

Charity Registration No. 1004537

Company Registration No. 02647631 (England and Wales)

AVOCET TRUST

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020

**Fawley Judge & Easton
Chartered Certified Accountants
1 Parliament Street
Hull
East Yorkshire
HU1 2AS**

AVOCET TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mrs S Baker Mr C M Brown Mrs L Cartwright Miss F L I Cartwright Mr A D Tearle Mrs J Comerford Mrs W D Holmes
Charity number	1004537
Company number	02647631
Registered office	Clarence House 60-62 Clarence Street Hull East Yorkshire HU9 1DN
Auditor	Fawley Judge & Easton Chartered Certified Accountants 1 Parliament Street Hull East Yorkshire HU1 2AS

AVOCET TRUST

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AVOCET TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 31 MARCH 2020*

The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1.1 to the financial statements and comply with Avocet Trust's governance documents, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

Avocet Trust's objectives are set out in the company's Memorandum and Articles of Association and are as follows: -

- The provision of facilities to people who are handicapped, disabled or otherwise disadvantaged, including housing, calculated to relieve their needs.
- The provision and/or assistance with providing accommodation and support to people, particularly young people who are homeless or threatened with homelessness.

During the past financial year the Charity has continued to carry out its objectives of providing care and support for those people who are disadvantaged. There has been no change in these during the year.

The public benefit commitment of the Trust includes the provision of financial support for a Short Stay Respite service. The initial provision of this service was to provide respite service for hard pressed families. It has been successful in this regard. When necessary the Trust will provide funds to access this service at a discounted rate.

The Trust has funded a holiday home on the east coast where our clients and their families can stay. This facility is free and is well used.

The Trust has a second holiday home facility on the Neat Marsh site in the East Yorkshire village of Preston. This facility is also provided free of charge to any vulnerable person.

In an effort to continually improve our support to vulnerable people and their families we offer both clients and their families a full range of training courses free of charge.

AVOCET TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The main client group which Avocet Trust supports are those with profound learning disabilities which are often associated with physical disability and other health problems. We also look after clients on the autistic spectrum.

The main objective is to continue with our fundamental aim to assist clients, many with limited communication skills, to be able to express their needs and wants and to have enjoyable company and support from staff they like and trust.

The strategies employed to achieve the Charity's objectives are to:

- Offer opportunities for clients to live in a quality environment through the purchasing of domestic properties appropriate to the client's needs.
- Provide highly qualified staff specifically employed to support clients to realise their interests and choices in their personal life and to maximise client's personal developments.
- Provide full and valued life opportunities through community involvement and integration and by creating opportunities and choice for Avocet's clients.

The major areas of activity are:

The majority of Avocet Trust's income is generated by residential clients housed in well-appointed domestic housing of high standard, appropriate to our client's needs. We ensure that clients are comfortable and secure in a pleasant and welcoming environment. Clients are able to stay in the house of their choice or to move to a more appropriate accommodation as their needs change.

Neat Marsh Farm market garden facility continues to be well used and is a much valued facility in the community.

Achievements and performance

We would advise that the residential numbers have been maintained during the year at 72 (2019 - 72). There is a continuous review of provisioning requirements by the management to ensure there is sufficient capacity to meet the demands placed by the commissioning authorities.

The Trust once again was successful in achieving Constructors Health & Safety Assessment Scheme accreditation.(CHAS)

The Trust was also successful in achieving National Autistic Society (NAS) Accreditation for the standard of services it provides for people on the Autistic Spectrum.

Through the Covid 19 Pandemic, the Trust effectively supported in excess of 30 day clients and their families in their homes throughout the lockdown period. Avocet staff provided verbal support over the telephone including facetime etc. They also offered practical support including collections for those without transport. Avocet staff also delivered weekly free food supplies grown on the farm as well as Fair Share food supplies for clients and other vulnerable people in the community identified as being in need.

Avocet Trust staff also designed, manufactured and distributed face shields to the local Authority services, local health services and care homes free of charge.

AVOCET TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Financial review

Funding continues to be difficult. Financial constraints imposed by the local authorities means that our services are being continually stretched and each case is being dealt with on an individual basis.

During this year the "Mencap sleeps" decision is still pending. The ultimate cost of that could be as high as £1,000,000. A lot of management time would have been lost attempting to trace former employees. However, on the 13th July 2018 Lord Justice Underhill and Lord Justice Singh ruled that the earlier decision in Tribunal was ill founded. They found that workers were not entitled to the minimum wage when sleeping. This is currently in appeal at the supreme court.

Our total funds as at 31 March 2020 is £3,690,582.

The trustees has assessed the major risks to which Avocet Trust is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to give assurance against error and fraud. The Trustees have a risk management strategy that encompasses the revised Statement of Recommended Practice (SORP) issued by the Charity Commission in March 2005 and includes a requirement that the Report of Trustees should include:

- An annual review of the risks the Charity may face, including financial, governance, operational or reputational.
- The establishment of systems and procedures to identify, assess and mitigate those risks identified in the plan in accordance with Avocet Trust's charitable objectives.
- The implementation of procedures designed to minimise any impact on the Charity should those risks materialise.

The Trust has well developed management procedures, governance protocols and has a systematic programme of review in place. In addition, the Trust has achieved a number of nationally recognised accreditations, including the Contractors Health & Safety Assessment Scheme (CHAS), Positive about Disabled People, The Fund Raising Standards Board. It is also registered with the British Quality Foundation. Avocet is also registered with the New Deal Employment Agency. The Trust has also achieved the National Autism Society Accreditation for a number of its services for Clients on the Autistic Spectrum.

It is Avocet's policy to give full consideration to applications for employment from disabled persons when a disabled person can adequately fulfil the requirements of the job.

Should an existing employee become disabled, it is the Charity's policy to provide continued employment under normal terms and conditions and to provide training and career development and promotion wherever possible.

Structure, governance and management

Avocet Trust is a company limited by guarantee which is governed by its Memorandum and Articles of Association dated 20th September 1991 and amend to allow for current governance arrangements on 22nd November 1995 and 16th October 2006. It is a charity registered with the Charities Commission.

AVOCET TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs S Baker

Mr C M Brown

Mrs L Cartwright

Miss F L I Cartwright

Mr A D Tearle

Mrs J Comerford

Mrs W D Holmes

As set out in Articles of Association the trustees will remain in office until an Annual General Meeting. At the annual General Meeting of the company one third of the trustees shall be eligible for re-election as a trustee. The retiring trustee shall, if offering to be re-elected be deemed to have been re-elected. The aforesaid statements can be viewed in full and complete within the Article of Association. When considering the appointment of trustees, the board has regard to the requirement for any specialist knowledge and skills required by the trust.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Board of Trustees, which must have a minimum of five members, administers the charity: they are responsible for the policies, activities and assets of the charity.

The board meets quarterly, to enable it to fulfil its responsibilities, review developments and make policy and strategic decisions. Such strategic decisions include, for example, agreeing the trusts business plan, new contracts of employment and staff training strategies.

There are a number of Trust Board sub-committees each chaired by a trust board trustee to address specific areas of the trust's business. The standing Trust Board sub-committees include business development, health & safety, quality assurance, human resources, risk management, finance and ICT. There is also a parents and relatives sub-committee as well as a Staff Consultative Committee.

The day-to-day management of the Charity and the implementation of its policies are delegated to the Chief Executive, (Mr LC Howell) and members of the senior management team. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including the management of client services, finance, employment and other related activities.

Avocet Trust has a subsidiary company; Kingfisher Housing (Hull) Limited which was formed eight years ago. The principal activity of Kingfisher Housing (Hull) Ltd is that of the development and rental property, the properties in question being those occupied by the clients of Avocet Trust. Avocet Trust has Brian Crosher Training as a further subsidiary company. The company provides specialist training both to the parent trust, to other care companies as well as other companies not involved with care.

Employee involvement

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Avocet Trust continues and that the appropriate training is arranged. It is the policy of the Avocet Trust that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

AVOCET TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 31 MARCH 2020*

The Trustees' report was approved by the Board of Trustees.

Mrs S Baker

Trustee

Dated: 24 November 2020

AVOCET TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

The trustees, who are also the directors of Avocet Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Avocet Trust and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Avocet Trust will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Avocet Trust 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 Avocet Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AVOCET TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVOCET TRUST

We have audited the financial statements of Avocet Trust for the year ended 31 March 2020 set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of Trustees' responsibilities set out on page 6, the trustees, who are also the directors of Avocet Trust for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. 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 Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

AVOCET TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AVOCET TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 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
- we have not received all the information and explanations we require for our audit.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

for and on behalf of Fawley Judge & Easton

24 November 2020

Chartered Certified Accountants

Statutory Auditor

1 Parliament Street

Hull

East Yorkshire

HU1 2AS

Fawley Judge & Easton is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

AVOCET TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

		Unrestricted funds	Restricted funds	Total 2020	Total 2019 Restated
	Notes	£	£	£	£
<u>Income and endowments from:</u>					
Donations and legacies	3	32,336	-	32,336	17,482
Charitable activities	4	6,324,094	-	6,324,094	6,452,524
Investments	5	16,680	-	16,680	16,680
Other income	6	339,295	-	339,295	259,602
Total income		<u>6,712,405</u>	<u>-</u>	<u>6,712,405</u>	<u>6,746,288</u>
<u>Expenditure on:</u>					
Charitable activities	7	6,780,383	-	6,780,383	6,662,428
Other	11	-	-	-	976
Total resources expended		<u>6,780,383</u>	<u>-</u>	<u>6,780,383</u>	<u>6,663,404</u>
Net (expenditure)/income for the year/ Net movement in funds		(67,978)	-	(67,978)	82,884
Fund balances at 1 April 2019		<u>3,743,216</u>	<u>15,344</u>	<u>3,758,560</u>	<u>3,675,676</u>
Fund balances at 31 March 2020		<u><u>3,675,238</u></u>	<u><u>15,344</u></u>	<u><u>3,690,582</u></u>	<u><u>3,758,560</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

AVOCET TRUST

BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019 Restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	4,140,199		3,972,835	
Investments	13		11		11
		<u>4,140,210</u>		<u>3,972,846</u>	
Current assets					
Debtors	14	1,335,931		1,389,121	
Cash at bank and in hand		289,606		703,251	
		<u>1,625,537</u>		<u>2,092,372</u>	
Creditors: amounts falling due within one year	16	<u>(645,773)</u>		<u>(777,250)</u>	
Net current assets			979,764		1,315,122
Total assets less current liabilities			<u>5,119,974</u>		<u>5,287,968</u>
Creditors: amounts falling due after more than one year	17		(1,429,392)		(1,529,408)
Net assets			<u><u>3,690,582</u></u>		<u><u>3,758,560</u></u>
Income funds					
Restricted funds			15,344		15,344
Unrestricted funds			3,675,238		3,743,216
			<u><u>3,690,582</u></u>		<u><u>3,758,560</u></u>

AVOCET TRUST

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 24 November 2020

Mrs S Baker
Trustee

Company Registration No. 02647631

AVOCET TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	21		64,558		49,297
Investing activities					
Purchase of tangible fixed assets		(317,083)		(164,440)	
Interest received		16,680		16,680	
Net cash used in investing activities			(300,403)		(147,760)
Financing activities					
Repayment of bank loans		(98,220)		(96,424)	
Payment of obligations under finance leases		(79,580)		(86,814)	
Net cash used in financing activities			(177,800)		(183,238)
Net decrease in cash and cash equivalents			(413,645)		(281,701)
Cash and cash equivalents at beginning of year			703,251		984,952
Cash and cash equivalents at end of year			<u>289,606</u>		<u>703,251</u>

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity information

Avocet Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Clarence House, 60-62 Clarence Street, Hull, East Yorkshire, HU9 1DN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Avocet Trust's [governing document], the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The Avocet Trust is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Avocet Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Avocet Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements. There are currently negotiations with Hull City Council over the funding value they have received historically which they have said were overpaid. As there is no certainty over this amount nor an actual demand whilst the organisation negotiates with Hull City Council this is not seen as being resolved in the next 12 months. There is also a shortfall in funding due to the council not increasing the funding levels to take account of the national minimum wage increase until April 2020. Which has resulted in the organisation utilising some of its reserves to fund this increase until April 2020. Whilst this will have an impact on the organisation it is not seen as affecting going concern.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Avocet Trust.

1.4 Incoming resources

Income is recognised when the Avocet Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Avocet Trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Avocet Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	- 25% on reducing balance, 20% on cost
Computers	- 25% on a reducing balance basis
Motor vehicles	- 25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Buildings are reviewed by the trustees annually for impairment. It is their opinion that the buildings are worth not less than the value shown.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the Avocet Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The Avocet Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Avocet Trust's balance sheet when the Avocet Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Avocet Trust's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Avocet Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Critical accounting estimates and judgements

In the application of the Avocet Trust's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

3 Donations and legacies

	2020 £	2019 £
Grant release	32,336	17,482
	<u> </u>	<u> </u>
For the year ended 31 March 2019		<u>17,482</u>

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Charitable activities

	DSS income	Residents income	Respite & Sessional Income	Total 2020	DSS income	Residents income	Respite & Sessional Income	Total 2019
	2020	2020	2020		2019	2019	2019	
	£	£	£	£	£	£	£	£
Sales within charitable activities	5,193,647	515,647	614,800	6,324,094	5,128,788	228,217	1,095,519	6,452,524

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Interest receivable	16,680	16,680
	<u>16,680</u>	<u>16,680</u>

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

6 Other income

	2020	2019
	£	£
Other income	339,295	259,602

7 Charitable activities

	General 2020	General 2019
	£	£
Staff costs	5,314,791	5,120,872
Depreciation and impairment	149,719	142,958
Provision of services	1,279,035	1,364,899
	<u>6,743,545</u>	<u>6,628,729</u>
Share of governance costs (see note 8)	36,838	33,699
	<u>6,780,383</u>	<u>6,662,428</u>

8 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Audit fees	-	7,200	7,200	-	7,200	7,200
Accountancy	-	16,200	16,200	-	16,664	16,664
Legal and professional	-	13,438	13,438	-	9,835	9,835
	<u>-</u>	<u>36,838</u>	<u>36,838</u>	<u>-</u>	<u>33,699</u>	<u>33,699</u>
Analysed between Charitable activities	<u>-</u>	<u>36,838</u>	<u>36,838</u>	<u>-</u>	<u>33,699</u>	<u>33,699</u>

Governance costs includes payments to the auditors of £7,200 (2019- £7,200) for audit fees.

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, nor were any of them were reimbursed travelling expenses.

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Residential care	241	241
Administration	25	28
	<u>266</u>	<u>269</u>

Employment costs

	2020	2019
	£	£
Wages and salaries	5,314,791	5,120,872
	<u>5,314,791</u>	<u>5,120,872</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2020	2019
	Number	Number
£70,000-£80,000	1	1
	<u>1</u>	<u>1</u>

11 Other

	2020	2019
	£	£
Net loss on disposal of tangible fixed assets	-	976
	<u>-</u>	<u>976</u>

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Tangible fixed assets

	Land and buildings	Assets under construction	Fixtures, fittings & equipment	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	3,435,719	-	1,196,931	30,495	74,135	4,737,280
Additions	19,525	173,664	103,359	6,540	13,995	317,083
At 31 March 2020	3,455,244	173,664	1,300,290	37,035	88,130	5,054,363
Depreciation and impairment						
At 1 April 2019	10,148	-	670,341	30,491	53,465	764,445
Depreciation charged in the year	-	-	143,876	1,635	4,208	149,719
At 31 March 2020	10,148	-	814,217	32,126	57,673	914,164
Carrying amount						
At 31 March 2020	3,445,096	173,664	486,073	4,909	30,457	4,140,199
At 31 March 2019	3,425,571	-	526,590	4	20,670	3,972,835

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments

	Unlisted investments £
Cost or valuation At 1 April 2019 & 31 March 2020	11
Carrying amount At 31 March 2020	11
At 31 March 2019	11

14 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	296,796	435,351
Amounts owed by subsidiary undertakings	922,957	868,243
Other debtors	100,939	72,616
Prepayments and accrued income	15,239	12,911
	<u>1,335,931</u>	<u>1,389,121</u>

15 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>1,527,612</u>	<u>1,625,832</u>
Payable within one year	98,220	96,424
Payable after one year	<u>1,429,392</u>	<u>1,529,408</u>

The Co-operative Bank and the Unity Bank hold first legal charges over the property of Avocet Trust Limited

The Co-operative Bank also holds a specific charge over the book of debts of the company.

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	15	98,220	96,424
Obligations under finance leases		-	79,580
Other taxation and social security		67,915	69,435
Deferred income	18	98,345	89,181
Trade creditors		12,167	52,590
Other creditors		340,147	363,512
Accruals and deferred income		28,979	26,528
		<u>645,773</u>	<u>777,250</u>

17 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	15	<u>1,429,392</u>	<u>1,529,408</u>

18 Deferred income

	2020 £	2019 £
Arising from Grant funding	<u>98,345</u>	<u>89,181</u>

19 Analysis of net assets between funds

	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Fund balances at 31 March 2020 are represented by:						
Tangible assets	4,140,199	-	4,140,199	3,972,835	-	3,972,835
Investments	11	-	11	11	-	11
Current assets/ (liabilities)	964,420	15,344	979,764	1,299,778	15,344	1,315,122
Long term liabilities	(1,429,392)	-	(1,429,392)	(1,529,408)	-	(1,529,408)
	<u>3,675,238</u>	<u>15,344</u>	<u>3,690,582</u>	<u>3,743,216</u>	<u>15,344</u>	<u>3,758,560</u>

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

20 Related party transactions

Transactions with related parties

During the year the Avocet Trust entered into the following transactions with related parties:

	Management services		Rental Payments	
	2020	2019	2020	2019
	£	£	£	£
Kingfisher Housing (Hull) Limited	79,693	42,752	190,000	190,000
	<u>79,693</u>	<u>42,752</u>	<u>190,000</u>	<u>190,000</u>
	<u><u>79,693</u></u>	<u><u>42,752</u></u>	<u><u>190,000</u></u>	<u><u>190,000</u></u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	2020		2019	
	Balance	Net	Balance	Net
	£	£	£	£
Kingfisher Housing (Hull) Limited	922,957	922,957	868,243	868,243
	<u>922,957</u>	<u>922,957</u>	<u>868,243</u>	<u>868,243</u>
	<u><u>922,957</u></u>	<u><u>922,957</u></u>	<u><u>868,243</u></u>	<u><u>868,243</u></u>

Kingfisher Housing (Hull) Limited ("Kingfisher") is a wholly owned subsidiary of Avocet Trust. Kingfisher purchased several houses from Avocet Trust in a previous year and Avocet Trust made a loan to Kingfisher for that purpose. The loan is subject to an agreement setting out repayment terms. In addition, Avocet Trust has made an informal loan by way of inter-company balance in respect of Kingfisher's start up costs. Avocet trust pay rent for the use of properties owned by Kingfisher.

21 Cash generated from operations	2020	2019
	£	£
(Deficit)/surplus for the year	(67,978)	82,884
Adjustments for:		
Investment income recognised in statement of financial activities	(16,680)	(16,680)
(Gain)/loss on disposal of tangible fixed assets	-	976
Depreciation and impairment of tangible fixed assets	149,719	146,700
Movements in working capital:		
Decrease/(increase) in debtors	53,190	(213,815)
(Decrease)/increase in creditors	(62,857)	62,568
Increase/(decrease) in deferred income	9,164	(13,336)
Cash generated from operations	<u><u>64,558</u></u>	<u><u>49,297</u></u>

AVOCET TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

22 Analysis of changes in net (debt)/funds

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	703,251	(413,645)	289,606
Loans falling due within one year	(96,424)	(1,796)	(98,220)
Loans falling due after more than one year	(1,529,408)	100,016	(1,429,392)
Obligations under finance leases	(79,580)	79,580	-
	<u>(1,002,161)</u>	<u>(235,845)</u>	<u>(1,238,006)</u>