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Company No. 04948659

Barnet Homes Limited

Annual Report

Strategic Report

Financial Statements

Year ended 31 March 2015

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Contents

1. Company Information

Directors
Terry Rogers (Chair)
Jeff Baker (Vice Chair)
David Atta
Angela Purcell
Washington Ainabe
Troy Henshall
Bob Colquhoun (co-opted from November 2010)
Tracey Lees (to 30 March 2015)
Jack Stephen

Changes since last annual report:

Directors - Resigned	**To**
Sharon Slotnick	3 November 2014
Tracey Lees	30 March 2015

Directors - Appointed	**From**
Troy Henshall	30 March 2015
Jack Stephen	1 June 2015

Chief Executive Officer	Tracey Lees to 30 March 2015
Interim Chief Executive Officer	Troy Henshall from 30 March 2015
Executive Officers	Troy Henshall (Deputy Chief Executive Officer) to 29 March 2015 Troy Henshall (Interim Chief Executive Officer) from 30 March 2015 Derek Rust (Director of Operations)
Company Secretary	Troy Henshall
Registered Office	1255 High Road Whetstone London N20 0EJ
Registered Number	04948659
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 Barnet Homes Limited for the year ended 31 March 2015.

Principal activities
Barnet Homes Limited (the 'Company') is an Arms Length Management Organisation (ALMO) owned indirectly by the London Borough of Barnet (the 'Council') via The Barnet Group, which 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

The 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 Ltd 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.

Results for the year
The result for the year was a trading loss of £278,000 before taking account of the adjustments required in relation to pensions. After adjustments for pensions, we recorded a net loss of £1.282 million for the year, which was mainly as a result of pension accounting transactions of £1.004 million.

Cumulative revenue reserves (excluding IAS 19 provisions) per the Statement of Financial Position as 31 March 2015 are £2.190 million.

Directors
There were four 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. Jack Stephen was appointed to the board on 1 June 2015.

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

3rd party indemnity provision for Directors
The Directors had provision via the Barnet Homes Limited Insurance policy for Officials Indemnity, Personal Accident and Directors & Officers.

Disabled persons
Barnet Homes 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 we will:

- Understand that some groups of people experience more disadvantage than others and will target our services to meet particular needs
- Treat all customers with dignity and respect
- Consult and involve customers 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, policies, 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.

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.

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.

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 Assistant Director of Resources chairs the company's monthly Staff Council meeting.

Charitable donations
No charitable donations were made by Barnet Homes Limited in the year ending 31 March 2015. Prior year donations were £975.

EU Political donations and expenditure
No political donations or expenditure were made in the year ending 31 March 2015.

Donations to non-EU political parties
No political donations or expenditure were made in the year ending 31 March 2015.

Payment policy
The Company pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 17 days of receipt of the invoice. This compares to 11 days in 2013/14.

Awareness of relevant audit information
The Directors of Barnet Homes 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 Strategic Report, 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 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:

- 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 Barnet Homes Ltd's Main Board. The Independent Directors received emoluments for the first time from July 2010 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 accounts are prepared on a going concern basis. In line with International Accounting Standard 19, the Company's pension deficit is recognised in full on the Statement of Financial Position and this is set at £33.949 million as at 31 March 2015. However, the London Borough of Barnet has fully guaranteed the Company'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, setting out its intention to fund Barnet Homes' 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 reviewed the company's forecasts for the next financial year from the date of formally approving the annual report and financial statements. Therefore the Board consider 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.

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 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

Terry Rogers, Chair

3. Strategic Report

Review of results
2014/15 was Barnet Homes' eleventh year of operation. Before taking account of the adjustments required in relation to pensions, a trading loss of £278,000 was made on the Statement of Comprehensive Income, which is transferred to our usable revenue reserves which at 31 March 2015 totalled £2.190 million as reflected in the Statement of Financial Position. After the adjustments for pensions, we recorded a net loss of £1.282 million for the year, which was mainly as a result of pension accounting transactions of £1.004 million. In the year, the company delivered efficiencies of £395,000 from its management fee income from the Council and no inflationary increases on its management fee income was received in the year. The impact of additional costs of pension auto enrolment and pay rises whilst delivering savings to the Council, resulted in a loss budget being set for the financial year.

After previously completing our Decent Homes programme on behalf of the Council, we have continued to invest in the Council's stock as required and deliver improvements identified through fire risk assessments.

Principal Risks and Uncertainties
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.

Our 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 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.

Information Technology systems
In the year, the company 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 rents was also implemented in the year, which included an integrated customer contact management system.

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

Key Performance Indicator	Target	**2014/15**	2013/14	2012/13	2011/12	2010/11
Percentage of total expenditure to budget on housing management/homelessness (homelessness from 2012)	+/-2% of budget	**0.49%**	+0.14%	-1.09%	-0.47%	-1.40%
Percentage of expenditure to budget on repairs and maintenance	+/- 2% of budget	**0.01%**	+0.27%	+0.30%	+0.02%	-0.01%
Percentage of expenditure to budget on the Council's capital works programme	+/- 2% of budget	**-7.28%**	-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	100.0%	99.7%
Gas repairs satisfaction	97.2%	97.0%
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

Demand Indicators:	**2013/14**	**2014/15**	**% Change**
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.

Supply Indicators:	2013/14	2014/15	% Change
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

Contextual Figures:	March 2014	March 2015	% Change
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. 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 & lettings

Average Re-let Times	2013/14	2014/15	% Change	2014/15 Target
All Barnet Homes	**18.0**	**18.5**	**+3%**	**21.0**
Non-Regeneration	18.3	17.1	-7%	17.0
Regeneration	15.3	19.9	+30%	21.0
Hostels	14.4	9.9	-31%	10.0
Sheltered	32.8	34.1	+4%	45.0

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.

Rent collection/arrears

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 Accomodation 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 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.

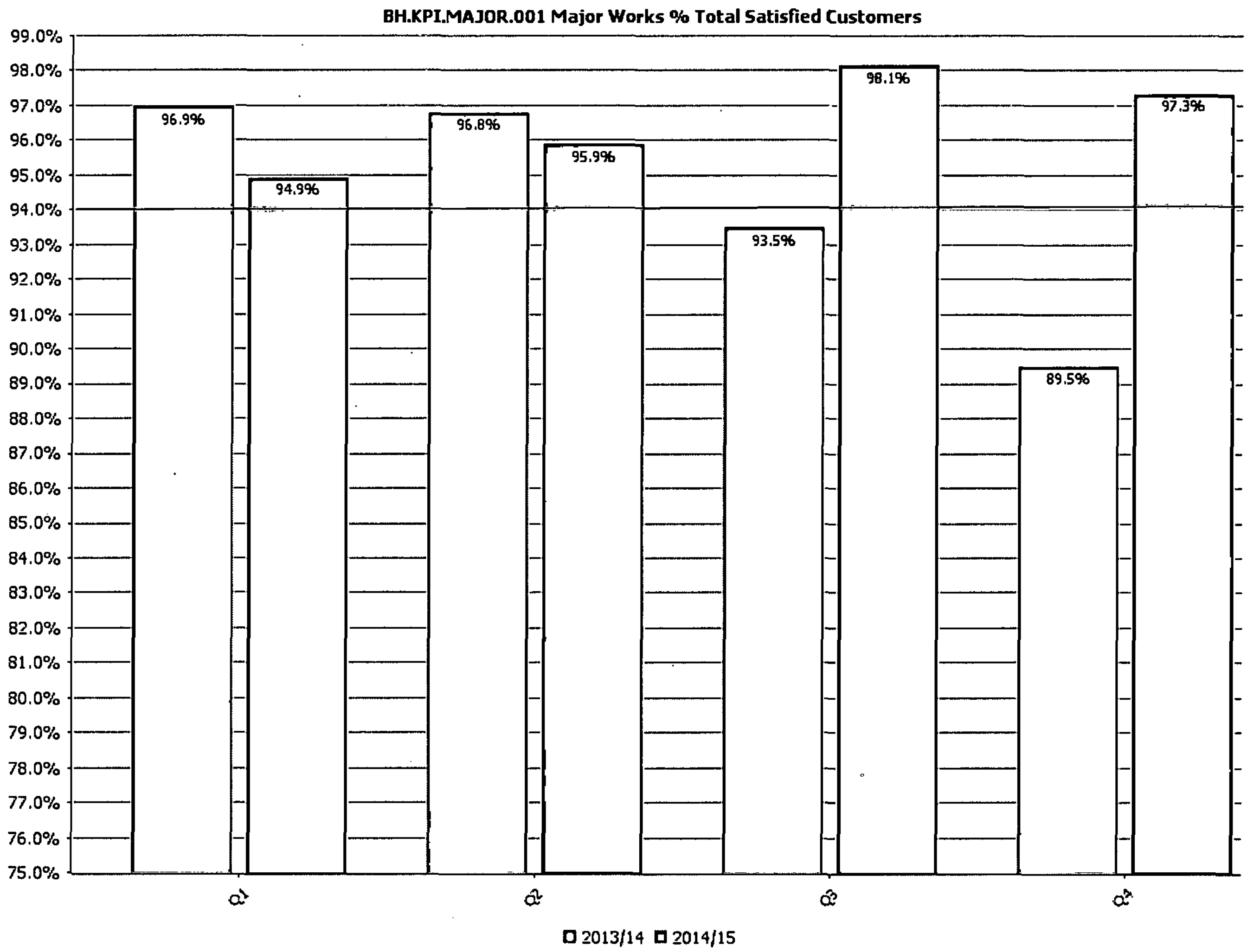
Quality assurance figures assessed by way of post inspection on repairs undertaken also ended the year on a positive note. Of the smaller reactive repairs, a pass rate of 98.8% has been achieved for the year against a target of 95%. On the larger planned works undertaken by the service, a pass rate of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

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

Independent auditor's report to the members of Barnet Homes Limited

We have audited the financial statements of Barnet Homes Limited for the year ended 31 March 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flow, the statement of changes in equity 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 6, 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 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.

Grant Thornton UK LLP.

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

29/10/2015.

Barnet Homes Limited
Financial Statements for the year ended 31 March 2015

Statement of Comprehensive Income

for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Revenue	3	51,149	47,665
Employee benefits expense	13	(13,265)	(12,752)
Retirement pension obligation		62	(175)
Depreciation & amortisation	8	(462)	(273)
Other expenses	4	(37,747)	(34,717)
Operating (loss)		(263)	(252)
Finance income	7	1,653	1,437
Finance costs	7	(2,649)	(2,674)
(Loss) before tax		(1,259)	(1,489)
Income tax expense	16	(23)	(20)
(Loss) after tax		(1,282)	(1,509)
Other comprehensive income			
Actuarial (loss)/gain on pension scheme	13	(7,739)	5,044
Total comprehensive income for the year		(9,021)	3,535
Total comprehensive income is attributable to:			
London Borough of Barnet		(9,021)	3,535

Reconciliation of total profit for the year after tax

	2015 £'000	2014 £'000
(Loss)/Profit for the period	(278)	4
(Loss) from IAS19 pension fund accounting entries	(1,004)	(1,513)
Total (loss) for the year after tax	(1,282)	(1,509)

Statement of Financial Position
as at 31 March 2015

	Note	2015 £'000	2014 £'000
ASSETS			
Non-current assets			
Loan to Associated company	9	809	357
Tangible Assets			
Property, plant and equipment	8	578	483
Intangible Assets			
Computer Software & Development	8	1,820	1,384
		3,207	2,224
Current assets			
Loan to Associated company	9	100	550
Trade and other receivables	10	13,678	15,093
Cash and cash equivalents	11	7,027	1,821
		20,805	17,464
Total assets		24,012	19,688
EQUITY and LIABILITIES			
EQUITY			
Revenue reserve (excluding IAS 19 provisions)		*2,190*	*2,468*
Pension fund		*(33,949)*	*(25,205)*
Retained earnings		(31,759)	(22,737)
Total Equity		(31,759)	(22,737)
LIABILITIES			
Non-current liabilities			
Pension and other employee obligations	13	33,949	25,205
Provisions	14	122	194
		34,071	25,399
Current liabilities			
Trade and other payables	15	21,677	17,006
Current tax liabilities	16	23	20
		21,700	17,026
Total liabilities		55,771	42,425
Total equity and liabilities		24,012	19,688

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: 04948659

Statement of Cash Flow

for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Loss before tax		(1,259)	(1,489)
Interest income		(94)	(32)
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		(5,271)	(5,886)
Change in pension liabilities		14,015	2,355
Actuarial loss on pension scheme		(7,739)	5,044
Taxes paid		(23)	(20)
Other		-	-
Net cash from operating activities		91	247
Net changes in working capital:			
Change in trade and other receivables		1,415	(5,420)
Change in provisions		(72)	(74)
Change in trade and other payables		4,816	2,102
Change in other employee obligations		(140)	75
Total changes in working capital		6,019	(3,317)
Cash flows from investing activities			
Interest received	7	94	32
Purchases of equipment	8	(994)	(1,244)
Decrease in short Term Investment		-	507
Loan (granted)/repaid to associated company	9	(2)	93
Net cash used in investing activities		(903)	(612)
Cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		5,206	(3,685)
Cash and cash equivalents at beginning of year		1,821	5,506
Cash and cash equivalents at end of year	17	7,027	1,821

Statement of Changes in Equity

	Revenue Reserve (excl IAS19 provisions) £'000	Pension Fund £'000	Total retained earnings £'000
Balance as at 1 April 2014	**2,468**	**(25,206)**	**(22,738)**
Profit for the year	(278)	-	(278)
Increase in retirement pension obligation	-	(1,004)	(1,004)
Other comprehensive income:			-
Actuarial loss on pensions scheme	-	(7,739)	(7,739)
Total comprehensive income for the year	**(278)**	**(8,743)**	**(9,021)**
			-
			-
Balance as at 31 March 2015	**2,190**	**(33,949)**	**(31,759)**

Accounting policies and explanatory notes to the financial statements
Year ended 31 March 2015

1. General information and statement of compliance with IFRS

Barnet Homes Limited is a company established with no share capital and limited by guarantee. The Company is incorporated and domiciled in England and Wales. The address of the registered office is Barnet House, 1255 High Road, Whetstone, London N20 0EJ. The Company's registration number is 04948659.

Barnet Homes Limited became a subsidiary of The Barnet Group on 1 February 2012. The Barnet Group is a local authority trading company, wholly controlled by London Borough of Barnet. Barnet Homes Limited will continue to operate in the same way as under its previous structure ALMO management agreement with the London Borough of Barnet, albeit under The Barnet Group structure.

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.

As of 1 April 2014, the following standards and interpretations are in issue but not yet adopted by the 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)

Technically, the disclosure required under IAS 8 for standards in issue not yet effective applies under EU-adopted IFRS to standards and interpretations that have been adopted by the EU.

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 financial statements have been prepared in accordance with IFRSs as adopted for use in the European Union, and under the historical cost convention.

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.

Going concern
The financial statements have been prepared on a going concern basis.
Due to the application of IAS19, the Company's pension deficit of £33.949m is recognised in full on the statement of financial position. However, the London Borough of Barnet has fully guaranteed the Company's pension deficit at the point of its incorporation (on 1 April 2004). 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 on-going 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.

Revenue
Revenue represents the value (excluding value added tax) of services supplied and management fee to which the Company was entitled in respect of the financial year. The main source of income is the annual management fee received in equal instalments in advance on a monthly basis from London Borough of Barnet in line with the approved management agreement. The level of the annual management fee has been negotiated with the Council for a 5 year period until Year 2019/20, and thereafter will be negotiated either on an annual basis or over a longer period.

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
Computer software and development: 5 years

The Company 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. New assets purchased will be depreciated over a 5 year period and the outstanding balances on existing assets will be 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.

Intangible assets

Computer software
Acquired computer software is capitalised on the basis of the costs incurred to acquire and to bring into use the specific software. The cost of assets purchased prior to Year 2012/13 are amortised over three years (with no charge in the year of acquisition), being the estimated useful life of the software. Computer software acquired from Year 2012/13 is depreciated over 5 years (with no charge in the year of acquisition), being the useful economic life of the software.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

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 Company 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 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 profit and loss 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 Company's financial assets are classified as loans and receivables.
Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost. A provision for impairment of loans and receivables is established when there is objective evidence that the Company 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 cash flows. 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 Company 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 subsequently measured 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 Company, The Barnet Group and the London Borough of Barnet has been recognised as one of mutual trading. Consequently, any activities between the Company, its parent company 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 Company'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 which mature 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 investments
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 investments.

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 Company operated a contributory defined benefit statutory pension scheme covering its present and past employees. The scheme is administered in accordance with the Local Government Pension Scheme Regulations 2007/08, is contracted out of State Second Pension and currently provides benefits based on final salary and length of service on retirement. 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 full net pension liability has been recorded in the statement of financial position of Barnet Homes Limited.

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 gains arise when the Company 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 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. This represents the interest on assets.

Provisions, contingent liabilities and contingent assets
Provisions and contingent liabilities are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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 Company 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 £33,949,000 (2014: £25,205,000) 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 20 year point on the Merill 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. This is consistent with the approach used at the last accounting date. Further details of the assumptions used can be found in note 14.

Estimation uncertainties exist as the anticipated assumptions could vary.

Provisions

Provisions are mainly in relation to insurance excess on public liability claims, staff redundancy and pension strain 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 Company. The carrying amounts are analysed in note 8. 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 Company and arises solely within the United Kingdom.

	2015 £'000	2014 £'000
Management fee paid by The Barnet Group in respect of:		
Barnet Homes housing management, homelessness services and support services	41,040	37,725
Repairs and maintenance	7,650	7,800
Total income from The Barnet Group	48,690	45,525
Capital works carried out directly by Barnet Homes	1,085	1,118
Total income from The Barnet Group	49,775	46,643
Other operating income	1,374	1,022
Total revenue	**51,149**	**47,665**

The management fee income received from The Barnet Group relate to homelessness, housing management and support services provided to The London Borough of Barnet. The Barnet Group invoices London Borough of Barnet on behalf of Barnet Homes Ltd, the management fee and other support service income are payable to Barnet Homes Limited on receipt of invoices.

The other operating income includes revenue from Your Choice (Barnet) Ltd - £591,962 and The Barnet Group - £5,942.

Other operating income also includes grant funding of £31,619 from the Big Lottery Fund for the BME Project. The grant income funding was held within restricted funds, ring-fenced and utilised solely for the purpose of the BME Project in Year 2014/15. The project was completed in November 2014.

4. Other expenses

	2015 £'000	2014 £'000
Housing, estate, hostel repairs & maintenance	8,318	8,317
Third party landlord and temporary accommodation costs	17,219	14,240
Agency Staff	3,409	3,159
Information Technology	1,243	1,197
Grounds Maintenance	659	610
Utility	1,410	1,468
Legal	567	705
Auditors remuneration - statutory audit	29	28
Auditors remuneration - for other services	11	9
Other	4,882	4,985
	37,747	**34,718**

The other services provided by the external auditors for both financial years relate to corporation tax compliance and online services to file the statutory accounts with HMRC and Companies House.

5. Loss for the year

The loss for the year (before pension accounting entries) has been arrived at after charging the following,

	2015 £'000	2014 £'000
Depreciation and amortisation of property, plant and equipment	457	273
Employee salaries and benefits	13,265	12,752
Auditors remuneration - statutory audit	29	28
Auditors remuneration - for other services	11	9

6. Commitments under operating leases

	2015 £'000	2014 £'000
Within one year	139	127
Later than one year but within five years	73	98
	212	225

The Company leases several vehicles under operating leases from London Borough of Barnet. 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 London Borough of Barnet to cover the lease of the vehicles. The total number of vehicles with operating leases in 2015 is 17 (2014: 16). The Company also leases 11 MFD printers.

7. Finance income and finance cost

	2015 £'000	2014 £'000
Finance income:		
- bank deposit and short term investment interest	37	32
- interest & charges on Loan to Your Choice (Barnet) Limited	57	67
- return on retirement benefit scheme assets	1,559	1,338
	1,653	1,437
Finance cost - interest on retirement benefit obligation	(2,649)	(2,674)

The interest and charges income relate to interest on the loan, and the arrangement fee on the loan to Your Choice (Barnet) from 1 April 2014 to 31 March 2015.

8. Tangible Assets

Property, plant and equipment	Vehicles, plant & equipment £'000	Furniture, fixtures & fittings £'000	Mobile Devices £'000	Computer equipment £'000	Total £'000
Gross carrying amount					
Balance 31 March 2014	135	273	-	1,259	1,667
Additions	9	0	45	205	259
Balance 31 March 2015	144	273	45	1,464	1,927
Depreciation and impairment					
Balance 31 March 2014	62	261	-	861	1,184
Charge for year	23	6	0	134	163
Balance 31 March 2015	85	267	-	994	1,347
Carrying amount 1 April 2014	73	12	0	398	484
Carrying amount 31 March 2015	58	5	45	470	578

Capital Commitments

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

Intangible Assets

Computer software and development

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

9. Loan to Associated company

	2015 £'000	2014 £'000
3 year unsecured loan granted to Your Choice Barnet Limited (including £20,000 Arrangement fee)	920	920
Deferred arrangement fee	(11)	(13)
	909	907
Less Amount repayable within 12 months (classified as current asset)	(100)	(550)
Long Term Loan receivable	809	357

The loan represents a £1 million 7 year unsecured loan issued to Your Choice (Barnet) Limited on 27 March 2013. An arrangement fee of £20,000 was also charged and is repayable at the end of the term of the loan. Arrangement fee income is recognised over the loan term and is subject to corporation tax. Per the loan agreement, £100,000 was repaid in March 2014.
The terms of the loan were renegotiated in August 2014, extended for six years from 2014/15 until 2020/21 at the existing interest rate of 6% per annum payable monthly in arrears. In the case of default, the interest rate shall be 8% per annum payable in arrears from the due date for such payment until actual payment is received. The revised loan agreement includes revised annual bullet loan repayments from Your Choice (Barnet) which is payable to the Company.

10. Trade and other receivables

	2015 £'000	2014 £'000
Amounts receivable within one year:		
Trade receivables, gross	8	33
Provision for doubtful debt	-	-
Trade receivables	8	33
Amounts due from ultimate parent undertaking	841	4,053
Amounts due from parent undertaking	8,295	7,224
Amounts due from fellow group company	269	384
Financial assets	9,413	11,694
Other debtors	2,936	2,157
Prepayments and accrued income	1,329	1,242
Non-financial assets	4,265	3,399
Trade and other receivables	13,678	15,093

The ultimate parent undertaking is London Borough of Barnet.
The parent undertaking is The Barnet Group.
The fellow group company is Your Choice (Barnet) Limited.

The trade receivables ageing analysis is as follows:

	2015 £'000	2014 £'000
Current		
0-30 days	7,454	11,595
31-60 days	1,786	77
> 60 days	173	22
	9,413	11,694

The Company'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

	2015 £'000	2014 £'000
Bank accounts	5,517	804
Cash in hand	6	6
Short term deposits	1,504	1,011
	7,027	**1,821**

Short term deposit (£1.504 million) represents cash held in the bank in a high interest earning 31 Day Notice Account.

12. Equity

12.1 Share Capital

Barnet Homes Ltd became a subsidiary of The Barnet Group on 1 February 2012. It is a company established with no share capital and is limited by guarantee. From 1 February 2012, The Barnet Group is the sole member of the Company.

The Barnet Group is a company limited by shares, with 100 £1 shares owned by The London Borough of Barnet.

Barnet Homes Ltd continues to operate in the same way as under its original ALMO management agreement with London Borough of Barnet, albeit under a group structure.

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	10,309	9,889
Social security costs	825	820
Pensions costs	2,131	2,043
	13,265	12,752

Directors' salary costs are included in total employee costs.

Barnet Homes Limited undertook restructuring in a number of service areas during the course of the financial year.
In this financial year, wages and salary costs include redundancy costs of £221,642 (2014: £278,302) and pension costs include early retirement pension strain costs of £115,341 (2014: £98,777).

13.2. Employees

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

Service	2015	2014
Chief Executive Office	2	2
Growth & Development	48	47
Care & Support	52	42
Operations Directorate	235	233
Non Executive Directors	7	7
	344	**332**

13.3. Pension and other employee obligations

The Company 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 2).

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, the Company contributed to the Scheme at an equivalent pension rate of 25.8% of pensionable salaries. The equivalent pension rate percentage is made up of the in year employers contribution of 11.9% and a fixed pension deficit contribution amount with an equivalent contribution rate of 13.9%.

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	1.0	4.6	1.0
Pension Increases	2.5	-0.8	2.8	-0.8
Discount Rate	3.4	0.1	4.5	0.9

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate. The discount rate has fallen significantly over the year and this has caused an increase in the defined benefit obligation. Future pension increases are expected to be based on the Consumer Prices Index(CPI) rather than RPI, a further assumption that CPI will be 0.8% below RPI.

Life expectancy from age 65 (years)		31 March 2015	31 March 2014
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.

Net pension liability as at	31 March 2015	31 March 2014
	£'000	£'000
Present Value of Funded Obligation	(72,584)	(58,508)
Fair Value of Scheme Assets (bid value)	39,243	33,972
Net liability	(33,341)	(24,536)
Present Value of Unfunded Obligation	(608)	(669)
Unrecognised Past Service Cost		
Net liability in statement of financial position	(33,949)	(25,205)

The amounts recognised in the profit and loss statement are as follows:	31 March 2015 £'000	31 March 2014 £'000
Service cost	2,030	2,218
Current service cost	included above	included above
Net interest on the defined liability (asset)	1,090	1,306
Interest on obligation	-	-
Expected return on scheme assets	-	-
Past service cost/ (gain)	included above	included above
Losses (gains) on settlements and curtailments	included above	included above
Administration expenses	39	32
Total	3,159	3,556
Actual return on scheme assets	**3,929**	**1,019**

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2015 £'000	31 March 2014 £'000
Opening Defined Benefit Obligation	59,177	56,823
Current service cost	1,922	2,164
Interest cost	2,649	2,674
Change in financial assumptions	10,238	3,153
Change in demographic assumptions	-	(308)
Experience loss/(gain) on defined benefit obligation	(129)	(5,411)
Total actuarial losses/(gains)	Separated above	Separated above
Losses/(gains) on curtailments	Combined below	Combined below
Liabilities assumed / (extinguished) on settlements		
Estimated benefits paid (net of transfers in)	(1,331)	(514)
Past service cost	Combined below	Combined below
Past service cost, including curtailments	108	54
Contributions by Scheme participants	581	565
Unfunded pension payments	(23)	(23)
Closing Defined Benefit Obligation	73,192	59,177

Reconciliation of opening and closing balances of the fair value of scheme assets	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of scheme assets	33,972	28,086
Expected return on scheme assets	-	-
Interest on assets	1,559	1,368
Return on assets less interest	2,370	(349)
Other actuarial gains/(losses)	-	2,827
Total actuarial gains/(losses)	-	-
Administration expenses	(39)	(32)
Contributions by employer including unfunded benefits	2,154	2,043
Contributions by scheme participants	581	565
Estimated benefits paid plus unfunded (net of transfers in)	(1,354)	(536)
Fair value of scheme assets at end of period	39,243	33,972

Sensitivity analysis

	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%
Present Value of Total Obligation	71,815	73,192
Projected Service Cost	2,342	2,395
Adjustment to long term salary increase	+0.1%	0.0%
Present Value of Total Obligation	73,411	73,192
Projected Service Cost	2,396	2,395
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%
Present Value of Total Obligation	74,390	73,192
Projected Service Cost	2,448	2,395
Adjustment to mortality age rating assumption	+1 year	None
Present Value of Total Obligation	70,598	73,192
Projected Service Cost	2,312	2,395

Re-measurements and Other Comprehensive Income

	31 March 2015 £'000	31 March 2014 £'000
Return on plan assets in excess of interest	2,370	(349)
Other actuarial gains/(losses) on assets	-	2,827
Change in financial assumptions	(10,238)	(3,153)
Change in demographic assumptions	-	308
Experience gain/(loss) on defined benefit obligation	129	5,411
Changes in effect of asset ceiling	-	-
	(7,739)	5,044

Projections for year to 31 March 2016

	Year to 31 March 2016 £'000
Service Cost	2,395
Net interest on the defined liability (asset)	1,120
Return on assets	45
Total	3,560
Employer contributions	2,045

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2015. These projections are based on the assumptions as at 31 March 2015, as described in the main body of this report

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 £'000	%	31 March 2014 £'000	%
Equities	26,182	67%	23,101	68%
Gilts	-	-	0	0%
Other Bonds	12,663	32%	10,531	31%
Cash	398	1%	340	1%
Total	39,243	100%	33,972	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 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

	Insurance claims	Other provision	Total provisions
	£'000	£'000	£'000
Carrying amount at 1 April 2014	**85**	**110**	**194**
Utilised	-	(106)	(106)
Released	(2)	-	(2)
Increase in provisions	-	36	36
Carrying amount at 31 March 2015	**83**	**40**	**122**

Insurance claims are provisions in respect of public liability claims which are outstanding at 31 March 2015. Barnet Homes Limited's liability is restricted to the amount of the claim or the policy excess, whichever is the lesser. The policy excess is currently £2,500. Disrepair claims are estimates relating to outstanding disrepair cases. The Company 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 staff redundancy and early retirement pension strain costs (£36,522 ; 2014 - £108,548) as a result of organisational restructure.

15. Trade and other payables

	2015	2014
	£'000	£'000
Current:		
Trade payables	4,401	154
Amounts due to ultimate parent undertaking	7	-
Amounts due to parent undertaking	2,235	650
Amounts due to fellow group undertakings	1	-
Financial liabilities	6,644	804
Other payables	59	81
Other taxation and social security	256	316
Accruals and deferred income	14,718	15,805
	21,677	**17,006**

The Company aims to pay all suppliers within the contract or invoice payment terms and within the limits set by the late payment legislation.
The fellow group company is Your Choice (Barnet) Ltd. (2014: Your Choice (Barnet) Ltd).

16. Income tax expense

Tax charge per accounts

	Current period		**Previous period**	
	Derived	**Accounts**	**Derived**	**Accounts**
	£'000	**£'000**	**£'000**	**£'000**
	£	**£**	**£**	**£**
Analysis of tax charge/(credit) for the period				
Current tax				
UK corporation tax at 21.00% (2013/14: 23.00%)	23	23	20	20
Deferred tax				
Origination and reversal of temporary differences	-	-	-	-
Tax on profit on ordinary activities	23	23	20	20
Provision for deferred tax				
Movement in Provision:				
Provision at start of period	-	-		
Deferred tax charged in the income statement for the period	-	-		
Provision at end of the period	nil	nil		
Deferred tax (asset)/liability not recognised	nil	nil	nil	nil
Reconciliation of tax charge				
Loss on ordinary activities before tax	(1,259)	(1,259)	(1,487)	(1,487)
Tax on loss on ordinary activities at standard CT rate of 21.00% (2013/14: 23.00%)	(264)	(264)	(342)	(342)
Effects of:				
Expenses not deductible for tax purposes	289	289	364	364
Marginal relief	(1)	(1)	(2)	(2)
Tax charge/(credit) for the period	23	23	20	20

The tax liability relates to corporation tax charged on profits from third party income stream and the interest income received from the loan issued to Your Choice (Barnet) Ltd.

17. Financial assets and liabilities

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

	Note	2015 £'000	2014 £'000
Financial assets			
Loans and receivables:			
Loan to Associated company	9	920	920
Trade and other receivables	10	9,413	11,694
Cash and cash equivalent	11	7,027	1,821
		17,360	**14,435**
Financial liabilities			
Financial liabilities measured to amortised cost:			
Trade and other payables	16	6,644	804

18. Related party transactions

18.1 Transaction with controlling party/related parties

	2015 £'000	2014 £'000
Invoices to The Barnet Group	94,499	78,447
Invoices from The Barnet Group	3,057	4,179
Amount owed to The Barnet Group	2,235	650
Amount owed by The Barnet Group	8,295	7,224
Invoices to London Borough of Barnet	-	14
Invoices from London Borough of Barnet	77	125
Amount owed to London Borough of Barnet	7	-
Amount owed by London Borough of Barnet	841	4,053
Payments to LBB Pensions	2,735	2,608
Amounts owed to LBB Pensions	-	-
Invoices to Your Choice Barnet Ltd	4,311	4,653
Invoices from Your Choice Barnet Ltd	46	1
Amount owed to Your Choice (Barnet) Ltd	1	-
Amount owed by Your Choice (Barnet) Ltd	269	384
Outstanding loan to Your Choice (Barnet) Ltd	920	907

Barnet Homes Ltd is a local authority controlled company of the London Borough of Barnet established with no share capital and limited by guarantee. The Council has delegated responsibility for overseeing homelessness and allocations, as well as the management and maintenance of its residential stock to Barnet Homes Ltd in accordance with the ten-year management agreement effective from 1 April 2004.
Housing Options, the homelessness and allocations service area for the Council, was transferred into Barnet Homes on 01 April 2012. Barnet Homes Ltd became part of the local authority trading company, The Barnet Group Limited, from 1 February 2012.

The Council has delegated the responsibility of homelessness, management and maintenance of its residential stock to Barnet Homes through The Barnet Group Limited.

The Barnet Group is a local authority trading company (LATC) limited by shares, which is 100% owned by London Borough of Barnet.
Barnet Homes Ltd became a subsidiary of The Barnet Group from 1 February 2012.
Your Choice (Barnet) Ltd is also a subsidiary of The Barnet Group.
Barnet Homes continues to operate in the same way as under its original ALMO management agreement with the Council, albeit under a group structure.

From 1 February 2012, the Council pays the management fee, in accordance with that management agreement and any variations approved, to The Barnet Group, who passes the whole management fee to Barnet Homes. The Barnet Group acts as an agent of Barnet Homes in transacting with the Council.

(a) Barnet Homes Ltd has invoiced a total of £94,499,000 to The Barnet Group which mainly relates to its management fee income received from London Borough of Barnet via the LATC, as well as funding for the capital programme, the homelessness service third party costs for temporary accommodation and private sector lease rentals.

The revenue recognised in the Statement of Comprehensive Income (£51,149,000) includes £24,833,000 for housing management and homelessness services, £1,085,000 for services undertaken by Barnet Homes Ltd related to the Council's capital works programme, £7,650,000 for repairs and maintenance and £16,207,000 funding for temporary accommodation, private sector lease rentals and other homelessness initiatives.

The other invoices relate to Barnet Homes invoices to London Borough of Barnet via The Barnet Group are for the capital works programme invoiced in the year (£24,608,690). £1,085,000 of the capital works programme invoices has been accounted for in Barnet Homes Statement of Comprehensive Income, being services undertaken directly by the Company in relation to the capital works programme. The balance of the invoices issued to The Barnet Group relate to Barnet Homes' reclaimable input VAT paid via The Barnet Group's VAT Return.

The Barnet Group charged Barnet Homes Ltd £3,057,000 in 2014/15 in respect of recharges for the provision of support services and goods provided by London Borough of Barnet.

As at 31 March 2015, Barnet Homes Ltd owed £2,234,923 in respect of expenses met by The Barnet Group and Barnet Homes was owed £8,295,000 by The Barnet Group, which mainly represents the April 2015 management fee and capital works programme funding invoiced in advance.

(b) Barnet Homes Ltd is responsible for the residential stock capital works programme. In the year ended 31 March 2015, on behalf of the Council, Barnet Homes Ltd incurred capital works expenditure of £25,571,942, which was wholly funded by London Borough of Barnet via The Barnet Group.
The difference between the amount invoiced and incurred in the capital programme is covered by final year end invoice issued to the Council.
The cost and recovery of cost have been matched where the works have been carried out by third parties. Only capital programme works carried out by Barnet Homes are reflected in the statement of comprehensive income and retained earnings.

(c) London Borough of Barnet directly invoiced Barnet Homes Ltd £77,000 in 2014/15 for council tax and business rates. Barnet Homes did not issue any invoices to the Council in the year as The Barnet Group acts as its agent in transacting with the Council.

As at 31 March 2015, London Borough of Barnet owed £841,000 to Barnet Homes, which primarily relates to the capital works programme shortfall in funding.

(d) Barnet Homes Ltd made payments of £2,735,000 to the London Borough of Barnet Pension Company. These payments were in respect of employee pension contributions and employer pension contributions for Barnet Homes staff. There was no debt outstanding as at 31 March 2015.

(e) Barnet Homes Ltd has invoiced a total of £4,311,000 to Your Choice (Barnet) Limited. This is mainly in respect of payroll recharges and service level agreements for the provision of support services to the Company. As at 31 March 2015 Barnet Homes was owed £269,000 by Your Choice (Barnet) Limited.

(f) Barnet Homes Limited issued a £1 million loan to Your Choice (Barnet) Ltd on an arms length basis. The loan was initially for a 3 year period at an annual interest rate of 6% with a 2% arrangement fee on the loan. The loan agreement was subsequently revised for a 6 year period from Year 2014 to Year 2020. Interest payments are made on a monthly basis and the capital element of the loan is repayable over the term of the loan with bullet repayments due in March of the relevant financial year. The arrangement fee is paid at the end of the loan term with the final bullet repayment amount and interest is charged on the arrangement fee value. As at 31 March 2015, Your Choice (Barnet) Ltd has repaid £100,000 of the loan. The current total outstanding balance on the loan as at 31 March 2015 is £900,000, which comprises of amounts due within one year (£100,000), and after one year (£800,000). As at 31 March 2015, an arrangement fee of £9,000 has accrued on the loan.

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 Barnet Homes Ltd's Main Board who are not executive officers of Barnet Homes Ltd. 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 Company.

	2015 £'000	2014 £'000
Salaries	25	23
Incidental expenses	-	2
	25	**25**

18.2.2 Executive Directors

	2015 £'000	2014 £'000
Salaries	348	341
Performance Bonus	11	13
Social security costs	44	42
Pensions costs	29	61
	432	457

The Executive Directors are defined as being the members of Barnet Homes Ltd's Main Board who are executive officers of Barnet Homes Ltd.
The Executive Directors consists of the Chief Executive Officer, Deputy Chief Executive Officer and Director of Operations.
Two 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 Company's pension deficit for staff transferred from Barnet Homes 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 Barnet Homes Ltd.'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

Barnet Homes 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. Barnet Homes 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. Barnet Homes risk in relation to its income receivable is low as the main income is fixed and is receivable from London Borough of Barnet through The Barnet Group. Placement of liquid funds are currently across three banks and this spread has helped to lower the risk associated with such placements.

20.3 Liquidity risk analysis

Barnet Homes Ltd 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 15 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 Company'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 Company is not set up for profit, Barnet Homes continues to strive to maintain a balance between liquidity and provision of value for money services. The main capital making owned by Barnet Homes are liquid cash and cash equivalent (short term investments). The Company continues to monitor these investments with the banks to ensure their going concern is not at risk. The Company has subscribed to a treasury management consultancy who provide specialist support in this area.

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

	2015 £'000	2014 £'000
Cash & cash equivalent	7,027	1,821
	7,027	1,821