

Company Number: 07873964

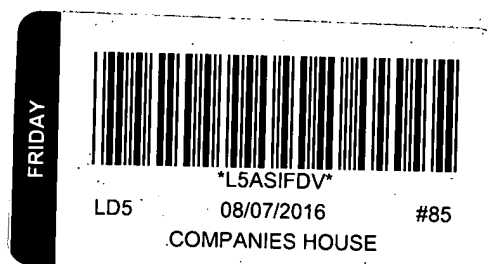
TheBarnetGroup Limited

Annual Report

Strategic Report

Financial Statements

Year ended 31 March 2016



Contents

	Page
1. Company information	2
2. Report of the Directors	3
3. Strategic Report	9
4. Independent Auditors' report to the members of TheBarnetGroup Limited	19
5. Statement of Comprehensive Income - Consolidated	21
6. Statement of Financial Position - Consolidated	22
7. Statement of Cash Flow - Consolidated	23
8. Statement of Changes in Equity - Consolidated	24
9. Statement of Comprehensive Income - Company	25
10. Statement of Financial Position - Company	26
11. Accounting policies and explanatory notes to the financial statements	27

1. Company Information

Directors

Terry Rogers (Chair)

Nigel Turner

Rebecca Toloui

Appointed 15 December 2015

Councillor John Marshall

Councillor Ross Houston

Jeff Baker

Troy Henshall

Jack Stephen

Appointed 15 December 2015

Sharon Slotnick

Appointed 15 December 2015

Chief Executive Office

Troy Henshall

Executive Officers

Derek Rust

Deputy Chief Executive

Director of Operations

To March 2016

Julie Riley

Director of Care & Support

Trudi Kleanthous

Director of Corporate Services

Appointed December 2015

Mark Jones

Interim Finance Director

Appointed February 2016

Elliott Sweetman

Director of Operations

Appointed March 2016

Company Secretary

Troy Henshall

Registered Office

1255 High Road

Whetstone

London

N20 0EJ

Registered Number

07873964

Auditors

Grant Thornton UK LLP

Grant Thornton House

202 Silbury Boulevard

Milton Keynes

MK9 1LW

Bankers

Santander UK PLC

T54 Ground Floor Ops

Bridle Road

Bootle

Liverpool

L30 4GB

2. Report of the Directors

The Board is pleased to present the financial statements of TheBarnetGroup Limited for the year ended 31 March 2016.

Principal activities

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

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

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

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

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

Your Choice (Barnet) Limited is a Local Authority Trading Company (LATC) ultimately owned by the London Borough of Barnet (the 'Council') via TheBarnetGroup Limited, that commenced its operations on 1 February 2012 delivering specialist care and support services to adults with a range of physical and

learning disabilities. These services were transferred in order to enable the company to become more cost effective and compete in the Adult Social Care marketplace.

The services include:

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

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

Group results for the year

Before taking account of the adjustments required in relation to pensions, a trading surplus of £663,000 was achieved (2015: £116,000 deficit). After the adjustments for pensions, the Group recorded a net deficit of £1,079,000 (2015: £1,284,000 deficit) before the actuarial gain on the pension scheme of £4,229,000 (2015: £8,874,000 actuarial loss).

Accumulated revenue reserves, before the pension liability, now stand at £1,992,000 (2015: £1,329,000).

Directors

Troy Henshall was appointed as a Director and Interim Chief Executive on 30 March 2015. His appointment as permanent Chief Executive was confirmed on 1 December 2015.

Rebecca Toloui, Jack Stephen and Sharon Slotnick were appointed to the Board on 15 December 2015.

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

3rd party indemnity provision for Directors

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

Disabled persons

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

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

For the people we support, we will:

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

Employee information

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

As an employer we will:

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

Charitable donations

No charitable donations were made by the Group or the Company for the year ended 31 March 2016, (2015: £nil).

EU Political donations and expenditure

No political donations or expenditure were made for the year ended 31 March 2016, (2015: £nil).

Donations to non-EU political parties

No political donations or expenditure were made for the year ended 31 March 2016, (2015: £nil).

Payment policy

The Company pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 18 days of receipt of the invoice (2015: 19 days).

Directors' Remuneration Report

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

Code of Governance

During the year, the Group and its subsidiary Boards reviewed their governance arrangements, and adopted the National Housing Federation code of governance, Excellence in Governance 2015. The Group complies with its new code apart from two technical instances of non-compliance in relation to the overall length of service as a Board member within the Group. These date back to events that took place before the code was adopted and at that time were compliant with the code of governance then in use:

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

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

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

Going Concern

The accounts are prepared on a going concern basis. In line with International Accounting Standard 19, the Group's pension deficit is recognised in full in the Consolidated Statement of Financial Position and this is stated at £36.514 million at 31 March 2016 (2015: £39.001 million). However, the London Borough of Barnet has fully guaranteed Barnet Homes Limited's pension deficit at the point of its

incorporation (on 1 April 2004) and has provided a letter of comfort to the Directors of Barnet Homes Limited, setting out its intention to fund Barnet Homes Limited's on-going operational cash flow requirements from the point of incorporation onwards, through the payment of the agreed monthly management fee. Furthermore, the London Borough of Barnet has also guaranteed the pension deficit in respect of Your Choice (Barnet) Limited at the point that the employees were transferred to Your Choice (Barnet) Limited (on 1 February 2012). The Directors have reviewed the Group's budget for the next financial year. Therefore, the Board considers preparation of the Financial Statements on a going concern basis to be appropriate.

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

Auditors

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

Approval and signature

The Report of the Directors was approved by the Board on 22 June 2016 and signed on its behalf by:



Terry Rogers, Chair

3. Strategic Report

Review of Group results

The year to 31 March 2016 was the fourth year of operation for the Group. Before taking account of the adjustments required in relation to pensions, a Group surplus of £663,000 was achieved (2015: £116,000 deficit).

After the adjustments for pensions, the Group recorded a net deficit of £1,079,000 (2015: £1,284,000 deficit) before the actuarial gain on the pension scheme of £4,229,000 (2015: £8,874,000 actuarial loss).

Accumulated revenue reserves, before the pension liability, now stand at £1,992,000 (2015: £1,329,000).

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

Barnet Homes Limited

Principal Risks and Uncertainties

The London Borough of Barnet's Housing Committee approved a new 10 year Management Agreement, commencing 1 April 2016. This was a key risk last year which has now been resolved.

The Company's principal source of income is a fixed management fee from the London Borough of Barnet, which is paid monthly in advance in accordance with the Agreement. The fee is set in advance, and the main risk to the Company is that it is not able to deal with inflationary pressures and planned efficiencies in the management fee of £2.6 million annually by 2020.

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

The number of homes managed under the Agreement continues to reduce. The Council's regeneration programme gains momentum with 174 properties decanted for regeneration purposes in the year (2015: 191). Right to Buy (RTB) sales amounted to 76 units (2015: 125 units).

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

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

The original implementation of the QL Housing Management system does not comply with best practice, which has resulted in operational and reporting issues.

Accordingly, there is a project to re-implement the system in 2016/17. In this year's financial statements £503,000 of intangible assets relating to the original implementation have been written-off.

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

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

Key financial performance indicators

Overview

Robust financial management has ensured that Barnet Homes Limited has improved on its budget in 2015/16, showing a favourable variance of £197,000 against budget, resulting in a surplus of £276,000 before pension adjustments (2015: £278,000 loss). This is a satisfactory result.

Key non-financial performance indicators

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

Homelessness - Supply indicators

	2015/16	2014/15
Percentage of Emergency Temporary Accommodation units (ETAs) acquired at a cost above Local Housing Allowance limit	64.6%	70.0%
Number of lettings to Barnet Homes managed properties	519	524
Number of regeneration property lettings	139	136
Lettings by Registered Providers (RPs) working in the Borough	246	371

Households in emergency accommodation

	2015/16	2014/15
Number of households in Emergency Temporary Accommodation (ETA)	251	455
Number of households in bed and breakfast accommodation	2	0

A number of successful supply measures were delivered throughout 2015/16 to reduce the number of households in Emergency Temporary Accommodation (ETA). By the end of March 2016, there were just 251 households in ETAs, the lowest number for over 4 years and a 45% reduction on the 2014/15 outturn.

Despite sustained high levels of demand, with over 1,400 placements into forms of interim temporary accommodation for the second consecutive year, the delivery of over 500 new units of affordable long-term temporary accommodation and supply of 492 private sector lettings meant that Barnet Homes was able to reduce reliance on Emergency Temporary Accommodation, creating better outcomes for both our customers and the Council.

Allocations and lettings

Average re-let times in days	2015/16	2014/15
Routine lettings (2016 Target 24 days)	20.9	23.0
Major works lettings (2016 Target 60 days)	46.0	53.0
All lettings	27.6	31.0

The above table shows the average re-let times performance for the year 2015/16 compared to performance from the previous year. Definitions of re-let times have changed and therefore the target for 2014/15 under the new definition is not available.

In 2015/16 performance improved for both routine lettings and major works lettings – with a reduction in turnaround time against target. When benchmarked with our peers through HouseMark, Quarter 3 2015/16 performance for turning around routine properties was in the top quartile.

The 2015/16 annual performance is the best voids performance for routine lettings in the history of Barnet Homes. This improvement is due to the implementation of findings of a review of the voids service.

The 2016/17 target for routine lettings is very challenging at 15 days by year end. It is positive to note that performance in this area was 15.6 days in March 2016 and 15.3 days in April 2016.

The impact of the proposed changes to current working practices will be monitored on a regular basis both through the partnership meetings with our contractors and by senior managers at our Voids Project Board.

General homelessness indicators

	2015/16	2014/15
Number of households in Emergency Temporary Accommodation (ETA)	251	455
Number of Private Sector Lettings	492	392
Number of households in ETA awaiting a decision on their application	81	141
Number of families in bed and breakfast accommodation for more than six weeks	0	0

Housing Options continued to meet its target for the number of households in ETA where a customer is awaiting a decision on their application.

Over the year the number of households awaiting a decision on their application has dropped from 141 to 81. This is the lowest figure recorded over the past two financial years.

These results demonstrate the continued success the Housing Needs Team is achieving in reducing the number of homelessness applications promptly with a focus on completing enquiries within 33 days.

Homelessness

	2015/16	2014/15
Number of homelessness preventions	870	832
Number of regeneration decants	174	191

In 2015/16 we completed 870 homelessness preventions which is an improvement on the 832 achieved in 2014/15 especially when considering the difficult climate in the private rented sector.

- The Barnet Homes Welfare Reform Task Force sustained 88 households in their homes by supporting them into employment so that they were not adversely affected by the Benefit Cap;

- The Sanctuary Scheme installed 43 security measures into the properties of domestic violence victims which enabled them to remain in their homes.
- The Youth Mediation Co-ordinator has delivered 87 homelessness preventions by working with families and their 16 and 17 year old children to either keep them at home or arrange planned moves into suitable alternative accommodation.
- A new women's refuge was opened in January 2016. A domestic violence one stop shop now provides weekly surgeries, which further supports early intervention and prevention.

Rent collection and arrears performance

	As at:	31-Mar-16	31-Mar-15
Number of tenants in arrears		3,703	4,277
Average arrear		£488	£515
Number of tenants more than 7 weeks in arrears		593	587
Arrears as a percentage of the debit		3.24%	3.53%

At 31 March 2016 arrears expressed as percentage of debit stands at 3.24% against a target of 3.30%. This is an excellent outcome following a challenging start to the year brought on by the payment failures in last year's fourth quarter. It is also pleasing to note that for nine out of the last twelve months the target has been achieved.

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

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

17 evictions were carried out this year against a target of 15 and whilst this target was therefore not achieved, this still represents top quartile performance in this area.

The number of current tenants in arrears for 7 weeks or more is virtually unchanged at 593 cases. This area of work continues to be targeted with extra resources.

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

Repairs and gas servicing

Responsive repairs satisfaction was 99.1% (2015: 97.2%) against a target of 95%. This is arrived at from a combination of contractor undertaken surveys and Barnet Homes' internal validation.

Gas servicing achieved 100% compliance in both years.

Major works satisfaction

Resident satisfaction with major works was 94.8% (2015: 96.6%) against a target of 94%.

Future Developments – Barnet Homes Limited

The application for registration with the Homes and Communities Agency for TBG Open Door Limited is well advanced. This company is planning to develop over 300 new homes for the Council in the period to 2020, and is a subsidiary (currently non-trading) of Barnet Homes Limited.

Your Choice (Barnet) Limited

Principal risks and uncertainties

Your Choice (Barnet)'s principal source of income is the fees from services that are commissioned by the London Borough of Barnet, which are paid monthly in arrears and based on an hourly, daily or nightly rate. The services are also commissioned by other local authorities, Clinical Commissioning Groups and privately through direct payments. These fees account for around 14% of the total income.

It was reported in the 2015 Annual Report that the organisation had an on-going dispute with Unison with regard to employee terms and conditions and in particular a pay reduction for employees that was put in place from 1 April 2014. This dispute has now been successfully resolved.

Your Choice (Barnet)'s current contract with the Council runs until February 2017. A competitive dialogue has been undertaken between Your Choice (Barnet) Limited and the Council during February 2016 through to May 2016. The Council has now confirmed that the contract is to be renewed and will run until 31 March 2022.

The Adult Social Care marketplace is extremely challenging and it is important for Your Choice (Barnet) Limited to provide services that people will access and that the Council wants to commission. It is with this in mind that proposals for some of the services to be remodelled have been submitted. There is a risk that the proposals will not be acceptable to Councillors, service users or their families.

There is however, a significant risk that if Your Choice (Barnet) Limited does not make the proposed changes, a number of the current services will no longer be commissioned as they are not in the longer term fit for purpose. There are a number of reasons for this, including:

- The difficulty there is in attracting younger people to the services as they are currently provided. Younger people have differing expectations, in general they have attended mainstream schools and want what their peers also aspire to, namely to move-on to their own accommodation (not in a block with others) and to get a job.
- Some services that Your Choice (Barnet) Limited manages are still over provided, not in the sense that hours commissioned do not match hours provided but in the sense that around a third of the people YCB supports in the Supported Living Services do not need 24/7 staffing levels. However the schemes all have this level of provision. There is a risk that people will come to rely on higher levels of support that are not needed and will go on to lose some of their independence skills.
- There is a lack of demand for the traditional day service provision such as Barnet Independent Living Service (BILS) and CommunitySpace. Whilst there are still a significant number of people who benefit from these two services, it is not a model that younger people want.
- Benchmarking has shown that Your Choice (Barnet) Limited respite and day services are relatively expensive compared to others, although some of the services are unique in providing for people who have profound or complex needs and are very well resourced. However, where there is still a need for day services it would be beneficial if they were more competitive, leading in the long term to more referrals.

Health and safety and safeguarding of service users and employees is a priority, especially as the majority of the people we support have a significant range of disabilities. There are a number of performance indicators that measure the health and safety of the service provision and all have been consistently rated as Green throughout 2015/16.

Key financial performance indicators

Overview

The result for the year for Your Choice (Barnet) Limited was a surplus of £396,000 (2015: £180,000) before taking account of the adjustments required in relation to pensions. After the adjustments for pensions, the surplus for the year was £111,000 (2015: £16,000).

Key non-financial performance indicators

2015/16 has been a good year in terms of performance with Your Choice (Barnet) Limited achieving 17 (85%) KPIs rated Green and 3 (15%) rated Amber.

The significant improvement to note in year is the Care Quality Commission (CQC) inspection outcomes for the Supported Living Services; this service was given a rating of 'Inadequate' by CQC in February 2015. An improvement plan was put in place and throughout the year the manager and her team have worked hard to implement this plan. The service was inspected again by the CQC and was awarded an overall rating of 'Good' in February 2016.

Of the Amber KPIs one relates to the use of agency staff which has reduced from 20% in 14/15 to 13.1%. Another relates to sickness which is currently at 12.7 days per person (2015: 10.5 days), and finally the referrals from other local authorities has been lower than expected and for the full year sits at 13 against a target of 20.

Service utilisation

All of the services have met or exceeded their utilisation targets with Supported Living (99%) and Valley Way (94%) ending the year strongly.

	2015/16 Utilisation	2014/15 Utilisation	Target
Independent Living Service	96%	90%	96%
Community-Space	97%	97%	96%
Flower Lane	97%	97%	96%
Rosa Morison	97%	98%	96%
Supported Living	99%	99%	96%
Valley Way	94%	82%	90%

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

Staffing

Using agency staff has decreased against in 2015/16, but is still behind target.

Indicator description	2015/16 Outturn	2014/15 Outturn	Target
Agency staff (%age of total FTEs)	13.1%	20.0%	10.0%
Sickness absence - days per FTE	12.7	10.5	10.0

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

Referrals

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

Indicator description	2015/16 Outturn	2014/15 Outturn	Full Year Target
Number of referrals from within the London Borough of Barnet	22	35	20
Number of referrals - other LAs	13	23	20
Number of referrals - other sources	22	10	20
Total number of referrals	57	67	60

Safeguarding

The table below presents the position on alerts raised:

	Indicator description	2015/16 Outturn	2014/15 Outturn
Alerts raised about YCB issues	Alerts raised	8	11
	Incidents under investigation	0	2
	Incidents closed and upheld	1	2
	Incidents closed and not upheld	7	7

Future Developments – Your Choice (Barnet) Limited

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

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

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

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

The introduction of a progression to work offer for adults with learning disabilities (where this is appropriate for the individual) includes a prevention and intervention service to ensure that activities are sustainable, employment coaching and supported employment programmes.

The Supported Living Services currently provide 24/7 support. There are a number of people who do not need this level of support. Therefore additional step down services will be developed, and a new shared housing offer for adults with learning disabilities who wish to access more independent living (based on the Barnet Homes' successful 'Get Real' model for young people leaving care).

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

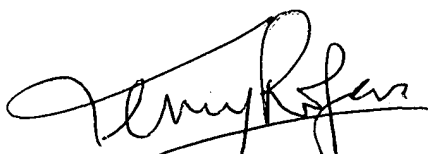
In addition Your Choice (Barnet) Limited working with Barnet Homes Limited, will introduce a housing brokerage service for vulnerable adults that would enable more people to make the transition from residential or hospital settings, to their own home.

Future Developments – The Group

The Group is evaluating the opportunity to bid for the management of the Council's refuse, recycling and street cleaning service, known as Street Scene.

Approval and signature

The strategic report was approved by the Board on 22 June 2016 and signed on its behalf by:



Terry Rogers, Chair

Independent auditor's report to the members of TheBarnetGroup Limited

We have audited the financial statements of TheBarnetGroup Limited for the year ended 31 March 2016 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow, the consolidated statement of changes in equity, the company statement of comprehensive income, the company statement of financial position, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's profit and the parent company's 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.

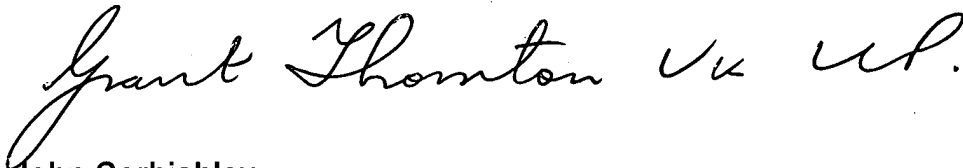
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

30/6/2016.

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 £000	2015 £000
Revenue	3	<u>61,876</u>	<u>56,011</u>
Expenses			
Employee benefits	13	(16,262)	(16,594)
Retirement pension obligations		(337)	62
Depreciation	8	(193)	(163)
Amortisation	9	(448)	(299)
Intangible asset impairment	9	(503)	-
Other expenses	4	<u>(43,926)</u>	<u>(39,069)</u>
		<u>(61,669)</u>	<u>(56,063)</u>
Operating profit/(loss)		<u>207</u>	<u>(52)</u>
Finance income	7	1,701	1,946
Finance costs	7	<u>(2,942)</u>	<u>(3,155)</u>
		<u>(1,241)</u>	<u>(1,209)</u>
(Loss) before tax		(1,034)	(1,261)
Corporation tax	16	(45)	(23)
(Loss) after tax		<u>(1,079)</u>	<u>(1,284)</u>
Other comprehensive income			
Actuarial gain/(loss) on pension scheme	13	<u>4,229</u>	<u>(8,874)</u>
Total comprehensive income for the year		<u><u>3,150</u></u>	<u><u>(10,158)</u></u>
Total comprehensive income for the year is attributable to:-			
London Borough of Barnet		<u><u>3,150</u></u>	<u><u>(10,158)</u></u>
<u>Reconciliation of total profit for the year after tax</u>		2016	2015
		£000	£000
Profit/(loss) for the period		663	(116)
(Loss) from IAS 19 pension fund accounting entries		(1,742)	(1,168)
Total (loss) for the year after tax		<u><u>(1,079)</u></u>	<u><u>(1,284)</u></u>

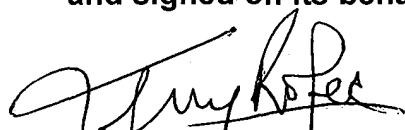
The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2016 £000	2015 £000
ASSETS			
Tangible assets			
Property, plant & equipment	8	624	595
Intangible assets			
Computer software & development	9	1,432	1,820
		<u>2,056</u>	<u>2,415</u>
Current assets			
Trade and other receivable	10	12,728	13,244
Cash and cash equivalents	11	14,661	8,932
		<u>27,389</u>	<u>22,176</u>
TOTAL ASSETS		<u><u>29,445</u></u>	<u><u>24,591</u></u>
EQUITY & LIABILITIES			
EQUITY			
Revenue reserve excluding IAS 19 provision		1,992	1,329
Pension fund		(36,514)	(39,001)
Retained (loss)		<u>(34,522)</u>	<u>(37,672)</u>
Total equity		<u>(34,522)</u>	<u>(37,672)</u>
LIABILITIES			
Non-current liabilities			
Pension and other employee obligations	13	36,514	39,001
Provisions	14	59	122
		<u>36,573</u>	<u>39,123</u>
Current liabilities			
Trade and other payables	15	27,349	23,117
Current tax liability	16	45	23
		<u>27,394</u>	<u>23,140</u>
TOTAL LIABILITIES		<u>63,967</u>	<u>62,263</u>
TOTAL EQUITY & LIABILITIES		<u><u>29,445</u></u>	<u><u>24,591</u></u>

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

The financial statements were authorised and approved by the Board on 22 June 2016 and signed on its behalf by:-


 Terry Rogers, CHAIR

Company number: 07873964

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2016

CONSOLIDATED STATEMENT OF CASH FLOW

	Note	2016 £000	2015 £000
Cash flows from operating activities			
(Loss) before tax		(1,034)	(1,261)
Interest income		(41)	(46)
Depreciation of property, plant and equipment		193	162
Amortisation of intangible assets		448	298
Impairment of intangible assets		503	-
Change in pension assets		(937)	(6,531)
Change in pension liabilities		(1,551)	16,575
Actuarial gain/(loss) on pension scheme		4,229	(8,874)
Change in provisions		(64)	(72)
Taxes paid		(22)	(23)
Net cash from operating activities		<u>1,724</u>	<u>228</u>
Net changes in working capital:			
Change in trade and other receivables		(6,417)	1,456
Change in trade and other payables		11,218	4,601
Change in other employee obligations		(53)	(119)
Total changes in working capital		<u>4,748</u>	<u>5,938</u>
Cash flows from investing activities			
Interest received	7	41	46
Purchase of equipment	8	(221)	(1,005)
Additional intangibles	9	(563)	-
Net cash used in investing activities		<u>(743)</u>	<u>(959)</u>
Net increase in cash and cash equivalents		5,729	5,207
Cash and cash equivalents at beginning of year		8,932	3,725
Cash and cash equivalents at end of year	11	<u><u>14,661</u></u>	<u><u>8,932</u></u>

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Revenue Reserve excluding IAS19 Pension Provision £000	Pension Fund £000	Total retained earnings £000
Balance as at 1 April 2014	<u>1,445</u>	<u>(28,959)</u>	<u>(27,514)</u>
Profit for the year	(116)		(116)
Increase in retirement pension obligation		(1,168)	(1,168)
Actuarial loss on pensions scheme		(8,874)	(8,874)
Total comprehensive income for the year	<u>(116)</u>	<u>(10,042)</u>	<u>(10,158)</u>
Balance as at 31 March 2015	<u><u>1,329</u></u>	<u><u>(39,001)</u></u>	<u><u>(37,672)</u></u>
Balance as at 1 April 2015	<u>1,329</u>	<u>(39,001)</u>	<u>(37,672)</u>
Profit for the year	663		663
Increase in retirement pension obligation		(1,742)	(1,742)
Actuarial loss on pensions scheme		4,229	4,229
Total comprehensive income for the year	<u>663</u>	<u>2,487</u>	<u>3,150</u>
Balance as at 31 March 2016	<u><u>1,992</u></u>	<u><u>(36,514)</u></u>	<u><u>(34,522)</u></u>

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

TheBarnetGroup Limited
Financial Statements for the year ended 31 March 2016

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	2016	<i>2015</i>
	£000	<i>£000</i>
Revenue	<u>-</u>	<u>-</u>
Expenses		
Other expenses	<u>(18)</u>	<u>(26)</u>
	<u>(18)</u>	<u>(26)</u>
Operating (loss)	<u>(18)</u>	<u>(26)</u>
Finance income	9	9
Finance costs	<u>-</u>	<u>(1)</u>
	<u>9</u>	<u>8</u>
(Loss) before tax	(9)	(18)
Corporation tax	<u>-</u>	<u>-</u>
(Loss) after tax	<u>(9)</u>	<u>(18)</u>
Total comprehensive income for the year	<u><u>(9)</u></u>	<u><u>(18)</u></u>
Total comprehensive income for the year is attributable to:-		
London Borough of Barnet	<u><u>(9)</u></u>	<u><u>(18)</u></u>
<u>Reconciliation of total profit for the year after tax</u>	2016	2015
	£000	£000
(Loss) for the period	<u>(9)</u>	<u>(18)</u>
Total (loss) for the year after tax	<u><u>(9)</u></u>	<u><u>(18)</u></u>

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

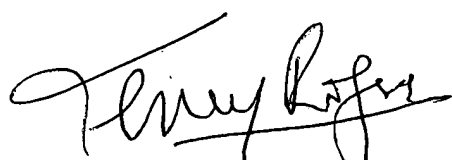
TheBarnetGroup Limited
 Financial Statements for the year ended 31 March 2016

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2016 £000	2015 £000
ASSETS			
Current assets			
Trade and other receivable	10	20,945	12,434
Cash and cash equivalents	11	<u>3,546</u>	<u>1,880</u>
		<u>24,491</u>	<u>14,314</u>
TOTAL ASSETS		<u><u>24,491</u></u>	<u><u>14,314</u></u>
EQUITY & LIABILITIES			
EQUITY			
Revenue reserve		<u>(91)</u>	<u>(82)</u>
Retained (loss)		<u>(91)</u>	<u>(82)</u>
Total equity		<u>(91)</u>	<u>(82)</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	<u>24,582</u>	<u>14,396</u>
		<u>24,582</u>	<u>14,396</u>
TOTAL LIABILITIES		<u>24,582</u>	<u>14,396</u>
TOTAL EQUITY & LIABILITIES		<u><u>24,491</u></u>	<u><u>14,314</u></u>

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

The financial statements were authorised and approved by the Board on 22 June 2016 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 2016

1. General information and statement of compliance with IFRS

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

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

Implementation of new accounting standards and policies

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

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

Other Standards and Interpretations which have been issued, but are not yet effective and have not been early adopted by the Group are not expected to have a material impact on the Group's Financial Statements.

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 2016 and are presented in Pounds Sterling rounded to the nearest thousand.

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

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

Basis of consolidation

The Company was incorporated on 7 December 2011 and is controlled by the London Borough of Barnet. On 1 February 2012, TheBarnetGroup Limited (the 'Company') was created and is a Local Authority Trading Company (LATC) and has 2 subsidiary organisations, Barnet Homes Limited, an Arms' Length Management Organisation (ALMO) and Your Choice (Barnet) Limited, another LATC. Barnet Homes Limited is indirectly owned by the London Borough of Barnet via TheBarnetGroup Limited, who in turn have a management agreement with Barnet Homes Limited.

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

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

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

Going concern

The financial statements have been prepared on a going concern basis. Due to the application of IAS19, the Group's pension deficit of £36.514 m (2015: £39.001 m) is recognised in full on the consolidated statement of financial position. However, the London Borough of Barnet has fully guaranteed the deficit in respect of Barnet Homes Limited at the point of its incorporation (on 1 April 2004). Furthermore, the London Borough of Barnet has also guaranteed the pension deficit in respect of Your Choice (Barnet) Limited at the point that the employees were transferred to Your Choice (Barnet) Limited on 1 February 2012.

In addition, the London Borough of Barnet has provided a letter of comfort to the Directors of Barnet Homes Limited, setting out its intention to fund Barnet Homes Limited ongoing operational cash flow requirements from the point of incorporation onwards via the timing of the payment of the agreed monthly management fee. The directors have also prepared cash flow forecasts up to 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 agreed with the Council for a 5 year period ending in Year 2020/21, and thereafter will be agreed either on an annual basis or over a longer period for the housing management arm of the business.

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

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

Interest income

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

Operating expenses

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

Property, plant and equipment and depreciation

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

Vehicles, plant & equipment: 5 years

Furniture, fixtures & fittings: 5 years

Computer equipment and software: 5 years

The Group elected to change its estimation of the expected useful economic life 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 straightline 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 Group's financial assets are classified as loans and receivables.

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

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

Financial liabilities

Financial liabilities include borrowings, 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 of short term deposits with financial institutions.

Short term investment

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

Equity and reserves

Retained earnings include all current and prior period retained profits.

Post employment benefits and short term employee benefits

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

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

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

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

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 £36.514 m (2015: £39.001 m) is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Assumptions are set with reference to market conditions at the year end. The discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. Estimation uncertainties exist as the anticipated assumptions could vary.

Provisions

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

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

Useful lives of depreciable assets

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

3. Revenue

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

	2016	2015
	£'000	£'000
Management fee paid by the London Borough of Barnet in respect of:		
Barnet Homes Limited:		
- Housing management, homelessness and support services	46,606	41,040
- Repairs and maintenance	7,550	7,650
Your Choice (Barnet) Limited adult social care services	4,752	4,766
Total fee received from London Borough of Barnet	58,908	53,456
Capital works carried out directly by Barnet Homes Limited	1,093	1,085
Total income from the London Borough of Barnet	60,001	54,541
Other operating income	1,875	1,470
Total revenue	61,876	56,011

4. Other expenses

Group	2016	2015
	£'000	£'000
Housing, estate, hostel repairs & maintenance	8,076	8,318
Third party landlord and temporary accommodation costs	22,133	17,219
Agency Staff	3,991	4,059
Information Technology	1,156	1,303
Grounds Maintenance	597	659
Utility	1,401	1,454
Legal	664	567
Auditors remuneration - statutory audit	46	42
Auditors remuneration - for other services	18	19
Other	5,844	5,429
	43,926	39,069

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

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

The operating profit/(loss) for the year has been arrived at after charging the following:

	2016	2015
	£'000	£'000
Depreciation of property, plant and equipment	641	457
Intangible asset impairment	503	-
Employee salaries and benefits	16,262	16,594
Auditors remuneration - statutory audit	46	35
Auditors remuneration - for other services	18	13

6. Commitments under operating leases

Group	2016	2015
	£'000	£'000
Within one year	29	139
Later than one year but within five years	54	73
	83	212

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 2016 is 14 (2015: 17).

The total number of plant and equipment with operating lease in 2016 is nil (2015: Nil).

Company

The Company does not have any commitments under operating leases.

7. Finance income and finance cost

Group	2016	2015
	£'000	£'000
Finance income:		
- bank deposit and short term investment interest	41	46
- return on retirement benefit scheme assets	1,660	1,900
	1,701	1,946
Finance cost - interest on retirement benefit obligation	(2,942)	(3,155)

8. Tangible Assets

Property, plant and equipment

Group	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Mobile Devices £'000	Computer equipment £'000	Total £'000
Gross carrying amount					
Balance 1 April 2015	144	290	45	1,464	1,943
Reclassifications	-	-	-	-	-
Additions	-	19	0	202	221
Disposals	-	-	-	-	-
Balance 31 March 2016	144	309	45	1,666	2,164
Depreciation					
Balance 1 April 2015	86	267	-	995	1,348
Charge for year	19	6	15	153	193
Disposals	-	-	-	-	-
Balance 31 March 2016	105	273	15	1,148	1,540
<i>Carrying amount 1 April 2015</i>	<i>58</i>	<i>22</i>	<i>45</i>	<i>470</i>	<i>595</i>
Carrying amount 31 March 2016	39	36	30	518	624

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
Gross carrying amount		
Balance 1 April 2015	2,220	2,220
Reclassifications	-	-
Additions	563	563
Impairment	(926)	(926)
Balance 31 March 2016	1,857	1,857
Amortisation and impairment		
<i>Balance 1 April 2015</i>	<i>400</i>	<i>400</i>
Charge for year	448	448
Impairment	(423)	(423)
Balance 31 March 2016	425	425
<i>Carrying amount 1 April 2015</i>	<i>1,820</i>	<i>1,820</i>
Carrying amount 31 March 2016	1,432	1,432
Summary of Depreciation, amortisation & assets impairment		
	2016	2015
	£'000	£'000
Depreciation	193	163
Amortisation	448	299
Impairment	503	-
	1,144	462

10. Trade and other receivables

Group

	2016 £'000	2015 £'000
Amounts receivable within one year:		
Trade receivables, gross	252	184
Provision for doubtful debt	(27)	(11)
Trade receivables	<u>225</u>	<u>173</u>
Amounts due from parent undertaking	9,304	11,400
Financial assets	<u>9,529</u>	<u>11,573</u>
Other debtors	2,463	290
Prepayments and accrued income	736	1,381
Non-financial assets	<u>3,199</u>	<u>1,671</u>
Trade and other receivables	<u><u>12,728</u></u>	<u><u>13,244</u></u>

The trade receivables ageing analysis is as follows:

	2016 £'000	2015 £'000
Current		
0-30 days	8,679	8,830
31-60 days	203	2,140
> 60 days	647	603
	<u><u>9,529</u></u>	<u><u>11,573</u></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

	2016 £'000	2015 £'000
Amounts receivable within one year:		
Amounts due from the London Borough of Barnet	3,296	10,196
Amounts due from subsidiaries	2,382	2,236
Financial assets	<u>5,678</u>	<u>12,432</u>
Other debtors	-	-
Prepayments and accrued income from Parent undertaking	6,008	-
Prepayments and accrued income from Related Parties	9,217	-
Prepayments and accrued income	42	2
Non-financial assets	<u>15,267</u>	<u>2</u>
Trade and other receivables	<u><u>20,945</u></u>	<u><u>12,434</u></u>

The trade receivables ageing analysis is as follows:

	2016 £'000	2015 £'000
Current		
0-30 days	5,212	11,825
31-60 days	123	179
> 60 days	343	428
	<u><u>5,678</u></u>	<u><u>12,432</u></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

	2016 £'000	2015 £'000
Bank accounts	13,141	7,420
Cash in hand	6	8
Short term deposits	1,514	1,504
	14,661	8,932

Short term deposit represents cash held in a 31 Day Notice fixed deposit account (2015: Short term deposit represents cash held in instant access corporate bonus and business reward accounts).

Company

	2016 £'000	2015 £'000
Bank accounts	3,546	1,880
	3,546	1,880

12. Equity

12.1 Share Capital

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

13. Employee remuneration

13.1. Employee benefits expense

	2016 £'000	2015 £'000
Wages and salaries	12,525	12,876
Social security costs	953	990
Pensions costs	2,784	2,728
	16,262	16,594

In this financial year, wages and salary costs include redundancy costs of £9,379 (2015: £241,642) and pension costs include early retirement pension strain costs of nil (2015: £36,522).

13.1.1 Directors remuneration

	2016 £'000	2015 £'000
Wages and salaries	203	159
Social security costs	20	17
Pensions costs	-	17
	223	193

The emoluments of the highest paid director were £162,379 (2015: £172,528).

13.2. Employees

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

Service	2016	2015
Chief Executive Office	2	2
Growth & Development	51	48
Care & Support	185	52
Operations Directorate	235	357
Non Executive Directors	14	7
	487	466

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

13.3. Pension and other employee obligations

The Group operates a local government pension defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2007/08, as amended. It is contracted out of the State Second Pension. The basis on which the net pension liability is recognised in the financial statements is set out in the accounting policies (note 1).

A full actuarial funding valuation was carried out at 31 March 2013 and updated to 31 March 2016 by a qualified independent actuary. The actuarial report states that it was prepared in accordance with the International Accounting Standard 19 (IAS 19). This forms the basis of the balance sheet and funding status disclosures to be made in respect of its pension obligations under the Local Government Pension Scheme.

For the year ending 31 March 2016, Barnet Homes Limited contributed to the Scheme at an equivalent rate of 25.8% of pensionable salaries. (2015: 25.8%)

For the year ending 31 March 2016, Your Choice (Barnet) Limited contributed to the Scheme at an equivalent rate of 24.3% of pensionable salaries (2015: 24.3%)

The financial assumptions used by the actuary were:

	31 March 2016		31 March 2015	
	% p.a.	% Real	% p.a.	% Real
RPI Increases	3.3	-	3.3	-
CPI Increases	2.4	-0.9	2.5	-0.8
Salary Increases	4.2	0.9	4.3	1
Pension Increases	2.4	-0.9	2.5	-0.8
Discount Rate	3.7	0.4	3.4	0.1

	31 March 2014	
	% p.a.	% Real
RPI Increases	3.6	-
CPI Increases	2.8	-0.8
Salary Increases	4.6	1
Pension Increases	2.8	-0.8
Discount Rate	4.5	0.9

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.

Life expectancy from age 65 (years)		31 March 2016	31 March 2015
Retiring today	Males	22.1	22.1
	Females	24.5	24.4
Retiring in 20 years	Males	24.4	24.2
	Females	26.9	26.8

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.

Net pension liability as at	31 March 2016	31 March 2015
	£'000	£'000
Present Value of Funded Obligation	(84,769)	(86,277)
Fair Value of Scheme Assets (bid value)	48,821	47,884
Net liability	(35,948)	(38,393)
Present Value of Unfunded Obligation	(566)	(608)
Unrecognised Past Service Cost		
Net liability in statement of financial position	(36,514)	(39,001)

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

	31 March 2016	31 March 2015
	£'000	£'000
Service cost	3,081	2,627
Net interest in defined liability/ asset	1,281	1,246
Administration expenses	55	47
Total	4,417	3,920
Actual return on scheme assets	(877)	4,789

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

	31 March 2016	31 March 2015
	£'000	£'000
Opening Defined Benefit Obligation	86,885	70,310
Current service cost	3,056	2,519
Interest cost	2,942	3,146
Change in financial assumptions	(6,759)	11,892
Change in demographic assumptions	-	-
Experience gain on defined benefit obligation	(8)	(129)
Liabilities extinguished on settlements	-	-
Estimated benefits paid (net of transfers in)	(1,495)	(1,667)
Past service cost	25	108
Contributions by Scheme participants	714	729
Unfunded pension payments	(25)	(23)
Closing Defined Benefit Obligation	85,335	86,885

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

	31 March 2016 £'000	31 March 2015 £'000
Opening fair value of scheme assets	47,884	41,353
Interest on assets	1,660	1,900
Return on assets less interest	(2,537)	2,889
Other Actuarial gains/(losses)	-	-
Administration expenses	(55)	(47)
Contributions by employer including unfunded benefits	2,675	2,750
Contributions by scheme participants	714	729
Estimated benefits paid (net of transfers in)	(1,520)	(1,690)
Settlement prices received/ (paid)	-	-
Fair value of scheme assets at end of period	48,821	47,884

Re-measurements and Other Comprehensive Income

	31 March 2016 £'000	31 March 2015 £'000
Return on plan assets in excess of interest	(2,537)	2,889
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	6,758	(11,892)
Change in demographic assumptions	-	-
Experience gain/(loss) on defined benefit obligation	8	129
Changes in effect of asset ceiling	-	0
	4,229	(8,874)

Sensitivity analysis

	£'000	£'000	£'000
	+0.1%	0.0%	-0.1%
Adjustment to discount rate			
Present Value of Total Obligation	83,721	85,335	86,981
Projected Service Cost	2,686	2,744	2,751
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	85,571	85,335	85,100
Projected Service Cost	2,745	2,744	2,743
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	86,764	85,335	83,934
Projected Service Cost	2,804	2,744	2,686
Adjustment to mortality age rating assumption	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	87,829	85,335	82,913
Projected Service Cost	2,814	2,744	2,675

Projections for year to 31 March 2017

	Year to 31 March 2017 £'000
Service cost	2,744
Net interest cost	1,306
Administration	55
Total	4,105
Employer contributions	2,668

These projections are based on the actuarial assumptions as at 31 March 2016.

Assets

The estimated asset allocation for The Group as at 31 March 2016 is as follows;

Employer Asset Share - Bid Value	31 March 2016		31 March 2015	
	£'000	%	£'000	%
Equities	23,270	47%	31,947	67%
Gilts	4,820	10%	-	-
Other Bonds	20,387	42%	15,451	32%
Cash	344	1%	486	1%
Alternative Assets	-	-	-	-
Total	48,821	100%	47,884	100%

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 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 4% for Barnet Homes and 1% for Your Choice Barnet.

14. Provisions**Group**

	Insurance claims £'000	Disrepair claims £'000	Other provision £'000	Total provisions £'000
Carrying amount at 1 April 2015	83	-	39	122
Utilised	-	-	(67)	(67)
Released	(35)	-	29	(6)
Increase in provisions	-	-	10	10
Carrying amount at 31 March 2016	48	-	11	59

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2016. 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 of £11,000 (2015: £36,522) as a result of organisational restructure.

Company

The company had no provisions at 31 March 2016 (2015: nil)

15. Trade and other payables

Group

	2016	2015
	£'000	£'000
<i>Current:</i>		
Trade payables	1,781	4,403
Amount due to parent undertaking	11,743	2,432
Financial liabilities	13,524	6,835
Other payables	60	68
Other taxation and social security	4,218	1,262
Accruals and deferred income	9,547	14,952
	27,349	23,117

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

	2016	2015
	£'000	£'000
<i>Current:</i>		
Trade payables	-	-
Amount owed to subsidiaries	2,829	10,726
Amount due to parent undertaking	2,522	20
Financial liabilities	5,351	10,746
Other payables	-	-
Other taxation and social security	3,989	3,634
Accruals and deferred income to Parent undertaking	9,234	-
Accruals and deferred income to Related party	6,008	-
Accruals and deferred income to 3rd party	-	16
	24,582	14,396

16. Income tax expense

Group	2016	2015
	£'000	£'000
Analysis of tax charge/(credit) for the period		
Current tax		
UK corporation tax at 20.00% (2014/15: 21.00%)	45	23
Tax on profit on ordinary activities	45	23
Deferred tax (asset)/liability not recognised	(20)	(33)
Reconciliation of tax charge		
Profit on ordinary activities before tax	(1,034)	(1,261)
Tax on profit on ordinary activities at standard CT rate of 20.00% (2014/15: 21.00%)	(207)	(265)
Effects of:		
Expenses not deductible for tax purposes	272	293
Income not taxable for tax purposes	(11)	-
Adjustments to tax charge in respect of previous periods	-	-
Adjust closing deferred tax to average rate of 20.00%	3	-
Deferred tax not recognised	(12)	(4)
Marginal relief	-	(1)
Tax charge/(credit) for the period	45	23

17. Financial assets and liabilities

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

Group

	Note	2016 £'000	2015 £'000
Financial assets			
Loans and receivables:		-	-
Trade and other receivables	10	9,529	11,573
Cash and cash equivalent	11	14,661	8,932
		24,190	20,505
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	15	27,349	23,117

Company

	Note	2016 £'000	2015 £'000
Financial assets			
Loans and receivables:			
Trade and other receivables	10	5,678	12,432
Cash and cash equivalent	11	3,546	1,880
		9,224	14,314
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	15	24,582	14,396

18. Related party transactions

18.1 Transaction with controlling party/related parties

	2016 £'000	2015 £'000
Invoices to London Borough of Barnet	115,193	100,780
Invoices from London Borough of Barnet	5,676	2,811
Amount owed to London Borough of Barnet	11,743	1,891
Amount owed by London Borough of Barnet	9,305	11,038
Payments to London Borough of Barnet Pensions	2,565	2,735
Invoices from London Borough of Barnet Pensions	17	172

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

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

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

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 :

	2016 £'000	2015 £'000
Salaries	57	42
	57	42

18.2.2 Executive Directors

	2016 £'000	2015 £'000
Salaries	338	394
Performance Bonus	12	21
Honorarium	7	-
Social security costs	44	57
Pensions costs	27	30
Interim Directors	98	-
Car Lump Sum	-	1
	526	503

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

19. Contingent Assets and Liabilities

At 31 March 2016, a possible liability existed as a result of Connaught Limited going into administration in relation to the Group's pension deficit for staff transferred from Barnet Homes Limited to Connaught Limited in prior years. The Local Authority Pension Scheme could make a claim on Barnet Homes Limited in respect of the pension deficit not met by Connaught Limited.

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 is net of provisions for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on past experience and management's forecasts, is evident of a reduction in the recoverability of the cash flow. See note 2 above for further information on impairment of financial assets that are past due. The Group's risk in relation to its income receivable is low as the main income is receivable from London Borough of Barnet. Placement of liquid funds are currently across three banks and this has helped to lower the risk associated with such placements.

20.3 Liquidity risk analysis

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

21. Capital management policies and procedures

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

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

	Note	2016 £'000	2015 £'000
Cash & cash equivalent	11	14,661	8,932
		<hr/>	<hr/>
		14,661	8,932
		<hr/>	<hr/>