

Company No. 09847846

Regulator of Social Housing Number 4843

**TBG OPEN DOOR LIMITED**

**Financial Statements**

**Year ended 31 March 2018**

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## 1. Company Information

### Directors

Sharon Slotnick

Surjit Dhande

Jeffrey Baker

Julie Jones

Terry Rogers

Jack Stephen

Marie Li Mow Ching

Chair

Vice-chair

(appointed on 1 October 2017)

### Chief Executive Officer

Troy Henshall (resigned 15 December 2017)

Tim Mulvenna (appointed on 12 February 2018)

### Company Secretary

Trudi Kleanthous (resigned 4 May 2018)

Mike Gerrard (appointed 4 May 2018)

### Registered Office

1255 High Road

Whetstone

London

N20 0EJ

### Registered Number

09847846

### Auditor

Grant Thornton UK LLP

Victoria House

199 Avebury Boulevard

Milton Keynes

MK9 1AU

### Bankers

Santander UK PLC

T54 Ground Floor Ops

Bridle Road

Bootle

Liverpool

L30 4GB

### Registration Number

Regulator of Social Housing

4843

## **2. Report of the Directors**

The Board is pleased to present the financial statements of TBG Open Door Limited for the year ended 31 March 2018.

### **Principal activities**

TBG Open Door Limited is a company within the Barnet Group structure and subsidiary of Barnet Homes Limited for the development and management of affordable housing. The Company is a company limited by guarantee and is registered with Homes England as a registered provider of social housing. The Company complies with Homes England's regulatory framework.

The services offered by TBG Open Door Limited strongly support the London Borough of Barnet in the delivery of its new Housing Strategy 2015 – 2025 by seeking to:

- Increase the housing supply, thereby preventing homelessness, including making a financial contribution towards general fund pressures arising from homelessness demand;
- Provide homes that people can afford;
- Sustain quality, particularly in the private rented sector;
- Support vulnerable people; and
- Provide efficient and effective housing services.

### **Results for the year**

The result for the year to 31 March 2018 was a deficit of £122,000 (seventeen-month period to 31 March 2017, £58,000 deficit).

### **Business Review**

TBG Open Door Limited will generate losses in the initial period, arising from the start-up costs. However, the long-term business plan confirms the financial viability based on a set of reasonable assumptions, and supported by stress-testing of those assumptions.

The initial business plan for the Company is to develop 320 new homes in the London Borough of Barnet, enabled by a £65 million loan facility from the London Borough of Barnet.

The development programme and the financial viability of TBG Open Door Limited is supported by a grant of £19.2m from the London Borough of Barnet, funded from Right to Buy receipts. The grant is provided to support the construction of the properties which will be let at an affordable rent being 65% of market rent.

The funding is being drawn down to fund the construction of the properties, beginning in March 2018 and ending in April 2020. The rate of interest on each tranche of the loan shall be the prevailing interest rate offered to the lender at the date of utilisation request by the Public Works Loan Board (PWLB) for the relevant period plus 1.24% per annum.

TBG Open Door Limited is a registered provider with the Regulator of Social Housing.

**Directors**

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

**Third party indemnity provision for Directors**

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

**Disabled persons**

TBG Open Door Limited is 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 the people we support have equal opportunities.

For the people we support, we will:

- Treat 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 our service 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, feel 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 TBG Open Door Limited for the year to 31 March 2018 (period to 31 March 2017: £nil).

**EU Political donations and expenditure**

No political donations or expenditure were made for the year to 31 March 2018 (period to 31 March 2017: £nil).

**Donations to non-EU political parties**

No political donations or expenditure were made for the year to 31 March 2018 (period to 31 March 2017: £nil).

**Health and safety**

The Board of Directors is aware of its responsibilities on all matters relating to health and safety. The Company has detailed health and safety policies and provides staff training and education on health and safety matters.

**Payment policy**

The Company pays suppliers where possible within suppliers' credit terms. Payments to suppliers were made on average within 25 days of receipt of the invoice.

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law (including FRS102 The Financial Reporting Standard in the United Kingdom and Republic of Ireland)). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit 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 judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards 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 Company's auditor is 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 Board members of TBG Open Door 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. Directors' remuneration is disclosed in note 4 to the financial statement. Executive Directors did not receive any remuneration.

### **Code of Governance**

The Company has adopted and complied with the current National Housing Federation code of governance, Excellence in Governance. The Company complies with its new code apart from one technical instance of non-compliance in relation to the overall length of service as a Board member within the Group. This dates 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.

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 3 years as Chair of TBG Open Door Limited Board, and will then step down from both Boards at the end of the full term in June 2018. This will give the Group time to fully develop the TBG Open Door Limited Board and to make appropriate plans for succession.

### **Going Concern**

The accounts are prepared on a going concern basis.

As previously stated, the Company has made a loss of £122,000 in the year and as a result has a negative net assets position. Expenditure during 2017/18 was incurred in support of set up costs and the construction of properties. The Company is operating to a long-term business plan which enables rental income from completed properties to generate cash to pay off the debt funding accrued in the construction period.

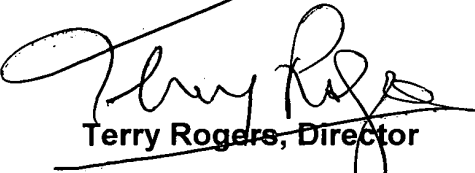
Accordingly, the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

**Auditor**

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 auditor will be proposed at the Annual General Meeting.

**Approval and signature**

The report of the Directors was approved by the Board on 18 June 2018, and signed on its behalf by:



Terry Rogers, Director



### **3. Strategic Report**

#### **Review of Results**

The result for the year was a deficit of £122,000 (seventeen-month period to 31 March 2017, deficit £58,000).

TBG Open Door Limited has no usable revenue reserves. The Statement of Financial Position presents a revenue reserve deficit of £180,000 at 31 March 2018 (2017: £58,000 deficit).

#### **Principal risks and uncertainties**

The Company's principal source of income is the future rent from new built schemes. The main risks to income are variations in the permitted rent increases set by the government and also an increase in losses from bad debts, potentially from the impact of Welfare Reform.

The initial programme of 320 units in Barnet is part of a long-term strategy to position TBG Open Door Limited as a growing provider of affordable housing in the borough. Supplementing the current programme will provide mitigation for the programme-level risks.

In the construction of the properties, the Company has made reasonable assumptions of costs across the whole programme to ensure all 320 units can be completed with the available funds. In addition, the Company has invested in skilled staff to ensure the timely completion of the schemes.

In terms of funding, the Company is partially funded by a loan facility of up to £65m for which interest is charged at the prevailing Public Works Loan Board rate, plus 1.24%. This rate is fixed from drawdown through to repayment and the Company will ensure the development programme is completed to time to reduce the possibility of significant variations in interest cost.

Modelling of the business plan has demonstrated contingency to accommodate some variation in interest rate. The Company will benefit from £19.2m of grant funding which significantly contributes to the viability of each scheme.

#### **Key performance indicators**

2017/18 was a period of construction. There were no properties built or rental income received in the period. Once the properties are completed the key performance indicators will evolve to reflect the performance of rent collection, turnaround of void properties, management and maintenance costs per unit and will be benchmarked against peer groups where appropriate.

#### **Value for Money**

TBG Open Door Limited was established to deliver new homes that people can afford, contribute to the Council's General Fund pressures and establish a viable, asset-owning subsidiary of The Barnet Group.

The Company has begun construction of its first properties and the first lettings to tenants will take place during 2018/19. As a result, the assessment of value for money will evolve in line with the development and growth of the Company. This section presents an assessment of value for money which focuses on the construction of properties and other aspects of the viability of the business plan.

In preparing the measures, the Company has applied the relevant value for money measures specified by the Regulator of Social Housing.

Aspect	Target (per approved business plan)	Actual	Notes
Borrowing costs 2017/18	4%	3.81%	Single drawdown – March 2018. Reduction in underlying PWLB rate
Average build costs	£2,500 m2	£2,365 m2	November 2017 update
Return on assets	1.9% 2018/19	0.5% 2018/19	Delay to scheme completion due to planning delays and reduced rent levels due to changed market conditions
	5.8% 2022/23	4.9% 2022/23	
Day to day and cyclical repairs:	£1,010	£1,010	No change to planning assumption
EBITDA (note)	(£147,600)	(£122,000)	Delay to scheme completion due to planning delays and reduced rent levels due to changed market conditions
Annual surplus per unit (2022/23)	£6,284	£5,494	
Gearing (debt/assets)	75%	72%	Loan drawdown was delayed because of delay to scheme completion as mentioned above.

Note – EBITDA is earnings before interest, tax, depreciation and amortisation

### Monitoring Value for Money

The Company's financial performance is monitored through the Executive team on a quarterly basis and reported to each Board meeting with a focus on the delivery of the business plan. The approval of each new scheme is subject to Board approval of an updated business plan.

The Company has a Value for Money strategy and will continue to monitor compliance using the regulatory requirements of the Regulator of Social Housing, including amending the measures used to reflect the growth of the business.

### Future Developments – TBG Open Door Limited

The discussions within the Group regarding the future of the TBG Open Door Limited services have provided the opportunity for achieving the following objectives as outlined in the TBG Open Door Limited Business Plan:

- Develop quality new housing, including new types of construction and to deliver alternative tenure types
- Access grant opportunities and alternative funding streams
- Become asset owning and to use those assets over time to leverage further development and business opportunities
- Develop a new and more commercially orientated model of service delivery for landlord services, including the development of a “wrap around” facilities management company

- Develop bespoke viable service offerings for other stakeholders, landlords and tenure types
- Support the Council in delivering its housing strategy
- Support the Council in reducing or cross subsidising homelessness costs

This ambition, aimed at further supporting the Council in its strategic objectives, is also in keeping with The Barnet Group's mission to operate with a "Public sector ethos but with a private sector commercial focus".

**Monitoring arrangement**

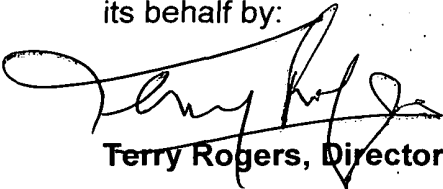
The Company is monitored by its Board together with oversight of internal controls and risks by the Barnet Group's Audit and Risk Committee. In addition, the financial performance of the Company is monitored by its immediate parent, Barnet Homes Limited.

**Annual General Meeting (AGM)**

The AGM will take place on 2 October 2018.

**Approval and signature**

The strategic report was approved by the Board on 18 June 2018 and signed on its behalf by:



Terry Rogers, Director

## **Independent auditor's report to the members of TBG Open Door Limited**

### **Opinion**

We have audited the financial statements of TBG Open Door Limited ('the company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flow, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's

ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 3 to 10 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

We have nothing to report in respect of the following matters 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.

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

*Grant Thornton UK LLP*

**Fiona Baldwin**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Milton Keynes

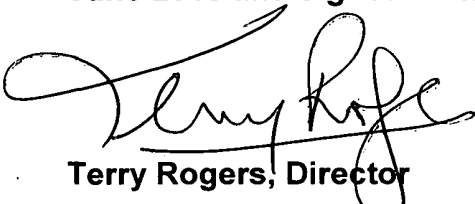
*28 Dec 2018*

**TBG Open Door Limited**

**Financial Statements for the year ended 31 March 2018**  
**Statement of Comprehensive Income**

	Notes	2018 £'000	Period from 26.10.17 to 31.3.2017 £'000
Turnover		-	-
Expenses			
Other expenses	3	(122)	(58)
Operating (loss)	6	(122)	(58)
(Loss) before tax		(122)	(58)
Taxation		-	-
(Loss) for the year		(122)	(58)
Other comprehensive income		-	-
Total comprehensive income for the year		(122)	(58)

The financial statements were authorised and approved by the Board on 18 June 2018 and signed on its behalf by:-



Terry Rogers, Director

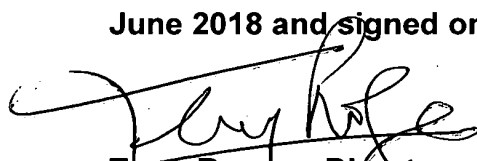
Company number: 09847846

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

**TBG Open Door Limited**  
**Statement of Financial Position**  
as at 31 March 2018

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
<b>Tangible Assets</b>			
Tangible Fixed Assets - Housing Properties	7	8,833	-
<b>Current assets</b>			
Trade and other debtors	8	1,240	-
Cash and cash equivalents		103	-
		<u>1,343</u>	<u>-</u>
<b>CREDITORS: AMOUNTS FALLING DUE</b>			
Trade and other payables	9	(4,033)	(58)
Current tax liabilities	10	-	-
		<u>(4,033)</u>	<u>(58)</u>
<b>TOTAL ASSETS LESS CURRENT</b>		<b>6,143</b>	<b>(58)</b>
<b>CREDITORS: AMOUNTS FALLING DUE</b>	11	(6,323)	-
<b>TOTAL NET LIABILITIES</b>		<u><b>(180)</b></u>	<u><b>(58)</b></u>
<b>RESERVES</b>			
Income and Expenditure reserve		(180)	(58)
<b>TOTAL RESERVES</b>		<u><b>(180)</b></u>	<u><b>(58)</b></u>

The financial statements were authorised and approved by the Board on 18 June 2018 and signed on its behalf by:-

  
Terry Rogers, Director

Company Number: 09847846

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



**TBG Open Door Limited**  
**Statement of Cash Flow**  
for the year ended 2018

	2018 £'000	2017 £'000
<b>Net cash generated from operating activities (note 14)</b>	<b>2,613</b>	<b>-</b>
<b>Cash flows from investing activities</b>		
Purchase and construction of housing properties	(8,833)	-
<b>Net Cash used in investing activities</b>	<b>(8,833)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Loans drawn	3,548	-
Grant received	2,775	-
<b>Net Cash used in investing activities</b>	<b>6,323</b>	<b>-</b>
 Net change in cash & cash equivalents	 103	 -
Cash and cash equivalents at beginning of the year	-	-
<b>Cash and cash equivalents at end of year</b>	<b>103</b>	<b>-</b>

**TBG Open Door Limited**  
**Statement of Changes in Reserves**

	Income and Reserve 2018 £'000	Income and Reserve 2017 £'000
<b>Balance at 1st April</b>	<b>(58)</b>	<b>-</b>
(Deficit) for the Period	(122)	(58)
<b>Balance at 31 March</b>	<b>(180)</b>	<b>(58)</b>

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

**TBG Open Door Limited**  
**Accounting policies and explanatory notes to the financial statements**  
**Year ended 31 March 2018**

**1. Legal Status**

**Registered under the Companies Act 2006**

The Company is registered under the Companies Act 2006, a company limited by guarantee without share capital and is a registered provider of social housing.

TBG Open Door Limited is a company within the Barnet Group structure and subsidiary of Barnet Homes for the development and management of affordable housing. The Company was incorporated on 29 October 2015 and registered with the Homes and Communities Agency as a registered provider of social housing on 7 March 2017.

The financial statements of the Company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

TBG Open Door Limited is a public benefit entity in accordance with FRS 102.

**2. Summary of significant accounting policies**

**Basis of accounting**

These financial statements are for the year ended 31 March 2018 and are presented in Pounds Sterling rounded to the nearest thousand.

The financial statements have been prepared in accordance with FRS 102.

The principal accounting policies of the Company are set out below and have been consistently applied since incorporation.

**Disclosure exemptions**

The individual accounts of TBG Open Door Limited have adopted the following disclosure exemptions:

Financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments, and exposure to management of financial risks.

**Going concern**

The business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The long-term debt facilities provide adequate resources to finance committed investment and development programmes, along with the Company's day to day operations. The long-term business plan shows the Company is able to service the loan debt facilities whilst continuing to comply with the lender's covenants.

## **2. Summary of significant accounting policies (continued)**

On this basis, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### **Turnover and Revenue recognition**

The company has not traded in the current period to 31 March 2018.

### **Housing Properties**

Housing properties in the course of construction are stated at cost and included in fixed assets. Properties under construction are transferred to "completed housing properties" when they are available for letting. No depreciation is provided on the properties until they are ready for use.

### **Pre-contract costs**

Pre-contract costs are recognised as an asset only if they are directly attributable to bringing the asset to its intended operating condition and specific contract, can be separately identified, measured reliably and when there is virtual certainty that a contract will be obtained and is expected to result in future net cash inflows.

### **Government Grants**

Grants are paid by the London Borough of Barnet to subsidise the cost of constructing housing properties. Grants on completed housing properties are accounted for using the accrual model as set out in FRS102 and the Housing SORP 2014. Grants are recognised as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset.

Government grants released on sale of property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

### **Donated Land**

The difference between the fair value of the donated land and the consideration paid for it is recognised as a government grant and included in the Statement of Financial Position as a liability.

### **Capitalised Development Costs**

Only directly attributable project costs are capitalised in housing property costs. These costs include acquisition, construction, capitalised interest and overheads. Staff costs which are directly attributable in bringing housing properties into working condition for their intended use are capitalised as development allowances.

## **2. Summary of significant accounting policies (continued)**

### **Finance Costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method. Finance costs are capitalised in housing properties under construction up to the date of practical completion using a weighted average cost of borrowing.

### **Significant management judgements**

There have been no significant management judgements made in applying the accounting policies of the company on these financial statements.

### **Creditors**

Short term trade creditors are measured at the transaction price.

### **Debtors**

Short term debtors are measured at transaction price, less any impairment.

Loans receivable are measured initially at fair value, net of transaction costs and are measured subsequently at amortised costs using the effective interest method, less impairment.

### **Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

### **VAT**

The company was not registered for VAT at 31st March 2018. The financial statements include VAT.

### **Reserves**

Income and Expenditure Reserve includes accumulated losses. TBG Open Door has not traded since incorporation.

### **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 expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material. There were no contingent assets at the Balance sheet date.

### 3. Other expenses

	2018 £'000	2017 £'000
Set up costs	24	35
Board expenses (Note 4)	26	16
Auditor's remuneration - statutory audit	5	7
- non-audit service	5	-
Other management costs	62	-
	<b>122</b>	<b>58</b>

### 4.1 Non-Executive Directors

The Non-Executive Directors are defined as being the members of TBG Open Door Ltd.'s Main Board who are not executive officers of TBG Open Door Limited. 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.

	2018 £	2017 £
Emoluments received:		
Sharon Slotnick	3,750	6,917
Surjit Dhande	5,000	4,500
Julie Jones	5,000	4,500
Terence Rogers	2,300	-
Jeffrey Baker	2,500	-
John Stephen	2,500	-
Jeremy Arnold	2,500	-
Marie Li Mow Ching	2,500	-
	<b>26,050</b>	<b>15,917</b>

### 4.2 Executive Directors

No remuneration was paid to the Executive Directors during the period under review.

### 5. Interest payable and similar charges

	2018 £'000	2017 £'000
Interest payable on borrowing	14	-
Interest capitalised on housing properties under construction	(14)	-
	<b>-</b>	<b>-</b>

## 6. Operating Loss

The operating loss is arrived at after charging the following:

	2018 £'000	2017 £'000
Auditor's remuneration - statutory audit	5	7
- non-audit services	5	-

There are no employees of the company apart from the Non-Executive Directors.

## 7. Tangible Fixed Assets: Housing properties

	Assets Under Construction £'000
<b>Cost</b>	
At 1 April 2017	-
<b>Additions:</b>	
Construction costs	8,833
<b>At 31 March 2018</b>	<b>8,833</b>
<b>Depreciation and impairment</b>	
At 1 April 2017	-
Charge for the year	-
<b>At 31 March 2018</b>	<b>-</b>
<b>Net Book Value</b>	
<b>At 31 March 2018</b>	<b>8,833</b>
<b>At 31 March 2017</b>	<b>-</b>

**8. Debtors: Trade and other debtors**

	2018 £'000	2017 £'000
Amount due from group undertakings	1,240	-

**9. Creditors: Amounts falling due within one year**

	2018 £'000	2017 £'000
Accruals and deferred income	583	7
Trade Creditors	3	-
Amounts due to group undertakings	3,447	51
	<b>4,033</b>	<b>58</b>

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

**10. Analysis of tax charge (credit) for the period****Current Tax**

	Current period		Prior period	
	Derived £'000	Accounts £'000	Derived £'000	Account £'000
UK Corporation Tax at 19.00% (PY: 20.00%)	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Tax on loss on ordinary activities	-	-	-	-

**Provision for deferred tax**

Movement in provision:		
Provision at start of period	-	-
Deferred tax charges in the statement of comprehensive income	-	-
Provision at end of period	-	-

Deferred tax (asset)/liability not recognised.

(24)	-	(8)	(8)
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**Reconciliation of tax charge**

Loss on ordinary activities before tax	(122)	(58)	(58)	(58)
Tax on loss on ordinary activities at CT rate of 19.00%(PY:20.00%)	(23)	(23)	(12)	(12)
Effects of:				
Expenses not deductible for tax	6	6	2	2
Change in tax rates adjustments	1	1	1	1
Deferred tax not recognised	16	16	8	8
Tax charge/(credit) for the period	-	-	-	-

### 11. Creditors: Amounts falling due after more than one year

	2018 £'000	2017 £'000
Loans - principal (Note 12)	3,583	-
Loans - unamortised issue costs	(35)	-
Grant	2,775	-
	<u>6,323</u>	<u>-</u>

### 12. Loans

Loans are secured on all the properties of the organisation and are repayable as follows:

	2018 £'000	2017 £'000
Loans repayable by instalments		
In five or more years	3,272	-
Between two and five years	311	-
Between one and two years	-	-
	<u>3,583</u>	<u>-</u>
In one year or less	-	-
	<u>3,583</u>	<u>-</u>

The rate of interest on each loan for each interest period is the prevailing interest rate offered to the lender at the date of utilisation request by the Public Works Loans Board for the relevant period and type of loan plus 1.24% p.a.

### 13. Share capital

The Company is limited by guarantee and therefore has no share capital. Each member agrees to contribute £1 in the event of the company winding up.

	2018 No.	2017 No.
<b>Number of members</b>		
At 31 March 2017	1	
Joining during the period	-	1
At 31 March 2018	<u>1</u>	<u>1</u>

Barnet Homes Limited is a Member of TBG Open Door Limited and became a Member on 28 October 2015.



#### 14. Cash flow from operating activities

	2018	2017
	£'000	£'000
(Deficit) for the period	(122)	(58)
Adjustments for non-cash items:		
Increase/ (decrease) in trade and other creditors	3,975	58
Decrease/(increase) in trade and other debtors	(1,240)	-
Net cash generated from operating activities	<u>2,613</u>	<u>-</u>

#### 15. Capital Commitments

	2018	2017
	£'000	£'000
Capital expenditure contracted for but not included in the financial statements	6,801	-
Capital expenditure authorised but not yet contracted for	9,447	-
	<u>16,248</u>	<u>-</u>

The Company expects to finance the above commitments by:

Grants receivable	4,874	-
Loan drawdown	11,374	-
	<u>16,248</u>	<u>-</u>

#### 16. Related party transactions

	2018	2017
	£'000	£'000
Amount due to Barnet Homes Limited	3,447	51
Invoices from Barnet Homes Limited	6,219	-
Invoices to Barnet Homes Limited	1,240	-
Invoices from TheBarnetGroup	1	0
Loan and grant receipts from London Borough of Barnet	<u>6,243</u>	<u>-</u>

TBG Open Door Ltd is a company limited by guarantee. It is wholly owned by Barnet Homes Limited which is in turn owned by TheBarnetGroup Limited, a local authority controlled trading company, wholly owned by London Borough of Barnet.

The amount due to Barnet Homes Limited relates to the cost of set up and recharges for work carried out on behalf of TBG Open Door Limited, while the amount due from Barnet Homes Limited is additional grant.