

# The Barnet Group Limited

## Annual Report, Strategic Report and Financial Statements



Year ended 31 March 2015

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# 1. Company Information

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## Directors

Terry Rogers (Chair)  
Jeff Baker (Vice Chair)  
Nigel Turner  
Sharon Slotnick (to 3 November 2014)  
Councillor John Marshall  
Councillor Ross Houston  
Troy Henshall (from 30 March 2015)  
Tracey Lees (to 30 March 2015)

Changes since last annual report:

### Directors - Resigned

Sharon Slotnick  
Tracey Lees

### To

3 November 2014  
30 March 2015

### Directors - Appointed

Troy Henshall

### From

30 March 2015

### Chief Executive Officer

Tracey Lees to 30 March 2015

### Interim Chief Executive Officer

Troy Henshall from 30 March 2015

## Executive Officers

Troy Henshall  
Troy Henshall  
Derek Rust  
Julie Riley

(Interim Chief Executive Officer) from 30 March 2015  
(Deputy Chief Executive Officer) to 29 March 2015  
(Director of Operations)  
(Director of Care & Support)

## Company Secretary

Troy Henshall

## Registered Office

1255 High Road  
Whetstone  
London, N20 0EJ

## Registered Number

07873964

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

## Bankers

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

## 2. Report of the Directors

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The Board is pleased to present the financial statements of The Barnet Group Limited for the year ended 31 March 2015.

### Principal activities

The Barnet Group Limited (the 'Company') is a Local Authority Trading Company (LATC) created in 2012 and has two subsidiary organisations; Barnet Homes an Arms Length Management Organisation (ALMO) and Your Choice (Barnet) a LATC.

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

- Maintenance of the Council's residential stock including stock investment decisions and procurement, planned maintenance and responsive repairs
- Housing Management of the Council's residential stock, including rent collection, leasehold management, enforcement of tenancy and lease conditions, managing voids and estate management
- Homelessness assessments, acceptances and procurement of property [Contract varied on 1 April 2012 to include these services
- Home Ownership services
- Calculation and collection of leasehold charges
- Financial management of the Housing Revenue Account (HRA)
- Services under the Supporting People Programme
- Tenant involvement and resident participation

Barnet Homes Limited's original ten year management agreement expired on 31 March 2014 and continuation of the services was agreed via a one year delivery plan

and this was further renewed for the year 2015/16. In June 2015, London Borough of Barnet's Housing Committee approved the provisional Heads of Terms for a new 10 year management agreement, commencing 1 April 2016. The new 10 year management agreement takes effect on expiry of the member agreed 2015/16 Delivery Plan which ends on 31 March 2016

Barnet Homes Limited is a subsidiary of The Barnet Group, a wholly owned local authority trading company of London Borough of Barnet. Barnet Homes became part of The Barnet Group on 01 February 2012 and The Barnet Group acts as an agent for Barnet Homes Limited in transacting with the Council. In substance, the company operates as an ALMO per its original structure on 1 April 2004, but is under the direct ownership of The Barnet Group. London Borough of Barnet is the ultimate controlling party.

Your Choice (Barnet) Limited is owned indirectly by the London Borough of Barnet (the 'Council') via The Barnet Group, which commenced its operations on 1 February 2012 delivering specialist care and support to adults with a range of physical and learning disabilities. These services were transferred in order to enable the company become more cost effective and compete in the Adult Social Care marketplace.

Your Choice (Barnet)'s services include:

- Rosa Morison Day Service for adults with profound and complex learning and physical disabilities
- Flower Lane Autism Service helping people on the autism spectrum to gain confidence and become more independent.
- Valley Way Respite Centre for adults with complex learning disabilities, physical disabilities, autism or challenging behaviour
- Community Space Day Service offering community support, activities and care for adults with a wide range of learning disabilities
- Supported Living Service helping people

## 2. Report of the Directors

with learning disabilities to live as independently as possible in their own home.

- Barnet Independent Living Service for adults with a range of physical and sensory impairments

Your Choice (Barnet) remains part of The Barnet Group Care & Support Division which brings together all of the services within Your Choice (Barnet) and the Assist and Sheltered Housing services within Barnet Homes Limited. This enables working together, sharing best practice, allowing opportunities for synergies and enables the Group to bid more robustly.

### Results for the year

The result for the year is a loss of £115,000 before taking account of the adjustments required in relation to pensions. After the adjustments for pensions, the company recorded a net loss of £1.286 million for the year, with the increased loss position as a result of pension accounting transactions of £1.171 million.

### Dividends

The directors did not propose a dividend for the year (2014: £nil).

### Directors

There were three Director changes in the 2014/15 year, with Sharon Slotnick resigning on 3 November 2014 at the company's Annual General Meeting. Tracey Lees resigned on 30 March 2015, on departure from the company as Chief Executive Officer. Troy Henshall was appointed as a Director on 30 March 2015, as he took the post of Interim Chief Executive Officer.

The names of the Directors who served during the year can be found on page 3.

### 3rd party indemnity provision for directors

Directors had provision via The Barnet Group Limited Insurance policy for Officials Indemnity, Personal Accident and Directors & officers.

### Disabled persons

The Barnet Group is committed to equality and diversity and our goal is to embed it into our practices and everything we do. We want to provide the best possible service and value the contribution our employees make to achieving this. Our objective is to ensure that services are provided fairly to all the communities we serve and that all our existing and future employees have equal opportunities.

For our residents and service users we will:

- Understand that some groups of people experience more disadvantage than others and will target our services to meet particular needs
- Treat all service users with dignity and respect
- Consult and involve service users in planning the delivery of services
- Do our best to engage with hard to reach groups to get their views

As an employer we will:

- Take positive action to develop a workforce that reflects the communities we serve

### Employee information

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

All applicants with disabilities receive fair treatment and are considered solely on their ability to do the job, taking into account any reasonable adjustments required. We also ensure appropriate training for employees with disabilities as for other employees.

We strive to ensure that our resources support the delivery of our business plan and to this end we are committed to developing our people to deliver our business aims. In keeping with our culture we value feedback from our employees on people management issues. The Chief Executive holds regular

“meet the CEO” sessions with cross sections of different staff to hear their views directly on management and service related issues. It is recognised that effective leadership is critical to achieving our aspirations and so we have invested considerably in developing our leadership capability and focussing on our leadership values which are built around our core values. We also continue to invest in our staff through our performance management process.

The employee awards, designed around our Core Values continued in 2014/15 at our staff awards day and there were many excellent examples of our staff living our values.

In Barnet Homes Limited, sickness absence saw a slight increase from 8.3 days in 2013/14 up to 9.7 days (average sickness absence per staff member) by the end of March 2015. The average for Not for Profit – Housing Association Sector was 8.3 days in 2014. Robust sickness management actions are in place and the company is working with managers and staff with the aim of reducing the work days lost through sickness absence. In Your Choice (Barnet) Limited, Sickness absence saw a slight reduction from 12.5 days in 2013/14 down to 11.13 days (average sickness absence per staff member) by the end of March 2015. The average for Not for Profit – Care Sector was 10.3 days in 2014 and whilst we accept that sickness will be higher than in other organisations due to the types of services we deliver, we continue to try and reduce this to more acceptable levels.

As a learning organisation we value the experiences that new employees bring and continue to engage their integration into the organisation through a well structured induction programme. Our existing staff are also encouraged to make suggestions on how we can improve as an organisation and our Innovations Fund makes it possible for staff to test their ideas. . The purchase of the Eye Gaze equipment for Your Choice (Barnet)’s service users, which was funded through the Innovation Fund in 2014, is a great example of

staff using this fund for customers’ benefit.

Our comprehensive internal communication strategy aims to encourage two way communication within the organisation and enhances learning and development. Initiatives have included the Chief Executive’s fortnightly newsletters, a regular staff newsletter, Managers’ Corporate Brief, Lunch and Learn Sessions open to all staff, corporate induction for new staff and a staff recognition scheme. Managers also meet regularly with recognised trade unions both informally and formally, for the purposes of furthering involvement, consultation and negotiation and the we hold monthly staff group meetings in Barnet Homes Limited and Your Choice (Barnet) Limited

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

#### **Charitable donations**

The Barnet Group Limited, Barnet Homes Limited and Your Choice (Barnet) Limited made no charitable donations in the year ending 31 March 2015. Barnet Homes donated £975 in the year ending 31 March 2014.

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

No political donations or expenditure were made by the Group or its subsidiaries in the year ending 31 March 2015.

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

No political donations or expenditure were made by the Group or its subsidiaries in the year ending 31 March 2015.

#### **Payment policy**

The Group pays suppliers where possible within suppliers’ credit terms. Payments to suppliers were made on average within 19

## 2. Report of the Directors

days of receipt of the invoice, compared to 28 days in 2013/14.

### **Awareness of relevant audit information**

The Directors of The Barnet Group Limited can confirm that at the time of approving this report there is no relevant audit information of which the auditors are unaware and that we have taken all necessary steps to ensure we are aware of any relevant audit information and to establish that the auditors were also aware.

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

of the company and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

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

### **Directors Remuneration Report**

The Directors are defined as being the members of The Barnet Group's Main Board. The Independent Directors received emoluments from the creation of the company in 2012 and were entitled to reimbursement of incidental expenses incurred when attending board meetings and other formal events in their capacity as board members. The Independent Directors are not entitled to pension benefits. These are the only transactions with independent directors of the Company. Executive Directors, who are fully employed as officers in the company, receive pension benefits.

### **Going concern**

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

Due to the application of IAS19, the Group's pension deficit of £391 million is recognised in full on the consolidated statement of financial

position. However, the London Borough of Barnet has fully guaranteed the deficit in respect of Barnet Homes Limited at the point of its incorporation (on 1 April 2004). Furthermore, the London Borough of Barnet has also guaranteed the pension deficit in respect of Your Choice (Barnet) Limited at the point that the employees were transferred to Your Choice (Barnet) (on 1 February 2012). The Directors have reviewed the company's forecasts for next the financial year from the date of formally approving the annual report and financial statements. Therefore the Board considers preparation on a going concern basis to be appropriate.

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

In addition, the London Borough of Barnet has provided a letter of comfort to the Directors of Barnet Homes Limited, setting out its intention to fund Barnet Homes Limited's ongoing operational cash flow requirements from the point of incorporation onwards via the timing of the payment of the agreed monthly management fee. Therefore the Board considers preparation on a going concern basis to be appropriate.

### **Auditors**

Grant Thornton UK LLP has expressed their willingness to remain in office. In accordance with s485(4) of the Companies Act 2006 as resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General meeting to be held on 11 November 2015.

### **Approval and signature**

The report of the Directors was approved by the Board on 28 September 2015 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Terry Rogers', written over a horizontal line.

Terry Rogers, Chair

# 3. Strategic Report

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## Review of results

The Financial Year 2014/15 was The Barnet Group's third full year of operation. Before taking account of the adjustments required in relation to pensions, a loss of £115,000 was made on the Statement of Comprehensive Income. After the adjustments for pensions, the company recorded a net loss of £1.286 million for the year, with the increased loss position as a result of pension accounting transactions of £1.171 million. The Barnet Group's usable revenue reserve as presented in the Statement of Financial Position is £1.330 million.

The activities carried out between The Barnet Group and London Borough of Barnet has been recognised by Her Majesty's Customs and Excise as non-trading for corporation tax purposes. These activities are therefore not subject to corporation tax.

## Principal Risks and Uncertainties

The Barnet Group is a non trading parent company and therefore the majority of the risks sit within the individual companies within the Group.

Barnet Homes' Management Agreement with the Council was for a ten year period to April 2014, with a break clause at 31 March 2009 which was not exercised, although some revisions were made to the Agreement and again from April 2012 to reflect the transfer of the homelessness service. In June 2015, London Borough of Barnet's Housing Committee approved the provisional Heads of Terms for a new 10 year management agreement, commencing 1 April 2016, on expiry of the agreed delivery plan ending 31 March 2016. The details of the new ten year management agreement will be worked on from July 2015 with an anticipated date for conclusion in October 2015.

Barnet Homes Limited's principal source of income is a fixed management fee from the London Borough of Barnet, which is paid monthly in advance in accordance with the Agreement. The fee is set in advance, and the

main risk to the Company is that it is not able to deal with inflationary pressures in excess of that allowed for or is unable to maintain levels of rents and service charge income collection for the Council due to the economic situation. The absence of inflationary increases on the management fee income has caused an impact with public sector pay increases now being reintroduced and pension auto enrolment continues to have an impact. The Council is also embarking on a five year savings programme aimed at delivering over £90 million of efficiencies of which Barnet Homes will have to contribute its own share. Barnet Homes level of Housing Revenue Account (HRA) efficiencies to be delivered from its management fee income is £2.8 million over a five year savings programme. £240,000 of HRA efficiencies have been delivered in year 2015/16 with outstanding efficiencies of £2.6 million to be delivered by year 2019/20.

The levels of stock managed under the Agreement continue to reduce as the Council's regeneration programme gains momentum and Right To Buy (RTB) increases. With RTB sales unit exceeding 100 units per year and rising, the Company is assessing opportunities to replace this loss of activity with new business. However the present economic climate has led to uncertainty around the regeneration timetable and a need for investment in the management and maintenance of properties that was not previously planned. We continue to work closely with the Council and its development partners in seeking to improve our service to residents on the regeneration estates.

This year has seen three significant challenges to Barnet Homes Limited which have required a strong response to mitigate:

1. The continued high level of demand for housing through pressures of homelessness and the lack of availability of affordable accommodation, placing further General Fund pressures on the Council and resource pressures on our services.
2. Pressures on income collection through

the general squeeze on incomes and the impact of welfare reform.

3. Introduction of our new housing management system and the inevitable result of practical issues that follow such a sizeable change.

Health and Safety of our employees and customers is another significant risk with electrical rising main replacement and fire risk safety in our homes becoming major issues and requiring major investment over the next few years.

Your Choice (Barnet)'s current contract with the Council runs until February 2017. Communications with the London Borough of Barnet about the future arrangements are being progressed. Our principal source of income is the management fee from the London Borough of Barnet, which is now paid monthly in arrears and is based on its client's use of our services.

Your Choice (Barnet)'s cost saving activities completed on 1 April 2014 in relation to the 9.5% pay reduction for employees has led to on-going strike actions. The Unions balloted for industrial action and there were 11 days of strike action in the financial year. The dispute has not been resolved and the last strike action occurred in March 2015. The company was able to provide services for some service users in alternative locations to the Centres that were closed during the days of industrial action.

Despite the 9.5% pay reduction for employees, generally Your Choice (Barnet) still makes relatively high rates of pay to employees (which includes the London Living Wage) when compared with the Social Care Sector.

The Adult Social Care marketplace is extremely challenging with reviews of service users and the rates paid generally resulting in reduction of income. If this trend continues it could impact on our ability to attract and retain good employees. The pay reduction for employees was put in place to ensure we

can be competitive in the marketplace on both the rates being paid but also our employees salaries and wider terms and conditions.

It is widely accepted that Local Authority budgets for services like those delivered by Your Choice (Barnet) will face more significant cuts in the coming years and Your Choice (Barnet) will need to further align its costs with the market, without affecting quality of services. In addition Your Choice (Barnet) will need to ensure it has sufficient financial strength to repay the loan made by Barnet Homes in 2013.

Health and Safety and safeguarding of our employees and our service users is a major activity, especially as the majority of our service users have a significant range of disabilities.

### **Information Technology systems**

In the year, the Group successfully implemented a new Finance System. This included an automated procure to pay purchase ordering system and an automated invoice approval system. The new automated purchase ordering system will further reduce the risk of procurement fraud and supplier payment fraud. It also ensures a more efficient and stream lined invoice approval process.

A new Housing Management System for rent services in Barnet Homes Limited was also implemented in the year and this included an integrated customer contact management system.

### **Barnet Homes Limited**

#### **Key financial performance indicators**

Our robust financial management has ensured that our expenditure was broadly in line with budget and that we were able to divert resources during the year to areas where they were most needed. On the capital programme expenditure, we are working to the Council's five year programme and so fluctuations compared to budget are expected between financial years. The Capital programme

### 3. Strategic Report

expenditure is a budget we manage for the Council and is not reflected in our financial statements.

Key Performance Indicator	Target	2015	2014	2013	2012	2011
Percentage of total expenditure to budget on housing management/homelessness (homelessness from 2012)	+/-2% of budget	<b>0.49%</b>	+0.14%	-1.09%	-0.47%	-1.40%
Percentage of expenditure to budget on repairs and maintenance	+/- 2% of budget	<b>0.01%</b>	+0.27%	+0.30%	+0.02%	-0.01%
Percentage of expenditure to budget on the Council's capital works programme	+/- 2% of budget	<b>-7.28%</b>	-2.10%	-11.51%	-0.26%	-5.42%

The significant underspend in the Council's 2014/15 capital works programme was as a result of a number of factors which resulted in delays to capital works schemes including;

- some schemes required extended consultation with leaseholders to address concerns resulting in these schemes commencing later than initially planned,
- schemes being subjected to further options appraisals around alternative proposals for works,
- budgets being based on stock condition database information which primarily works on estimated component life. Once on site surveys were undertaken, the components were found to be in a condition where their life expectancy could be extended and

therefore the proposed works deferred.

The key performance indicators (KPIs) used to monitor achievement of the company's key objectives are set out below. The Board and London Borough of Barnet agree targets each year that are designed to manage development and deliver continuous improvement as outlined in the management agreement. The key performance indicators listed below do not impact on the company's operational and financial status as they are delivered for the Council. They however represent key indicators in the company's role as a homelessness and housing management agent for the Council.

#### General Key Performance Indicators for Housing Management and Homelessness

	2014/15	2013/14
Households in Emergency Temporary Accommodation (ETA)	455	471
Private Sector Lettings	392	324
Per cent of Households in ETA pending enquiries or intentionally homeless	31%	41%
Per cent of Major Works Voids	0.15%	0.22%
Annual Service Charge Collection	105%	102%
Gas compliancy	100%	99.7%
Gas repairs satisfaction	97.2%	97%
Reality Checks	98%	96%
Families in B&B over 6 weeks	0	0

Improvements against 2013/14 have been achieved on all comparable indicators in the table, excluding families in bed and breakfasts for over six weeks which remains nil as in prior year.

We have continued with strong performance on the indicator percentage of households in Emergency Temporary Accommodation (ETA) pending enquiries or intentionally homeless. This indicator aims to drive the efficiency of

decision making so that there should be limited numbers of households in ETA, to whom the council may not have a duty to assist either because they are not eligible for assistance or because a negative decision should be made on their application. At the end of the year, we exceeded the target of 37 per cent with 31 per cent of households in ETA (Prior year 41%) who are pending decision, have been made intentionally homeless or whose case has been cancelled.

### Homelessness

<b>Demand Indicators:</b>	<b>Q1 – Q4 2013/14</b>	<b>Q1 – Q4 2014/15</b>	<b>% Change</b>
Number of homeless preventions completed	894	832	-7%
Number of regeneration decants	101	191	+89%

In 2014/15 we completed 832 preventions. The Welfare Reform Task Force continues to contribute to sustain people in their homes by getting them into employment and out of the overall benefit cap. The Domestic Violence and Sanctuary Coordinator works in enabling preventions by installing safety measures in households at risk of domestic

violence. Funding has also been obtained for a new refuge which will help with prevention in the coming year. The Youth Mediation Co-ordinator continues to work with families and their children to resolve conflict and where resolution is not possible, ensuring that there are planned moves into suitable accommodation.

<b>Supply Indicators:</b>	<b>Q1 – Q4 2013/14</b>	<b>Q1 – Q4 2014/15</b>	<b>% Change</b>
Percentage of emergency temporary accommodation units acquired above LHA rates	66%	70%	+4%
Total council housing lettings (Barnet Homes managed properties)	676	524	-22%
Total regeneration property lettings*	168	136	-19%
RSL Lettings	371	331	-11%

### Households in emergency accommodation

<b>Contextual Figures:</b>	<b>01/03/14</b>	<b>01/03/15</b>	<b>% Change</b>
No' households in emergency accommodation (self contained accommodation)	471	455	-3%
No' households in Bed & Breakfast (B&Bs)	0	0	n/a

Significant progress was achieved in 2014/15 with mitigation activities against ever increasing temporary accommodation costs and the number of households in emergency accommodation falling to 455. The pan

London cap on the maximum rates paid for emergency accommodation by London Councils has helped to contain costs for emergency accommodation, with average net costs falling almost 15% since its introduction.

### 3. Strategic Report

Despite there being significant challenges faced in meeting demand, including additional pressure placed on services due to decants,

teams rose to the challenge in delivering affordable supply to meet demand.

#### Allocations and lettings

Average Re-let Times	Q1-Q4 2013/14	Q1-Q4 2014/15	% Change	2014/15 Target
All Barnet Homes	18	18.5	+3%	21
Non-Regeneration	18.3	17.1	-7%	17
Regeneration	15.3	19.9	30%	21
Hostels	14.4	9.9	-31%	10
Sheltered	32.8	34.1	+4%	45

The above table shows the average re-let times performance for the year 2014/15 in comparison to 2013/14. Apart from the non-regeneration units, where the target was missed by just 0.1 per cent, the performance on all other tenures was within target. This resulted in an overall performance of 18.5 days against a target of 21 days in 2014/15. Although the target for the average re-let time for 2014/15 was achieved, the performance of 18.5 days is slightly behind performance of 18 days in 2013/14. An area of challenge continues to be the letting of sheltered units,

which achieved 34.1 days in 2014/15 against 32.8 days in 2013/14. It appears that the specific requirements and preferences of the sheltered decants may be contributing to delays experienced in re-letting the units. To minimise the impact of this on the turnaround of the void properties, and to enable the vacant possession dates for the schemes to be met, we may need to review our approach and perhaps consider introducing a limit to the number of offers made, whilst retaining as much flexibility as possible, given the vulnerable nature of the client group.

Contextual Figures:	March 2014	March 2015	% Change
Number of tenants in arrears	3,324	4,277	+29%
Average arrears of those tenants in arrears	£405	£442	+9%
Number of tenants more than 7 weeks in arrears	479	587	+23%
Arrears as % debit	2.40%	3.53%	1.1%

At year end, HRA tenants rent arrears as a percentage of debit stands at 3.53% against a target of 2.83%.

Underlying trend analysis has shown that Housing Benefit (HB) contributions continue to decline significantly. For 2014/15 financial year, 55.5% of rent charges were paid by HB for our permanent stock. This has fallen from 57.2% for the 2013/14 financial year and 58.9% for the 2012/13 financial year. As a result of this drop, as at year end, we have received £1 million less in HB payments

compared to 2013/14 and this debt now needs to be collected at source. In this economic climate, this is proving to be a challenge where households on low incomes are already being squeezed and some of those on HB also have to fund payment for a percentage of their council tax bill for the first time, as a result of recent policy changes.

Temporary Accommodation rent collection - At year end, arrears as a percentage of debit stands at 6.63% against a target of 4.60%. This area of work remains an on-

going challenge with a continued increase in the numbers of households in Temporary Accommodation.

Similarly to HRA rent collection above, trend analysis shows a reduction in HB contribution. In the 2014/15 financial year, 86.1% of temporary accommodation rent charges were paid by HB. Again this has fallen from 87.0% for the 2013/14 financial year and 89.2% for the 2012/13 financial year. As a result of this drop, for the whole of the 2014/15 financial year, HB payments are £160,000 less than the payments received in 2013/14. In response, operational plans have been developed to ensure increased activity in relation to cash collections. This includes the use of discretionary housing fund and homeless prevention fund payments wherever possible and appropriate.

We expect reduced housing benefit payments to be a continuing trend for rent collection going forward.

### **Repairs & Gas Servicing**

Responsive Repairs Satisfaction: Result: 97.2% (vs. target 95.0%) .

Tenant satisfaction for repairs for the year averaged 97.2% against a target of 95%. This is a considerable achievement given the introduction of a new IT system in May 2014 which had a significant impact on operational delivery. There were over 4,000 surveys undertaken in the year.

Quality assurance figures assessed by way of post inspection on repairs undertaken also ended the year on a positive note. Of the smaller reactive repairs, a pass rate of 98.8% has been achieved for the year against a target of 95%. On the larger planned works undertaken by the service, a pass rate of 94.4% has been achieved against a target of 95%.

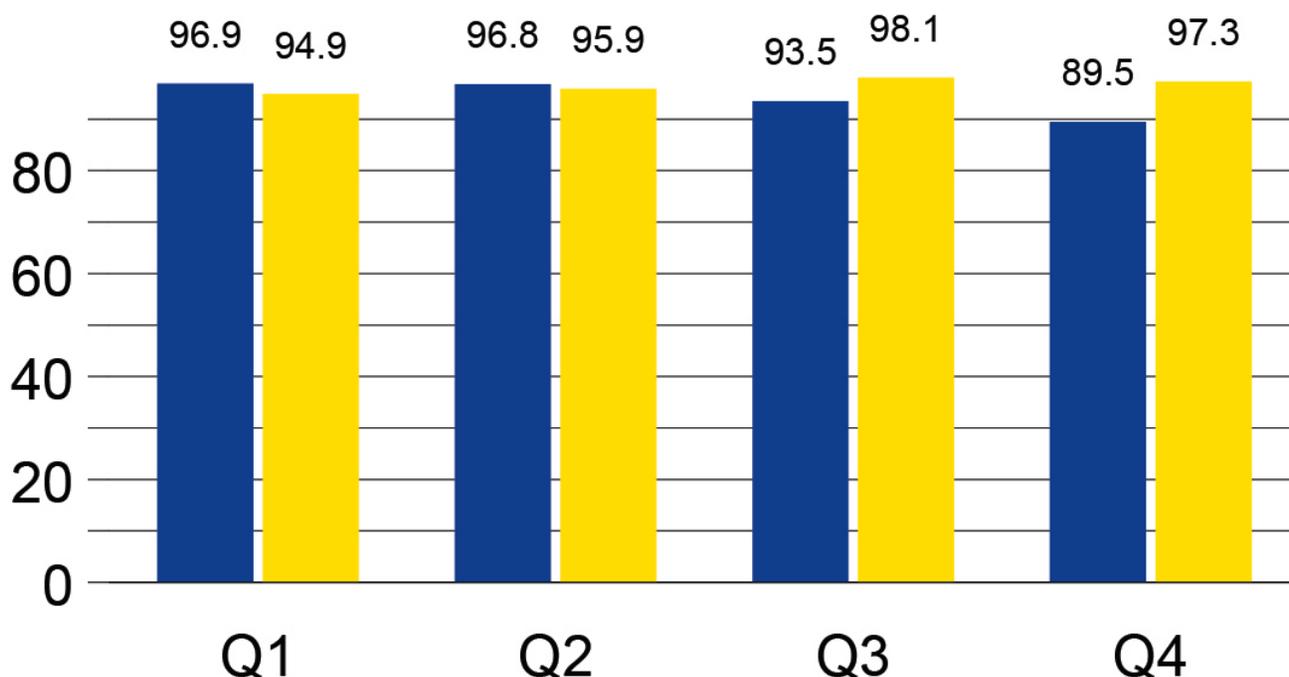
A strong performance has been maintained on gas servicing compliancy and we end the year with a 100% compliancy without any properties having gas servicing as overdue.

**Major works satisfaction**

Resident satisfaction levels for the year end exceeded the 94% target set for the year. Satisfaction levels at year end (quarter 4) reached 97.3% overall. The trend throughout the year had been relatively stable each month with performance only dipping below target during the first month (April 14). Performance

peaked in quarter 3 with 98.1%.

Satisfaction surveys were received for works relating to and completed by our partner contractor, Lovell for fire safety, electrical rising mains, electrical rewiring, roofing & window replacement works. There were also surveys from a partner contractor for external redecoration.



There were a total of 2,140 resident satisfaction surveys completed in the reporting year, with 1,574 tenant responses and 566 leaseholders. Overall leaseholder satisfaction in relation to major works for the year reached 98.1%. For all quarters, the satisfaction survey result exceeded the target of 94%.

**Future Developments**

The provisional Heads of Terms for the 10 year management agreement approved by the Council in June 2015 will be finalised by October 2015 with a start date from 1 April 2016.

The company continues to undertake a building programme for the Council after delivering the first newly built council homes in Barnet in the previous year. A further programme of 91 properties is underway and due to be fully completed in the next 2 years. The Council has provisionally agreed for the

company to undertake a new build programme on its behalf and there is a pipeline of 400 – 500 new homes to be built under the new ten year management agreement.

Further work is required on the All Systems Go Project housing management system which went live in May 2014 and this will continue in the coming year with the aim of delivering further improvements to our services and implementing the system for leasehold services.

On behalf of the Council, Barnet Homes successfully bid for £750,000 Right To Buy Social Mobility grant funding from the Department of Communities and Local Government. The successful bid has resulted in the allocation of funding to run the scheme initially for 12 months, providing 25 qualifying tenants (including those in Housing Association accommodation with the

preserved Right to Buy) with £30,000 each to give up their Council property and secure tenancy. The grant must be used towards the purchase of another home on the open market in the UK. The aim of the scheme is to

make available 25 properties to social housing clients, in an environment where there is a shortage of housing supply.

### Your Choice (Barnet) Limited

#### Key Financial Performance Indicators

As a result of the significant cost reduction programmes implemented in the prior year and the increased income in this year, the actual

outturn against the annual budget has seen a significant improvement. The increased growth income and favourable terms in relation to the escorting income have mainly materialised in the improved position against budget.

Key Performance Indicator	Target	2013	2014	2015
Percentage of expenditure to budget	+/-2% of budget	2.97%	++11.86%	-2%
Percentage of income to budget	+/-2% of budget	+1.39%	-1.55%	+2.14%

The facilities within our services are generally modern and very well equipped and our staff are dedicated and provide high quality services. It is obviously important for the success of Your Choice (Barnet) to more

effectively utilise the available facilities. Even where we are close to capacity, small changes to the facilities or changes in working practices should allow us to further expand capacity.

#### Service utilisation

	2013/14 Utilisation	2014/15 Utilisation	2014/15 Target	% Delivered within commissioned	% Delivered incl. over- delivered
Barnet Independent Living Service (BILS)	90%	90%	95%	80%	80%
Community Space	98%	97%	95%	91%	91%
Flower Lane	98%	97%	95%	94%	94%
Rosa Morison	99%	98%	95%	88%	88%
Supported Living	98%	99%	95%	97%	98%

Percentage utilisation (units delivered plus undelivered but billable, divided by units commissioned) has remained fairly stable for Year 2014/15 compared to 2013/14. BILS continues to be the service which has missed its target. The other utilisation indicators have remained stable against the previous year.

#### Valley Way voids utilisation

In addition, our respite service Valley Way saw an overall void rate of 19% in 2014/15, with Mondays to Thursdays at 23% and Friday to Sunday at 12%. Valley Way whilst missing target for the year has shown considerable improvement vs. 2013/14 Year with the overall vacancies decreased from 27% to 19%.

	2013/14 Outturn	2014/15 Outturn	Target
Valley Way	27%	19%	5%
Monday -Thursday	32%	23%	5%
Friday - Sunday	22%	12%	5%

### 3. Strategic Report

#### Referrals

2014/15 saw a positive number of referrals for our services which resulted in the company

exceeding the overall annual target set for referrals.

Indicator description	2013/14 Outturn	2014/15 Outturn	2014/15 Target
<b>Number of referrals from within the London Borough of Barnet</b>	<b>15</b>	<b>34</b>	<b>20</b>
% of total	29%	51%	n/a
<b>Number of referrals from other LAs</b>	<b>22</b>	<b>23</b>	<b>20</b>
% of total	42%	34%	n/a
<b>Number of other referrals (e.g. self)</b>	<b>15</b>	<b>10</b>	<b>20</b>
% of total	29%	29%	n/a
<b>Total Number of Referrals</b>	<b>52</b>	<b>67</b>	<b>60</b>

Overall, the referral rate has exceeded the target set for 14/15 (60) with an actual outturn of 67 in the year. We have met our full year target in two of the three referral areas and

have significantly received more referrals overall than 2013/14 (an increase of 29 per cent).

#### New Clients

	2013/14	2014/15
<b>Your Choice</b>	<b>30</b>	<b>50</b>
BILS	0	1
Community Space	4	5
Flower Lane	5	8
Rosa Morison	7	11
Supported Living	1	3
Valley Way	13	22

We have seen a significant increase in the total number of new clients joining the company over the year, in comparison to 2013/14. This has been partly driven by

increased referrals and a total of 20 new clients above 2013/14 trend were achieved in the year.

#### Outcomes

Indicator description	2013/14 Outturn	2014/15 Outturn
Receiving a lower service level	0	22
Receiving a higher service level	9	21
Moved on / left the service	7	7

The annual reviews for each service user measured outcomes across generic areas. 22 service users received funding for a lower service level, whilst 21 service users received funding for a higher service level. This

represents a small net reduction. A total of 7 service users left the company's services, the same as last year.

In the year, the company only had eleven

safeguarding alerts and only two of these alerts were upheld by care management as safeguarding issues.

### Care Quality Commission (CQC)

#### Inspections

During 2014/15 the CQC carried out inspections at both of the YCB regulated services, Supported Living and Valley Way, the inspections were part of the second wave of the new style inspection regime that CQC have introduced in order to improve the way that they inspect and regulate services.

CQC reviews the service against the regulations to assess whether it is Safe, Effective, Caring, Responsive and Well-Led; a rating is then applied of, Outstanding, Good, Requires Improvement or Inadequate to each area.

The **Supported Living** service was inspected on the 6th and 7th August 2014 and the draft report was received on the 02nd February 2015 giving the service an overall rating of 'Inadequate'.

There were areas of the service that the report highlighted that required improvement, and an action plan was put in place to ensure that these were made in a timely manner, the action plan has been successfully implemented.

**Valley Way** respite service was inspected on the 25th March 2015 and the draft report was received on the 20th May 2015 giving the service an overall rating of 'Good'.

This report was very positive and highlighted the good quality person-centred service that is being provided by the team at Valley Way. Reference was also made to the excellent relationships that the manager and her team has with family members, which is vital to the success of respite services in delivering strong and measurable outcomes for the people we support.

### Future Developments

Your Choice (Barnet) continues to offer competitive pay scales and staff benefits that are at the higher end in comparison to other social care providers and the sector in general. These benefits include a commitment to paying the London Living Wage as a minimum with the majority of staff above this level, generous annual leave and a Local Government Pension Scheme. Strategically, we are well placed and will be unaffected by the governments recently announced National Living Wage scheme, which could provide a challenge for some of our competitors to implement within their business plans.

Following an exceptional year of growth last year the YCB services will aim to maintain the service levels achieved with growth targets concentrated at Valley Way respite service and Community Space day services.

Discussions about the services that the organisation provides continue with the Council and future developments will be aligned to the key priorities identified by Adult Social Care Services.

Due to the savings that have been realised over the past two years, Your Choice (Barnet) is better placed to bid for new business in Barnet and surrounding Boroughs and opportunities will be reviewed for suitability to tender as they arise.

#### Approval and signature

The strategic report of the Directors was approved by the Board on 28 September 2015 and signed on its behalf by



Terry Rogers, Chair

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

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We have audited the financial statements of The Barnet Group Limited for the year ended 31 March 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow, the consolidated statement of changes in equity, the company statement of comprehensive income, the company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### Respective responsibilities of directors and auditor

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

### Scope of the audit of the financial statements

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

[www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

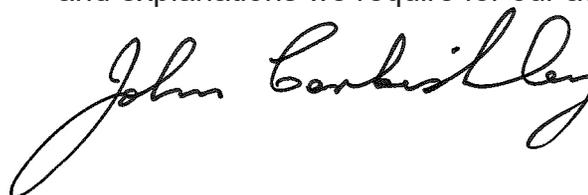
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' and Strategic Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



**John Corbishley**  
**Senior Statutory Auditor**  
**for and on behalf of Grant Thornton UK LLP**

29/10/2015.



**The Barnet Group Limited**  
**Financial Statements for the year ended 31 March 2015**

**Consolidated Statement of Comprehensive Income**  
for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Revenue	3	56,011	52,469
Employee benefits expense	13	(16,594)	(17,231)
Retirement pension obligation		62	(175)
Depreciation	8	(163)	(172)
Amortisation	9	(299)	(101)
Other expenses	4	(39,069)	(36,030)
<b>Operating loss</b>		<b>(52)</b>	<b>(1,240)</b>
Finance income	7	1,946	1,377
Finance costs	7	(3,155)	(2,677)
<b>Loss before tax</b>		<b>(1,261)</b>	<b>(2,539)</b>
Income tax expense	16	(23)	(19)
<b>Loss after tax</b>		<b>(1,284)</b>	<b>(2,558)</b>
<b>Other comprehensive income</b>			
Actuarial (loss)/profit on pension scheme	13	(8,874)	4,953
<b>Total comprehensive income for the year</b>		<b>(10,158)</b>	<b>2,395</b>
<b>Total comprehensive income is attributable to:</b>			
London Borough of Barnet		(10,158)	2,395

<b>Reconciliation of total loss for the year after tax</b>		
	2015 £'000	2014 £'000
Loss for the period	(116)	(871)
Loss from IAS19 pension fund accounting entries	(1,168)	(1,687)
<b>Total loss for the year after tax</b>	<b>(1,284)</b>	<b>(2,558)</b>

## Consolidated Statement of Financial Position

as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Tangible Assets</b>			
Property, plant and equipment	8	595	488
<b>Intangible Assets</b>			
Computer Software & Development	9	1,820	1,384
		<u>2,415</u>	<u>1,872</u>
<b>Current assets</b>			
Trade and other receivables	10	13,244	14,707
Cash and cash equivalents	11	8,932	3,725
		<u>22,176</u>	<u>18,432</u>
<b>Total assets</b>		<u>24,591</u>	<u>20,304</u>
<b>EQUITY and LIABILITIES</b>			
<b>EQUITY</b>			
Revenue reserve (excluding IAS 19 provisions)		1,329	1,445
Pension fund		(39,001)	(28,957)
Retained earnings		(37,672)	(27,512)
<b>Total Equity</b>		<u>(37,672)</u>	<u>(27,512)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pension and other employee obligations	13	39,001	28,957
Provisions	14	122	194
		<u>39,123</u>	<u>29,151</u>
<b>Current liabilities</b>			
Trade and other payables	15	23,117	18,644
Current tax liabilities	16	23	21
		<u>23,140</u>	<u>18,666</u>
<b>Total liabilities</b>		<u>62,263</u>	<u>47,817</u>
<b>Total equity and liabilities</b>		<u>24,591</u>	<u>20,304</u>

The financial statements were authorised and approved by the Board on 28 September 2015 and signed on its behalf by:

Terry Rogers, Chair

Company Number: 07873964

**Consolidated Statement of Cash Flow**  
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Loss before tax		(1,261)	(2,540)
Interest income		(46)	(40)
Depreciation of property, plant and equipment		163	172
Amortisation of intangible assets		299	101
Loss on disposal of non-financial assets		-	2
Change in pension assets		(6,531)	(6,388)
Change in pension liabilities		16,575	3,123
Actuarial loss on pension scheme		(8,874)	4,953
Change in provisions		(72)	(74)
Taxes paid		(23)	(22)
Other			
<b>Net cash from operating activities</b>		<u>229</u>	<u>(713)</u>
<b>Net changes in working capital:</b>			
Change in trade and other receivables		1,456	(5,732)
Change in trade and other payables		4,601	1,868
Change in other employee obligations		(119)	84
<b>Total changes in working capital</b>		<u>5,937</u>	<u>(3,780)</u>
<b>Cash flows from investing activities</b>			
Interest received	7	46	40
Purchases of equipment	8	(1,005)	(1,248)
Decrease in short term investment		-	507
<b>Net cash used in investing activities</b>		<u>(959)</u>	<u>(701)</u>
Net increase/(decrease) in cash and cash equivalents		5,207	(5,194)
Cash and cash equivalents at beginning of year		3,725	8,919
<b>Cash and cash equivalents at end of year</b>	11	<u>8,932</u>	<u>3,725</u>

## Consolidated Statement of Changes in Equity

	Revenue Reserve (excl IAS19 provisions) £'000	Pension Fund £'000	Total retained earnings £'000
<b>Balance as at 1 April 2013</b>	2,316	(32,223)	(29,907)
Profit/ (loss) for the year	(871)		(871)
Increase in retirement pension obligation		(1,687)	(1,687)
<i>Other comprehensive income:</i>			
Actuarial gain on pensions scheme		4,953	4,953
Total comprehensive income for the year	<b>(871)</b>	<b>3,266</b>	<b>2,395</b>
<b>Balance as at 31 March 2014</b>	<b>1,445</b>	<b>(28,956)</b>	<b>(27,511)</b>
<b>Balance as at 1 April 2014</b>	1,445	(28,956)	(27,511)
(loss) for the year	(116)		(116)
Increase in retirement pension obligation		(1,168)	(1,168)
<i>Other comprehensive income:</i>			
Actuarial loss on pensions scheme		(8,874)	(8,874)
Total comprehensive income for the year	<b>(116)</b>	<b>(10,042)</b>	<b>(10,157)</b>
<b>Balance as at 31 March 2015</b>	<b>1,329</b>	<b>(38,998)</b>	<b>(37,668)</b>

**Company Statement of Comprehensive Income**  
for the year ending 31 March 2015

	Note	2015 £'000	2014 £'000
Revenue		-	-
Employee benefits expense		-	-
Retirement pension obligation		-	-
Depreciation		-	-
Other expenses	3	(26)	(38)
<b>Operating loss</b>		<u>(26)</u>	<u>(38)</u>
Finance income	4	9	8
Finance costs		(1)	(1)
<b>Loss before tax</b>		<u>(18)</u>	<u>(31)</u>
Income tax expense	9	-	1
<b>Loss after tax</b>		<u>(18)</u>	<u>(31)</u>
<b>Other comprehensive income</b>			
Actuarial profit/(loss) on pension scheme		-	-
<b>Total comprehensive income for the year</b>		<u><u>(18)</u></u>	<u><u>(31)</u></u>
<b>Total comprehensive income is attributable to:</b>			
London Borough of Barnet		<u><u>(18)</u></u>	<u><u>(31)</u></u>

**Reconciliation of total profit for the year after tax**

	2015 £'000	2014 £'000
Loss for the period	(18)	(31)
(Loss)/profit from IAS19 pension fund accounting entries	-	-
<b>Total loss for the year after tax</b>	<u><u>(18)</u></u>	<u><u>(31)</u></u>

## Company Statement of Financial Position

as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Current assets</b>			
Trade and other receivables	5	12,434	9,526
Cash and cash equivalents	6	1,880	1,854
		<u>14,314</u>	<u>11,380</u>
<b>Total assets</b>		<u>14,314</u>	<u>11,380</u>
<b>EQUITY and LIABILITIES</b>			
<b>EQUITY</b>			
Revenue reserve		(82)	(65)
<b>Total Equity</b>		<u>(82)</u>	<u>(65)</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	14,396	11,444
Current tax liabilities	9	-	1
		<u>14,396</u>	<u>11,445</u>
<b>Total liabilities</b>		<u>14,396</u>	<u>11,445</u>
<b>Total equity and liabilities</b>		<u>14,314</u>	<u>11,380</u>

The financial statements were authorised and approved by the Board on 28 September 2015 and signed on its behalf by:

Terry Rogers, Chair

Company Number: 07873964

## Accounting policies and explanatory notes to the financial statements

Year ended 31 March 2015

### 1. General information and statement of compliance with IFRS

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

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

#### Implementation of new accounting standards and policies

The financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at 31 March 2015.

The significant accounting policies that have been applied in preparation of the financial statements are summarised below.

These accounting policies have been used throughout all periods presented in the financial statements.

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 April 2014 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)\*
- IFRIC Interpretation 21 Levies (IASB effective 17 June 2014)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 Feb 2015)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 Feb 2015)
- Annual Improvements to IFRSs 2011-2013 Cycle (IASB effective date 1 January 2015)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)\*\*

\* IASB is to defer the effective date of IFRS 15 to 1 January 2018.

\*\* Not likely to be adopted in its current form as the IASB is redeliberating this issue and is likely to defer the effective date indefinitely.

However, many of these are not yet adopted by EU.

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)

The aforementioned have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Certain other new standards, amendments and interpretations have been issued but are not expected to have a material.

### **Presentation of financial statements**

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

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

## **2. Summary of significant accounting policies**

### **Basis of preparation**

These financial statements are for the year ended 31 March 2015 and are presented in Pounds Sterling rounded to the nearest thousand.

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

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

### **Basis of consolidation**

The company was incorporated on 7 December 2011 and is controlled by the London Borough of Barnet. On 1 February 2012, the company became the sole member of Barnet Homes Limited, a company previously controlled directly by the London Borough of Barnet. The services provided by Barnet Homes Limited remained unchanged, however, these services are now carried out under an agreement between The London Borough of Barnet and The Barnet Group Limited, who in turn have a management agreement with Barnet Homes Limited.

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

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

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

### **Going concern**

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

Due to the application of IAS19, the Groups pension deficit of £39.001m (2014: £28.957m) is recognised in full on the consolidated statement of financial position. However, the London Borough of Barnet has fully guaranteed the deficit in respect of Barnet Homes Limited at the point of its incorporation (on 1 April 2004). Furthermore, the London Borough of Barnet has also guaranteed the pension deficit in respect of Your Choice Barnet Limited at the point that the employees were transferred to Your Choice Barnet (on 1 February 2012).

In addition, the London Borough of Barnet has provided a letter of comfort to the Directors of Barnet Homes Ltd, setting out its intention to fund Barnet Homes Ltd's ongoing operational cash flow requirements from the point of incorporation onwards via the timing of the payment of the agreed monthly management fee. The directors have also prepared cash flow forecasts up to March 2017 which demonstrate that the group will have sufficient resources to continue as a going concern for the foreseeable future. Therefore the Board considers preparation on a going concern basis to be appropriate.

### **Revenue**

Revenue represents the value (excluding value added tax) of services supplied and management fee to which the Group was entitled in respect of the financial year. The Group's main source of income is the management fee received from London Borough of Barnet in line with the approved management agreement which is fixed and also based on payment by usage for the adult social services arm of the business. The level of the fixed component of the annual management fee has been negotiated with the Council for a 5 year period ending in Year 2019/20, and thereafter will be negotiated either on an annual basis or over a longer period for the housing management arm of the business.

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

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

### **Interest income**

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

### **Operating expenses**

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

**Property, plant and equipment and depreciation**

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

Vehicles, plant & equipment: 5 years

Furniture, fixtures & fittings: 5 years

Computer equipment and software: 3 years - 5 years

The Group elected to change its estimation of the expected useful economic live for computer equipment and software from 3 years to 5 years from Year 2013/14. Assets purchased are depreciated over a 5 year period and the outstanding balances on existing assets are depreciated over a 3 year period.

Any obsolete assets with a net book value will have all costs written off immediately to the Statement of Comprehensive Income.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

**Leases**

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

**Financial instruments**

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

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

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

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

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

**Financial assets**

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

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

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

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

**Loans and receivables**

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

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

Movements in the provision for doubtful debts are recognised in the statement of comprehensive income.

Generally, this results in their recognition at their nominal value less any allowance for any doubtful debts.

**Financial liabilities**

Financial liabilities include borrowings and trade and other payables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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

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

**Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost.

Generally, this results in their recognition at their nominal value.

**Income tax**

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

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

**Cash and cash equivalents**

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

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

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

**Short term investment**

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

**Equity and reserves**

Retained earnings include all current and prior period retained profits.

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

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

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

Interest on the pension scheme liabilities is charged to "Finance costs" in the consolidated statement of comprehensive income in the year.

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

**Provisions, contingent liabilities and contingent assets**

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

**Significant management judgements in applying accounting policies**

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

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

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

*Defined benefit liability*

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit liability of £39,001,000 (2014: £28,957,000) is based on standard rates of inflation and mortality. It also takes into account the Company's specific anticipation of future salary increases. Assumptions are set with reference to market conditions at the year end. The discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. Estimation uncertainties exist as the anticipated assumptions could vary.

*Provisions*

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

*Useful lives of depreciable assets*

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

### 3. Revenue

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

	2015	2014
	£'000	£'000
<b>Management fee paid by the London Borough of Barnet in respect of:</b>		
Barnet Homes housing management, homelessness and support services	41,040	37,725
Barnet Homes repairs and maintenance	7,650	7,800
Your Choice (Barnet) adult social care services	4,766	4,522
<b>Total fee received from London Borough of Barnet</b>	<u>53,456</u>	<u>50,047</u>
Capital works carried out directly by Barnet Homes	1,085	1,118
<b>Total income from the London Borough of Barnet</b>	<u>54,541</u>	<u>51,165</u>
<b>Other operating income</b>	1,470	1,304
<b>Total revenue</b>	<u><u>56,011</u></u>	<u><u>52,469</u></u>

### 4. Other expenses

	2015	2014
	£'000	£'000
Housing, estate, hostel repairs & maintenance	8,318	8,317
Third party landlord and temporary accommodation costs	17,219	14,240
Agency Staff	4,059	3,860
Information Technology	1,300	1,198
Grounds Maintenance	659	610
Utility	1,454	1,517
Legal	567	705
Auditors remuneration - statutory audit	42	44
Auditors remuneration - for other services	19	22
Other	5,429	5,517
	<u>39,069</u>	<u>36,030</u>

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

## 5. Loss for the year

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

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment	457	273
Employee salaries and benefits	16,594	17,231
Auditors remuneration - statutory audit	35	35
Auditors remuneration - for other services	13	11
	<u>17,099</u>	<u>17,650</u>

## 6. Commitments under operating leases

### Group

	2015 £'000	2014 £'000
Within one year	139	129
Later than one year but within five years	73	98
	<u>212</u>	<u>227</u>

The Group leases several vehicles under operating leases from the Council. The vehicle leases vary from a period of less than one year to two years with a fixed lease and overhead cost for the same period. There is an annual service level agreement with the Council to cover the lease of the vehicles. The total number of vehicles with operating leases in 2015 is 17 (2014: 16).

The total number of plant and equipment with operating lease in 2015 is nil (2014: 17).

### Company

The Company does not have any commitments under operating leases.

## 7. Finance income and finance cost

	2015 £'000	2014 £'000
Finance income:		
- bank deposit and short term investment interest	46	40
- return on retirement benefit scheme assets	1,900	1,337
	<u>1,946</u>	<u>1,377</u>
Finance cost - interest on retirement benefit obligation	<u>(3,155)</u>	<u>(2,677)</u>

## 8. Tangible Assets

### Property, plant and equipment

#### Group

	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Mobile Devices	Computer equipment £'000	Total £'000
<b>Gross carrying amount</b>					
Balance 1 April 2014	135	277	-	1,260	1,672
Reclassifications	-	-	-	-	-
Additions	9	13	45	203	270
Balance 31 March 2015	<u>144</u>	<u>290</u>	<u>45</u>	<u>1,463</u>	<u>1,942</u>
<b>Depreciation and impairment</b>					
Balance 1 April 2014	63	262	-	861	1,185
Charge for year	23	7	-	133	163
Balance 31 March 2015	<u>86</u>	<u>269</u>	<u>-</u>	<u>994</u>	<u>1,348</u>
Carrying amount 1 April 2014	73	15	-	399	488
<b>Carrying amount 31 March 2015</b>	<u>58</u>	<u>21</u>	<u>45</u>	<u>470</u>	<u>595</u>

At the balance sheet date the group was not committed to purchasing any fixed assets.

## 9. Intangible Assets

### Group

	Computer Software & Development £'000	Total £'000
<b>Gross carrying amount</b>		
Balance 1 April 2014	1,485	1,485
Reclassifications	-	-
Additions	735	735
Disposals	-	-
Balance 31 March 2015	2,220	2,220
<b>Amortisation</b>		
Balance 1 April 2014	101	101
Charge for year	299	299
Disposals	-	-
Balance 31 March 2015	400	400
Carrying amount 1 April 2014	1,384	1,384
<b>Carrying amount 31 March 2015</b>	<b>1,820</b>	<b>1,820</b>

## 10. Trade and other receivables

### Group

	2015 £'000	2014 £'000
Amounts receivable within one year:		
Trade receivables, gross	184	267
Provision for doubtful debt	(10)	(6)
Trade receivables	<u>173</u>	<u>261</u>
Amounts due from the London Borough of Barnet	11,400	12,861
Financial assets	<u>11,573</u>	<u>13,122</u>
Other debtors	290	6
Prepayments and accrued income	1,380	1,579
Non-financial assets	<u>1,671</u>	<u>1,585</u>
Trade and other receivables	<b><u>13,244</u></b>	<b><u>14,707</u></b>

The trade receivables ageing analysis is as follows:

	2015 £'000	2014 £'000
Current		
0-30 days	8,830	12,720
31-60 days	2,140	69
> 60 days	603	333
	<u>11,573</u>	<u>13,122</u>

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

### Company

	2015 £'000	2014 £'000
Amounts receivable within one year:		
Amounts due from the London Borough of Barnet	10,196	8,808
Amounts due from subsidiaries	2,236	714
Financial assets	<u>12,432</u>	<u>9,522</u>
Other debtors		
Prepayments and accrued income	1	4
Non-financial assets	<u>1</u>	<u>4</u>
Trade and other receivables	<b><u>12,433</u></b>	<b><u>9,526</u></b>

The trade receivables ageing analysis is as follows:

	2015 £'000	2014 £'000
Current		
0-30 days	11,825	9,027
31-60 days	179	267
> 60 days	430	228
	<u>12,434</u>	<u>9,522</u>

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

## 11. Cash and cash equivalents

### Group

	2015 £'000	2014 £'000
Bank accounts	7,420	2,705
Cash in hand	8	9
Short term deposits	1,504	1,011
	<b>8,932</b>	<b>3,725</b>

Short term deposit represents cash held in a 31 Day Notice fixed deposit account (2014: Short term deposit represents cash held in instant access corporate bonus and business reward accounts).

### Company

	2015 £'000	2014 £'000
Bank accounts	1,880	1,854
	<b>1,880</b>	<b>1,854</b>

## 12. Equity

### 12.1 Share Capital

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

## 13. Employee remuneration

### 13.1. Employee benefits expense

	2015 £'000	2014 £'000
Wages and salaries	12,876	13,241
Social security costs	990	1,037
Pensions costs	2,728	2,953
	<b>16,594</b>	<b>17,231</b>

Directors' salary costs are included in total employee costs.

In this financial year, wages and salary costs include redundancy costs of £241,642 (2014: 278,302) and pension costs include early retirement pension strain costs of £131,859 (2014: £98,777).

### 13.2. Employees

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

Service	2015	2014
Chief Executive Office	2	2
Growth & Development	48	47
Care & Support (Barnet Homes)	52	42
Operations Directorate	357	370
Non Executive Directors	7	7
	<b>466</b>	<b>469</b>

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

### 13.3. Pension and other employee obligations

The Group operates a local government pension defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2007/08, as amended. It is contracted out of the State Second Pension.

The basis on which the net pension liability is recognised in the financial statements is set out in the accounting policies (note 1).

A full actuarial funding valuation was carried out at 31 March 2013 and updated to 31 March 2015 by a qualified independent actuary.

The actuarial report states that it was prepared in accordance with the International Accounting Standard 19 (IAS 19).

This forms the basis of the balance sheet and funding status disclosures to be made in respect of its pension obligations under the Local Government Pension Scheme.

For the year ending 31 March 2015, Barnet Homes Limited contributed to the Scheme at an equivalent rate of 25.8% of pensionable salaries. (2014: 25.8%)

For the year ending 31 March 2015, Your Choice (Barnet) Limited contributed to the Scheme at an equivalent rate of 24.3% of pensionable salaries (2014: 24.3%)

The financial assumptions used by the actuary were:

	31 March 2015		31 March 2014	
	% p.a.	% Real	% p.a.	% Real
RPI Increases	3.3	-	3.6	-
CPI Increases	2.5	-0.8	2.8	-0.8
Salary Increases	4.3	1	4.6	1
Pension Increases	2.5	-0.8	2.8	-0.8
Discount Rate	3.4	0.1	4.5	0.9

	31 March 2013	
	% p.a.	% Real
RPI Increases	3.4	-
CPI Increases	2.6	-0.8
Salary Increases	4.8	1.4
Pension Increases	2.6	-0.8
Discount Rate	4.7	1.3

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

<b>Life expectancy from age 65 (years)</b>		<b>31 March 2015</b>	<b>31 March 2014</b>
Retiring today	Males	22.1	22.0
	Females	24.4	24.3
Retiring in 20 years	Males	24.2	24.1
	Females	26.8	26.7

The post retirement mortality tables adopted are the S1PA tables with a multiplier of 110%. These base tables are then projected using the CMI 2012 Model, allowing for a long term rate of improvement of 1.5% per annum. Assumptions made were;

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

<b>Net pension liability as at</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	£'000	£'000
Present Value of Funded Obligation	(86,277)	(69,641)
Fair Value of Scheme Assets (bid value)	47,884	41,353
<b>Net liability</b>	<b>(38,393)</b>	<b>(28,288)</b>
Present Value of Unfunded Obligation	(608)	(669)
Unrecognised Past Service Cost		
<b>Net liability in statement of financial position</b>	<b>(39,001)</b>	<b>(28,957)</b>

The amounts recognised in the profit and loss statement are as follows:

	<b>31 March 2015</b>	<b>31 March 2014</b>
	£'000	£'000
Service cost	2,627	2,967
Net interest in defined liability/ asset	1,246	1,459
Administration expenses	47	40
<b>Total</b>	<b>3,920</b>	<b>4,466</b>
<b>Actual return on scheme assets</b>	<b>4,789</b>	<b>1,268</b>

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

	<b>31 March 2015</b>	<b>31 March 2014</b>
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>70,310</b>	<b>67,188</b>
Current service cost	2,519	2,730
Interest cost	3,146	3,160
Change in financial assumptions	11,892	3,835
Change in demographic assumptions	-	(705)
Experience gain on defined benefit obligation	(129)	(5,850)
Liabilities extinguished on settlements	-	-
Estimated benefits paid (net of transfers in)	(1,667)	(979)
Past service cost	108	237
Contributions by Scheme participants	729	717
Unfunded pension payments	(23)	(23)
<b>Closing Defined Benefit Obligation</b>	<b>86,885</b>	<b>70,310</b>

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

	<b>31 March 2015</b>	<b>31 March 2014</b>
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>41,353</b>	<b>34,965</b>
Interest on assets	1,900	1,701
Return on assets less interest	2,889	(433)
Other Actuarial gains/(losses)	-	2,666
Administration expenses	(47)	(40)
Contributions by employer including unfunded benefits	2,750	2,778
Contributions by scheme participants	729	717
Estimated benefits paid (net of transfers in)	(1,690)	(1,001)
Settlement prices received/ (paid)	-	-
<b>Fair value of scheme assets at end of period</b>	<b>47,884</b>	<b>41,353</b>

**Re-measurements and Other Comprehensive Income**

	<b>31 March 2015</b>	<b>31 March 2014</b>
	£'000	£'000
Return on plan assets in excess of interest	2,889	(433)
Other actuarial gains/(losses) on assets	-	2,666
Change in financial assumptions	(11,892)	(3,835)
<b>Change in demographic assumptions</b>	<b>-</b>	<b>705</b>
Experience gain/(loss) on defined benefit obligation	129	5,850
Changes in effect of asset ceiling	-	-
	<b>(8,874)</b>	<b>4,953</b>

**Sensitivity analysis**

	£'000	£'000	£'000
	+0.1%	0.0%	-0.1%
<b>Adjustment to discount rate</b>			
Present Value of Total Obligation	85,238	86,885	88,566
Projected Service Cost	3,031	3,098	3,166
<b>Adjustment to long term salary increase</b>			
	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	87,158	86,885	86,614
Projected Service Cost	3,099	3,098	3,097
<b>Adjustment to pension increases and deferred revaluation</b>			
	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	88,307	86,885	85,493
Projected Service Cost	3,165	3,098	3,032
<b>Adjustment to mortality age rating assumption</b>			
	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	83,809	86,885	89,990
Projected Service Cost	2,991	3,098	3,207

**Projections for year to 31 March 2015**

	Year to 31 March 2015 £'000
Service cost	3,098
Net interest cost	1,281
Administration	55
<b>Total</b>	<b>4,434</b>
Employer contributions	2,649

These projections are based on the actuarial assumptions as at 31 March 2015.

## Assets

The estimated asset allocation for Barnet Homes Ltd as at 31 March 2015 is as follows;

Employer Asset Share - Bid Value	31 March 2015		31 March 2014	
	£'000	%	£'000	%
Equities	31,947	67%	28,121	68%
Gilts	-	-	-	-
Other Bonds	15,451	32%	12,819	31%
Cash	486	1%	414	1%
Alternative Assets	-	-	-	-
<b>Total</b>	<b>47,884</b>	<b>100%</b>	<b>41,353</b>	<b>100%</b>

The bid values are estimated where necessary. No allowances for rounding in the figures presented. The final asset allocation of the Fund assets as at 31 March 2015 is likely to be different from that shown due to estimation techniques. Based on the above, the Employer's share of the assets of the Fund is approximately 4%.

## 14. Provisions

### Group

	Insurance claims	Disrepair claims	Other provision	Total provisions
	£'000	£'000	£'000	£'000
4				
<b>Carrying amount at 1 April 2014</b>	<b>85</b>	<b>0</b>	<b>108</b>	<b>195</b>
Utilised	-	-	(106)	(106)
Released	(2)	-	-	(2)
Increase in provisions	-	-	37	37
<b>Carrying amount at 31 March 2015</b>	<b>83</b>	<b>0</b>	<b>39</b>	<b>122</b>

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2015. The Group's liability is restricted to the amount of the claim or the policy excess, whichever is the greater. The policy excess is currently £2,500. Disrepair claims are estimates relating to outstanding disrepair cases. The Group has provided for any such challenges where at the end of the year it is more likely than not that there is an obligation to be settled.

Other provision is the redundancy and early retirement pension strain costs (£36,522, £2014: 108,548) as a result of organisational restructure.

### Company

The company had no provisions at 31 March 2015 (2014: nil)

## 15. Trade and other payables

### Group

	2015	2014
	£'000	£'000
<i>Current:</i>		
Trade payables	4,403	293
Amount owed to the London Borough of Barnet	2,432	863
Financial liabilities	6,835	1,156
Other payables	68	114
Other taxation and social security	1,262	1,380
Accruals and deferred income	14,953	15,994
	<b>23,117</b>	<b>18,644</b>

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

### Company

	2015	2014
	£'000	£'000
<i>Current:</i>		
Trade payables	-	44
Amount owed to subsidiaries	10,726	7,431
Amount owed to the London Borough of Barnet	20	739
Financial liabilities	10,746	8,214
Other payables	-	32
Other taxation and social security	3,634	3,184
Accruals and deferred income	16	15
	<b>14,396</b>	<b>11,445</b>

## 16. Income tax expense

### Tax charge per accounts

	2015 £'000	2014 £'000
<b>Analysis of tax charge/(credit) for the period</b>		
<b>Current tax</b>		
UK corporation tax at 23.00% (PY:24.00%)	23	20
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
<b>Tax on profit on ordinary activities</b>	<u>23</u>	<u>20</u>
<b>Reconciliation of tax charge</b>		
Loss on ordinary activities before tax	(1,263)	(2,539)
Tax on loss on ordinary activities at standard CT rate of 23.00% (2013/14 :21.00%)	(264)	(584)
Effects of:		
Expenses not deductible for tax purposes	289	590
Other permanent differences	-	1
Deferred tax not recognised	-	14
Marginal relief	(1)	(2)
<b>Tax charge/(credit) for the period</b>	<u>23</u>	<u>19</u>

## 17. Financial assets and liabilities

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

### Group

	2015 £'000	2014 £'000
<b>Financial assets</b>		
Loans and receivables:		
Trade and other receivables	11,573	13,122
Cash and cash equivalent	8,932	3,725
	<u>20,506</u>	<u>16,847</u>
<b>Financial liabilities</b>		
Financial liabilities measured to amortised cost:		
Trade and other payables	6,835	1,156

### Company

	2015 £'000	2014 £'000
<b>Financial assets</b>		
Loans and receivables:		
Trade and other receivables	12,432	9,522
Cash and cash equivalent	1,880	1,854
	<u>14,312</u>	<u>11,376</u>
<b>Financial liabilities</b>		
Financial liabilities measured to amortised cost:		
Trade and other payables	10,746	8,214

## 18. Related party transactions

### 18.1 Transaction with controlling party/related parties

	2015	2014
	£'000	£'000
Invoices to London Borough of Barnet	100,780	88,756
Invoices from London Borough of Barnet	2,811	3,927
Amount owed to London Borough of Barnet	1,891	737
Amount owed by London Borough of Barnet	11,038	8,803
Payments to London Borough of Barnet Pensions	2,735	-
Invoices from London Borough of Barnet Pensions	172	95
Amount owed to London Borough of Barnet Pensions	-	2
Amount owed by London Borough of Barnet Pensions	-	-

The London Borough of Barnet owns 100% of the share capital of the Barnet Group Ltd. The Barnet Group Ltd owns 100% of the share capital of Your Choice (Barnet) Ltd. The Barnet Group Ltd is the sole member and guarantor of Barnet Homes Ltd, a company limited by guarantee. The London Borough of Barnet contracts with The Barnet Group Ltd for the provision of Adult Social Care Services, Housing Management and Homelessness Services. The Barnet Group Ltd then contracts on a back to back basis with Your Choice (Barnet) Ltd and Barnet Homes Ltd in respect of Adult Social Care Services, Housing Management and Homelessness Services respectively. As a result, The Barnet Group Ltd receives the management fee from The London Borough of Barnet on behalf of Barnet Homes Ltd and Your Choice (Barnet) Limited. It also invoices for ad hoc services on behalf of the two companies and for the capital works programme carried out by Barnet Homes on behalf of the London Borough of Barnet.

As at 31 March 2015, The Barnet Group Ltd owed £1,891,000 to The London Borough of Barnet in respect of expenses on behalf of Barnet Homes Ltd and The Barnet Group was owed £11,038,000 by the London Borough of Barnet in respect of management and other fees in respect of services provided by the Group.

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

### 18.2. Key Management Personnel

#### 18.2.1 Non Executive Directors

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

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

	2015	2014
	£'000	£'000
Salaries	42	33
Incidental expenses	-	2
	<b>42</b>	<b>35</b>

#### 18.2.2 Executive Directors

	2015	2014
	£'000	£'000
Salaries	440	351
Performance Bonus	21	13
Social security costs	57	43
Pensions costs	30	63
Car Lump Sum	(45)	-
	<b>503</b>	<b>470</b>

The Executive directors are defined as being the members of the Group's Main Board's who are executive officers of the Group.

The Executive Directors consists of the Chief Executive Officer, Deputy Chief Executive Officer, Director of Operations and Director of Care and Support (see Company Information - page 3 ).

Three of the executive directors have retirement benefits accruing under the defined benefit pension scheme in respect of qualifying services.

## 19. Contingent Assets and Liabilities

At 31 March 2015, a possible liability existed as a result of Connaught Ltd going into administration in relation to the Group's pension deficit for staff transferred from Barnet Homes Limited to Connaught Ltd in prior years. The Local Authority Pension Scheme could make a claim to Barnet Homes in respect of the pension deficit not met by Connaught Ltd.

## 20. Financial instrument risks

### Risk management and objectives and policies

#### 20.1 Interest rate sensitivity

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

#### 20.2 Credit risk analysis

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

#### 20.3 Liquidity risk analysis

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

## 21. Capital management policies and procedures

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

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

	2015 £'000	2014 £'000
Cash & cash equivalent	8,932	3,725
	<hr/>	<hr/>
	<b>8,932</b>	<b>3,725</b>
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