sup> September 2022)

**Company number:** 10529802

**Registered office:** Brent 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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## 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 purchased 24 new units of accommodation in 2022/23 against an initial target of 48. In addition, 25 intermediate units were transferred from First Wave Housing to i4B on 4<sup>th</sup> April 2022 as part of the transfer of the Granville New Homes blocks. This brings the total property numbers at the 31<sup>st</sup> of March 2023 to 580. During the year, high inflation and rising interest rates severely limited i4B's ability to acquire properties meeting its viability criteria. As a result, the Company paused its acquisition programme, reducing the initial acquisitions target of 48 properties.

The Company's Development Strategy has been reviewed for 2023/24 and i4B will continue to explore opportunities to acquire residential properties as well as new development schemes; increased inflation and finance rates along with shortages of labour supply in the construction industry will continue to have a negative impact on the viability of schemes. The Company has not forecast an acquisitions target for 2023/24 and will focus on determining the best use of its remaining loan funding to support the Council's Housing Strategy.

Turnover at £8.688m (2021/22 £6.663m) was £0.82m higher than the £8.606m target. Income collection was 96.2%, 2.3% less than targeted levels. The operating profit for the year (before tax, excluding depreciation and revaluation movements) was £0.853m (2021/22 profit of £0.549m).

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 has generated continued annual operational surplus in 2022/23 as in 2021/22.

### Performance in 2022/23

Measure	Target	2022/23
Turnover	£8.606m	£8.688m
Operating Costs	£2.771m	£1.832m
Profit before tax and revaluations	£0.974m	£0.853m
PRS properties purchased in year	48	49
Rent Collection	98.5%	94.7%

### Risks and Uncertainties

The Company adopts a strategic risk-based approach to manage principal risks and uncertainties. A low-risk strategy has been adopted which provides the Company, lender, and Shareholder greater reassurance in the Company's ability to deliver sustainable outcomes.

The company has now delivered its first profit before tax and revaluations. 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.

### Data Quality around stock condition data

Data quality has been identified as a risk with the main areas being

- Asset management planning data
- Asset management compliance data

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The Company is commissioning a stock condition survey to verify its future investment requirements. This will include a full survey of the energy efficiency ratings of its stock and the cost implications of decarbonisation works to improve these ratings. This will provide the company with greater certainty around future investment requirements. This work is underway and has been included in the 2023/24 Business Plan.

### **Rental Affordability and Arrears Collection**

In 2022/23, the rent collection rate was 94.7%. i4B has a higher proportion of tenants who are in receipt of Universal credit than the Council. i4B rent levels are also higher than social housing rent levels in the Council's core stock and achieving higher collection rates is more difficult as a result.

A dedicated Tenancy Sustainment Officer was appointed in 2022/23 to support early intervention and targeted support and advice to assist tenants in managing affordability issues with their tenancies. In 2023/24 a new Operational Manager for i4B will design and implement new rent collection and tenancy sustainment processes.

The impacts of new staffing arrangements on collection rates and bad debt will be closely monitored.

### **Opportunities and future developments**

The Company's Development Strategy outlines actions the Company will take to ensure its acquisitions and developments are aligned more closely to the housing need requirements in the Borough whilst also being technically and financially feasible.

The company's strategic priorities for 2023/24 are:

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

The key areas for focus over the life of the plan are:

- Implementing the Company's Development Strategy with the aim of acquiring assets that support i4B's financial viability whilst also maximising its contribution to the Council's Housing Strategy.
- Improving the quality of asset management and compliance data
- Strengthening operational performance and the approach to delivering Value For Money (VFM)

### **Governance**

The Board currently comprises five members. The Board meets monthly 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 its operations.

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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 2022 up to the date of the approval of the annual report.

**By order of the board**

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

*Martin Smith*

Martin Smith

Chair of the board of directors

Date: 16/8/2023

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## Directors' Report

### Reporting period

The directors present their report for the year ended 31 March 2023.

### Financial instruments

As at 31st March 2023, i4B had loan facilities with the London Borough of Brent totalling £182.1m (2021/22 £142.1m) and equity in shares of £36.4m (2021/22 £36.4m), secured against the residential properties owned by i4B. Of the £182.1m total £40m was drawn down for the financial year 2022/23. All loan facilities are extended with fixed interest rates for the full term of the loan, which mitigates any interest rate risk.

The loan financing arrangements for i4B have been renegotiated was signed in November 2022. The revised arrangements will allow any funds borrowed from the 1<sup>st</sup> of April 2022 to be drawn down at a maturity period of i4bs choosing up to a maximum of 50 years. The previous agreement specified a 30-year loan term. The financing cost calculation will not change being the prevailing Public Works Loan Board (PWLb) rate plus a 30 basis point margin less the local authority certainty rate of 20 basis points. In August 2022 £40m of loan finance was drawn down under the new loan arrangements on a 50-year term at 3.45%.

### 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 no changes to Directors during the financial year.

### 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.

The key assumptions in the base model are set out in the table below.

Base Model Key Assumptions	2023/24	2024/25	2025/26
Core Inflation	10%	7%	3%
SLA inflation	5%	5%	3%
Rental CPI inflation	6%	6%	3%
Rental CPI plus 1% inflation	7%	7%	4%
LHA	0%	0%	0%
Arrears	10%	10%	10%

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Stress tests have been carried out as follows:

- Base Model 1 – the Business plan adjusted for year end cash and capital receipt.
- Model 2 - Addition of 3%, 4.5% and 3% inflation for 2024/25, 2025/26 and 2026/27 respectively. No additional income inflation assumed.
- Model 3 – Addition of 5% arrears from 2024/25 for 3 years.
- Model 4 – Addition of LHA rates by 2% for 3 years

The outcomes are set out in the table below:

	<b>Base £,000</b>	<b>10% inflation Model 2 £,000</b>	<b>10% arrears Model 3 £,000</b>	<b>2% LHA increase Model 4 £,000</b>
Year into deficit	N/A	24/25	24/25	24/25
Year out of deficit	N/A	25/26	26/27	27/28
Cumulative surplus/deficit	-4,115	-3,715	-3,715	-3,715
Cumulative deficit year	2031/32	2031/32	2034/35	2031/32
Saving required to eliminate deficit	-156	-636	-4,824	-992
Interest cost to finance the deficit at 5%	-206	-186	-186	-186

No allowance has been made for a higher than anticipated rent increase in line with the government consultation paper on 7% rent caps.

The base plan as well as the stress test models indicate that the company is liquid enough to carry out its business activities, also, 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 are satisfied that they give a true and fair view of the state of affairs and profit and 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.



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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.

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*

Martin Smith

Chair of the board of directors

Date: 16/8/2023

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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 2023, 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 2023 and of its profit 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 the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not

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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 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 set out on pages 9 to 10, 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.

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

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- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), and current UK corporation tax legislation.
- We understood how the company is complying with these legal and regulatory frameworks by making inquiries of management 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 through our legal and professional expenses review.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
  - Challenging assumptions and judgments made by management in its significant accounting policies
  - Identifying and testing journal entries
  - Identifying and testing related party transactions
  - Inspecting the board minutes
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- 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;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - Knowledge of the industry in which the company operates, and
  - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of corporate partnership, conferencing, events, statutory and other income.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
  - The company's control environment, including

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- Management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations
- The adequacy of procedures for authorisation of transactions and review of management accounts, and
- Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

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.

**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*

Stephen Dean  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 16/8/2023

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**Statement of comprehensive income for year ended 31<sup>st</sup> March 2023**

	<b>Note</b>	<b>2022/23</b>	<b>2021/22</b>
		<b>£000</b>	<b>£</b>
Turnover	5	8,688	6,663
Cost of sales	6	(338)	(314)
<b>Gross Profit</b>		<b>8,350</b>	<b>6,349</b>
Administrative expenses	7,8,9	(2,771)	(1,833)
Depreciation		(519)	(526)
Surplus on disposals		30	-
Surplus on revaluation	12	5,825	2,316
<b>Operating Profit</b>		<b>10,915</b>	<b>6,306</b>
Interest Received	10	489	-
Interest payable and similar charges		(5,216)	(3,967)
<b>Profit on ordinary activities</b>		<b>6,188</b>	<b>2,339</b>
Tax on Profit on ordinary activities	11	(2,096)	(442)
<b>Profit on ordinary activities after taxation</b>		<b>4,092</b>	<b>1,897</b>
Unrealised Gain / (Loss) on Property Plant and Equipment	12	2,893	(175)
Deferred Tax charge	11	(593)	(658)
<b>Total Comprehensive Income for the year</b>		<b>6,392</b>	<b>1,064</b>

The notes on pages 18 to 28 form part of these financial statements

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**Statement of financial position at 31<sup>st</sup> March 2023**

	Notes	2022/23 £	2021/22 £
<b>Fixed assets</b>			
Investment Properties	12	146,160	127,490
Property Plant and Equipment	12	54,318	51,944
<b>Total fixed assets</b>		<b>200,478</b>	<b>179,434</b>
<b>Current assets</b>			
Debtors	13	5,965	3,350
Investment		26,834	-
Cash at bank and in hand	14	7,460	2,138
<b>Total current assets</b>		<b>40,259</b>	<b>5,488</b>
Creditors: amounts falling due within one year	15	(14,608)	(7,242)
<b>Net current assets/liabilities</b>		<b>25,651</b>	<b>(1,754)</b>
<b>Total assets less current liabilities</b>		<b>226,129</b>	<b>177,680</b>
Provision for deferred tax	11	(3,372)	(1,315)
Creditors: amounts falling due after more than one year	17	(182,076)	(142,076)
<b>Net assets</b>		<b>40,681</b>	<b>34,289</b>
<b>Capital and reserves</b>			
Retained earnings	SOCIE	(19,907)	(18,101)
Revaluation Reserve	SOCIE	24,223	16,025
Equity Shares	SOCIE	36,365	36,365
<b>Total Capital and Reserves</b>		<b>40,681</b>	<b>34,289</b>

The financial statements were approved by the Board of I4B Holdings Limited on the 16/8/2023 and signed on its' behalf by:

*Martin Smith*

Martin Smith

Chair of the board of directors i4B Holdings Limited

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The notes on pages 18 to 28 form part of these financial statements

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**Statement of changes in equity for the year ended 31<sup>st</sup> March 2023**

	<b>Note</b>	<b>Revenue earnings £000</b>	<b>Revaluation Reserve</b>	<b>Ordinary Shares £000</b>	<b>Total Reserves £000</b>
<b>Balance at 1 April 2022</b>		(18,101)	16,025	36,365	34,289
Net profit for the year	<i>SOCI</i>	4,092	-	-	4,092
Revaluation Investment Properties		(5,825)	5,825	-	-
Revaluation - PPE		-	2,893	-	2,893
Depreciation on PPE reversed on revaluation		520	(520)	-	-
Deferred Tax		(593)	-	-	(593)
<b>Total Comprehensive Income</b>		<b>(1,806)</b>	<b>8,198</b>	<b>-</b>	<b>6,392</b>
Ordinary share issue	<i>21</i>	-	-	-	-
<b>Balance at 31 March 2023</b>		<b>(19,907)</b>	<b>24,223</b>	<b>36,365</b>	<b>40,681</b>

	<b>Note</b>	<b>Revenue earnings £000</b>	<b>Revaluation Reserve</b>	<b>Ordinary Shares £000</b>	<b>Total Reserves £000</b>
<b>Balance at 1 April 2021</b>		(17,024)	13,884	32,346	29,206
Net profit for the year	<i>SOCI</i>	1,897	-	-	1,897
Revaluation Investment Properties		(2,316)	2,316	-	-
Revaluation - PPE		-	(175)	-	(175)
Deferred Tax		(658)	-	-	(658)
<b>Total Comprehensive Income</b>		<b>(1,077)</b>	<b>2,141</b>	<b>-</b>	<b>1,064</b>
Ordinary share issue	<i>21</i>	-	-	4,019	4,019
<b>Balance at 31 March 2022</b>		<b>(18,101)</b>	<b>16,025</b>	<b>36,365</b>	<b>34,289</b>

The notes on pages 18 to 28 form part of these financial statements



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**Statement of cash flows for the year ended 31<sup>st</sup> of March 2023**

	<b>Notes</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Cash flows from operating activities</b>			
Profit for the year	SOCI	4,092	1,897
<b>Adjustments for:</b>			
Surplus on investment properties revaluation	12	(5,825)	(2,316)
Depreciation on tangible fixed assets		520	526
Interest expense	10	5,216	3,967
Current tax	11	2,119	442
Increase in debtors	13	(2,512)	(2,332)
Increase in creditors	15	5,889	1,520
Tax Paid		(530)	(53)
<b>Net cash from operating activities</b>		<b>8,969</b>	<b>(3,651)</b>
<b>Cash flows from investment activities</b>			
Acquisition of investment properties	12	(13,165)	(20,094)
Disposal of fixed assets		320	-
<b>Net Cash flows from investment activities</b>		<b>(12,845)</b>	<b>(20,094)</b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(3,969)	(3,699)
Short term investments		(26,835)	-
Capital Loan borrowing for acquisition of properties	18	40,000	16,075
Proceeds from issue of ordinary shares	20	-	4,019
<b>Net cash used in financing activities</b>		<b>9,196</b>	<b>16,395</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>5,321</b>	<b>(48)</b>
Cash and cash equivalents at beginning of year		2,139	2,186
<b>Cash and cash equivalents at end of year</b>	18	<b>7,460</b>	<b>(2,138)</b>

The notes on pages 18 to 28 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. The accounts are prepared in Sterling (£)

### **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 are 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.

#### **(b) Going concern**

The Directors have reviewed the company's forecasts for the 3 years from the 1<sup>st</sup> of April 2023 along with the availability of financing to fund both the company's development activities and its working capital requirements.

Stress tests were conducted against the business plan to assess the ability of I4B to continue operating as a going concern.

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The key assumptions in the base model are set out in the table below.

<b>Base Model Key Assumptions</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Core Inflation	10%	7%	3%
SLA inflation	5%	5%	3%
Rental CPI inflation	6%	6%	3%
Rental CPI plus 1% inflation	7%	7%	4%
LHA	0%	0%	0%
Arrears	10%	10%	10%

Stress tests have been carried out as follows:

Base Model 1 – the Business plan adjusted for year end cash and capital receipt.

- Model 2 - Addition of 3%, 4.5% and 3% inflation for 2024/25, 2025/26 and 2026/27 respectively. No additional income inflation assumed.
- Model 3 – Addition of 5% arrears from 2024/25 for 3 years.
- Model 4 – Addition of LHA rates by 2% for 3 years

Actions have been identified to address cashflow shortfalls in the medium term including review of the capital expenditure requirements to decarbonise the residential property portfolio and a rationalisation of the stock to ensure a lower carbon footprint and to generate asset sales.

Based on this analysis, at the date of approval of the financial statements, the Directors have a reasonable expectation that the company has adequate access to financing 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 31st September 2023. 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 2023 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.

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#### 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 Wiks Head and Eve (WHE) as at 31 March 2023 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.

#### (iv) 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
---------------	------------------------------------

#### (v) Subsequent additions and main components

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

#### (vi) 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.

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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 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 of doubtful debts estimated on an aged basis and status of the debt. The provision is included in the net rental debtors' calculation.

##### Valuation of properties (note 12)

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 2022 for property plant and equipment and open market value for investment properties.

The current market position is extremely volatile. Inflation is 10% (March 2023) and forecast to remain high for some time. Inflation is currently higher than the level of pay settlements and is likely to be higher than increases in benefit and Local Housing Allowance increase levels. The government has also capped rental increase levels for affordable housing properties following consultation at 7%. At present there is no indication that property values have been materially affected by these changes. Market values may come under downward pressure from the increase in financing costs. Rental driven property values may come under pressure from an ability to increase rents in line with the RPI assumptions assumed in the valuation. These are risk factors that were closely monitored and tested during preparation of the companies business plan and relevant in preparing the future property valuations.

#### 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.

	2022/23	2021/22
	£'000	£'000
Rental Income	8,688	6,663
<b>Total</b>	<b>8,688</b>	<b>6,663</b>

#### 6. Cost of sales

	2022/23	2021/22
	£'000	£'000
SLA - Variable Costs	338	314
<b>Total</b>	<b>338</b>	<b>314</b>

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**7. Administrative expenses**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Supplies and services	1,126	750
Fees payable to the Company's auditor for the provision of audit services	40	40
Service level agreements	856	670
Legal and other professional fees	106	74
Other admin expenses	643	299
<b>Total</b>	<b>2,771</b>	<b>1,833</b>

**8. Operating profit is stated after charging**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Administrative expenses	2,731	1,793
Audit Fees	40	40
Depreciation	520	526
Surplus on disposals	(30)	-
(Gain) Loss on revaluation of investment properties	<b>(5,825)</b>	<b>(2,316)</b>

**9. Employees and directors**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Chairperson	10	10
Other board members	7	7
<b>Total</b>	<b>17</b>	<b>17</b>

i4B does not directly employ staff other than its independent Board Directors. All services are provided to the company via a Service Level Agreement with Brent Council and costs of employees providing management services are included in administrative expenses.

**10. Interest payable and similar expenses**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Interest payable on loans from the Council	4,816	3,530
Facility non-utilisation fee	-	276
Facility arrangement fee	400	161
<b>Interest payable and similar charges</b>	<b>5,216</b>	<b>3,967</b>

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# 11. Tax on surplus on ordinary activities

	2022/23	2021/22
	£'000	£'000
<b>A: Current tax:</b>		
UK corporation tax on surplus for the year	758	530
<b>Tax on surplus on ordinary activities</b>	<b>758</b>	<b>530</b>

<b>Tax on (income)/ expense included in equity</b>	2022/23	2021/22
<b>B: Deferred tax:</b>	£'000	£'000
Origination and reversal of timing differences	1,035	431
Impact of changes in tax rates	327	(519)
<b>Total deferred tax (income) expense</b>	<b>1,362</b>	<b>(87)</b>
<b>Total Tax Charge for the year</b>	<b>2,120</b>	<b>442</b>

## Other Comprehensive Income

Deferred tax in current year charge	(593)	(658)
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## Factors affecting the tax charge

	2022/23	2021/22
	£'000	£'000
Surplus on ordinary activities before taxation	6,188	2,339
Surplus multiplied by the standard rate of tax in the UK of 19% (2022: 19%)	1,176	444
Effects of:		
expenses not deductible	99	100
Chargeable gains on investment properties	-	483
Tax rate changes	327	(519)
Deferred tax not recognised in prior periods	518	374
Surplus on revaluation	-	(440)
<b>Total tax charge for the year</b>	<b>2,120</b>	<b>442</b>

Deferred tax timing difference in P&L	(282)	(180)
Deferred tax timing difference in equity	3,372	1,315
<b>Deferred tax liability</b>	<b>3,090</b>	<b>1,136</b>

Deferred tax asset	(282)	(180)
<b>Analysis of Deferred tax due</b>	<b>2,808</b>	<b>956</b>



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As the memorandum and articles of association of the Company are in accordance with HM Revenue & Customs (HMRC) BIM58210, transactions between the Company and the Council are not regarded by HMRC as amounting to trading and will therefore not attract corporation tax.

**12. Tangible fixed assets**

	<b>Investment Properties</b>	<b>Affordable Housing</b>	<b>Assets Under Construction</b>	<b>Total</b>
As at 1st April 2022	127,490	51,944	-	179,434
Additions	13,165	-	-	13,165
Disposals	(320)	-	-	(320)
Valuation surplus	5,825	2,374	-	8,199
<b>As at 31 March 2023</b>	<b>146,160</b>	<b>54,318</b>	<b>-</b>	<b>200,478</b>
<b>Accumulated depreciation and impairment</b>				
	-	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
<b>As at 31 March 2023</b>	<b>146,160</b>	<b>54,318</b>	<b>-</b>	<b>200,478</b>
<b>As at 31 March 2022</b>	<b>127,490</b>	<b>51,944</b>	<b>-</b>	<b>179,434</b>

	<b>Investment Properties £000</b>	<b>Affordable Housing £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
As at 1 April 2021	105,080	52,646	-	157,726
Additions	20,094	-	-	20,094
Valuation Loss	2,316	(702)	-	1,614
<b>As at 31 March 2022</b>	<b>127,490</b>	<b>51,944</b>	<b>-</b>	<b>179,434</b>
<b>Accumulated depreciation and impairment</b>				
As at 1 April 2021	-	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
<b>As at 31 March 2022</b>	<b>127,490</b>	<b>51,944</b>	<b>-</b>	<b>179,434</b>

**Valuation**

	<b>No of properties</b>	<b>£000</b>
Assets measured at fair value as per 2021-22 accounts	521	179,434
Assets measured at fair value as per 2022-23 accounts	580	200,478

The £2,373k upward revaluation of the affordable housing asset consists of £519k of depreciation and £2,893k of revaluation adjustments.

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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 2023.

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

Investment properties have been valued at fair value and Property Plant and Equipment (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.

	2022/23	2021/22
Investment Properties at historical cost	135,413	135,642
PPE at historical cost	38,759	38,759
Depreciation and impairment	(520)	(526)
	<b>173,654</b>	<b>173,875</b>

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

	2022/23 £000	2021/22 £000
Rental debtors* - rent arrears	1,603	1,124
Rental debtors* - cash collected but not paid to i4B	1,680	2,765
Other debtors	12	-
Deferred tax asset	282	180
Amounts owed by the Council	3,516	-
Provision for doubtful debts	(1,128)	(719)
<b>Total debtors falling due within one year</b>	<b>5,965</b>	<b>3,350</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.

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

	2022/23 £000	2021/22 £000
Cash at bank	7,460	2,138
<b>Total cash at bank and in hand</b>	<b>7,460</b>	<b>2,138</b>

**15. Creditors**

	2022/23 £000	2021/22 £000
Debt financing costs owed to London Borough of Brent Council	5,216	3,967
SLA payments owed to London Borough of Brent Council	1,479	1,747
Audit fees	40	40
HMRC Corporation Tax	758	530
Other creditors	7,115	958
<b>Total creditors falling due within one year</b>	<b>14,608</b>	<b>7,242</b>

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#### 16. Provision for deferred tax

	2022/23	2021/22
	£000	£000
Provision for deferred tax	3,372	1,315

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

	2022/23	2021/22
	£000	£000
Loans owed to the London Borough of Brent*	182,076	142,076
<b>Total creditors falling due after more than five years</b>	<b>182,076</b>	<b>142,076</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

Changes in net debt for the year	2022/23	Cashflow	2021/22
	£'000	£'000	£'000
Cash and Cash equivalents	7,460	5,322	2,138
Borrowing	(182,076)	(40,000)	(142,076)
<b>Net Debt</b>	<b>(174,616)</b>	<b>(34,678)</b>	<b>(139,938)</b>

As at 31 March 2023 public benefit entity concessionary loans with the London Borough of Brent Council for the acquisition of properties totalled £182.1m (2021/23 £142.1m). The loans are secured against all of the Investment and PPE properties owned by I4B.

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.

In the financial year 2022/23 £40m (2021/22 £20.1m) of finance was provided by the London Borough of Brent to support the property acquisition programme. This was all loans and no equity shares.

Additional borrowing from 1<sup>st</sup> April 2022 onwards loans will be issued using the same non utilisation and arrangement fee terms but for a on a loan term repaid after 50 years.

#### 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 £6.7m (2021/22 £5.7m) inclusive of loan interest payments of £5.2m (2021/22 £4.0m).

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#### **Amount of outstanding balances**

Trade receivables with the London Borough of Brent Council for the period were £1.7m (the rental debtors and collected rent yet to be paid to i4B via the Council). Loans due to the Council are £182m secured on housing properties. Ordinary shares have been issued to the value of £36.4m, 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**

**Ordinary shares are at par value of £1**  
**Authorised, allotted and fully paid**

**As at 1st April 2022**  
issued during the year

<b>Number</b>	<b>£</b>
36,364,593	36,364,593

#### **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