



THE AVENUES TRUST GROUP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Charity Registration Number: 1130473

Company Registration Number: 03804617

THE AVENUES TRUST GROUP

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BOARD MEMBERS AND EXECUTIVE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

Reference and administrative details of the charity, its advisers and trustees

Board Members

Chairman: Terry Rich
Vice Chair: Evlynn Gilvarry (From October 2019)

Bruce Calderwood
Janet Coltman
Lynne Holmes (From October 2018)
Helen John
Alistair Oag
Jeffrey Gritzman (Resigned August 2019)

Executive Trustees and Key Management Personnel:

Steve James	Group Chief Executive (To May 2019)
Joanne Land	Group Deputy Chief Executive (Interim Chief Executive from May 2019)
Nicola Ford	Group Director of Finance
Peter Snelling	Group Chief Operating Officer
Steven Parker	Group Director of Housing and Development (From February 2019)
Carol Jones	Group Director of Quality, Practice Development and Assurance (From August 2018)

Company Secretary

Lauren Osman

CHARITY REGISTRATION NUMBER 1130473
COMPANY REGISTRATION NUMBER 03804617

Principal and Registered Office River House, 1 Maidstone Road, Sidcup, Kent, DA14 5TA

Advisers

Bankers: Barclays Bank PLC, One Churchill Place, Canary Wharf, London E14 5HP

Independent auditor: RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB

Solicitors: Hempsons, 40 Villiers Street, London WC2N 6NJ; Doyle Clayton, House Level 10, One Canada Square, London E14 5AA. Trowers & Hamlin, 3 Bunhill Row, London EC1Y 8YZ.

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TRUSTEES REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Board presents herewith its Annual Report and the audited financial statements of The Avenues Trust Group for the year ended 31 March 2019. The legal and administrative information set out on Page 1 forms part of this report. The Financial Statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) applicable in the UK and in the Republic of Ireland (effective January 2015).

Introduction

The Avenues Trust Group ("Avenues") accounts for 2019 and the 2018 comparative figures are constructed in line with best practice, as set out above. Compliance with best practice extends to the need to address the "public benefit" provided by Avenues, in line with Charity Commission guidelines.

Structure, Governance and Management

Structure

The Avenues Group became the trading name for The Avenues Trust Group on 1 April 2013 and is constituted as a company limited by guarantee. The Avenues Group is also a registered charity.

The Avenues Trust Group is the ultimate holding company for Avenues South East, the Welmede Housing Association Limited, Avenues London and Avenues East. All subsidiary companies bar Welmede are registered charities and are constituted as companies limited by guarantee; Welmede is a Charitable Housing Association.

The names of the members of the Board of the Avenues Trust Group are listed on Page 1. The members of the Board, who for the purposes of the charity/company law are the trustees/directors of the charitable company, are appointed by the Board and then recommended by them and reappointed by members at the next AGM. The Boards of the subsidiary entities are the trustees/directors of their respective charity, are appointed by the members of the company and approved by the Avenues Trust Group as the parent company.

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Steve James, the Group Chief Executive (To May 2019), was a trustee of the Avenues Trust Group and of each of the subsidiary charitable companies referred to above. Peter Snelling, Group Chief Operating Officer, is also a trustee of the Avenues Trust Group and of Avenues London, Avenues South East and Avenues East. Joanne Land, Group Deputy Chief Executive (Interim Chief Executive from May 2019), is a trustee of the Avenues Trust Group and of the Welmede Housing Association Limited. Nicola Ford, Group Director of Finance, is a trustee of the Avenues Trust Group. These four posts along with Steven Parker, Group Director of Housing and Development and Carol Jones, Group Director of Quality, Practice Development and Assurance, constitute the key management personnel and day to day management is delegated to this group.

Governance

The Group Board meets four to five times a year and more frequently as required, and is responsible for determining the strategy of the organisation and for ensuring successful operational performance, in line with the expectations of stakeholders. Avenues Group has four sub-committees which discuss the business of the whole group. Each sub-committee is made up of group board members plus subsidiary Trustee representatives. The sub-committees are Audit, Finance, Remuneration and Board Appointments. The sub-committees meet at least twice per year and report directly to the Group Board. The subsidiary representative role is to feedback to the subsidiary boards. The Avenues Group also contracts the services of an Internal Auditor, TIAA, who report to the Group Board, via the Audit sub-committee. The internal audit programme is agreed each year at the Audit sub-committee.

The Group recognises the importance of good governance and uses the Code of Good Governance to inform governance policies. All Trustees are made aware on appointment of their responsibilities under the code.

Trustees are selected in a manner consistent with the organisation's recruitment and diversity and equality policies, ensuring that the selection process is time and cost effective. Trustees serve a period of four years, with an option to extend for a further three years. In addition to making direct approaches to suitable candidates, Avenues may advertise for Trustees through notice boards, networks or in the media. When a recruitment need is identified the Company Secretary works with the relevant board or committee to carry out a skills audit before a recruitment campaign begins. Policies and procedures are in place for the induction and training of new Trustees.

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Over the last year the main focus of the board has been the search for a new Chief Executive following the announcement of the retirement of Steve James. This search will continue into 2019/20. The Board also commenced a review of the Governance structure of the Group to ensure it is fit for purpose going forward and this is expected to conclude in 2019/20.

We have endeavoured to ensure our compliance with the General Data Protection Regulation which came into force in May 2018. Avenues has always taken data protection seriously and continues to strengthen our policies and procedures to ensure that the protection of people's information remains a high priority.

The charity has made qualifying third party indemnity provisions for the benefit of its trustees.

Public Benefit

Avenues specialises in complex support, most commonly working with people who have learning disabilities or autism and present challenging behaviour, as well as those with acquired brain injuries.

The majority of our work is commissioned by local government and the NHS, a process which is recognised to deliver better outcomes and significant savings to the public purse.

We have an ongoing commitment to the cohort of people previously identified by the Government's national Transforming Care strategy, as we seek to support them to leave assessment and treatment units (ATUs) and move back to their local areas, and into their own homes. The leadership team works at a strategic level to help drive this work forward, improving people's transition from assessment centres, and aims to develop examples of best practice in service development to be shared across the sector.

Quality is of paramount importance to Avenues, and is central to all our plans. Our services are regulated by the Care Quality Commission and staff carry out regular monitoring to promote continuous improvement.

This is made possible by employees' shared purpose of making a positive difference to the lives of people we support. Recruitment is based on aptitude - regardless of previous experience. Staff complete mandatory training, as well as specialist courses based on the needs of the people we provide services to.

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Avenues endeavours to take into account shared interests when matching staff to people they might support. This means support is personalised and encourages retention and consistency. Staff take time to get to know people, supporting them to do things differently or for the first time, working out what matters to them and what they enjoy.

The charity is committed to developing the way it supports its staff, and continues to work with the University of Kent on mindfulness packages to strengthen employee wellbeing, and professional training around positive behaviour support, to advance the efficacy of the care we provide and therefore reduce people's support needs over time.

Avenues retains Silver accreditation from Investors in People. Inspectors were particularly impressed by staff's energy and buy-in to the charity's values, and our vision that everyone should have the opportunity to be an active citizen – to engage and participate in the community where they live.

The Trustees have read the Charity Commission guidance on public benefit and have paid due regard to the guidance in preparing their statements on public benefit in this report.

Strategy

2018 marked the 25th Anniversary of Avenues, and the beginning of a new strategy with three key themes - better lives, better jobs and better business.

Our vision did not change - we still believe that everyone should have the opportunity to live in their own home, make choices and participate in community life.

But we know that many people with the most complex conditions still aren't getting that opportunity, because they are living in boarding schools, assessment centres and psychiatric hospitals.

Avenues believes that with high-quality support, the vast majority of these citizens could lead healthier, more fulfilling lives in their home community, and at lower cost.

So we're going to make sure that we are available to support this complex group to

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leave hospital. We'll be working with the people themselves, families, Local Authorities and NHS England to find out how we can support them to find the right homes and the right level of support.

Of course, we also need to concentrate on providing those people we already support with consistently high-quality services. Person Centred Active Support and Positive Behaviour Support will be at the heart of everything we do. It will take commitment and skill, but we know the incredibly positive outcomes they bring.

One of our key measures of success will be the reduction in support for people over time, as they become more settled and any behaviours that challenge reduce. And we'll seek support as an organisation, continuing to invite the Tizard Centre at the University of Kent to be our critical friend, reviewing our services so we can to ensure quality and consistency across the group.

Our ambitions for the people we support are dependent on the organisation continuing to improve as a business and employer. We will make sure our services are properly funded and sustainable, and create stronger career pathways through our Skills for Care accredited in-house training team.

Risk Management

The Board operates a formal risk management process and risk register, which involves continuous review of the risks identified and those emerging, their potential impact and means of mitigation. The risk register is reviewed by the group Audit Committee, which, in turn, reports on risk to the Group Board on a quarterly basis.

In 2018, the key risk for the organisation was around liquidity which was being addressed by improved performance management and a clear strategy to liquidate assets which are no longer required. In April 2019 the sale of the Welmede Head Office and adjoining property realised cash of £2.65m which substantially improves the liquidity position of the group and therefore significantly reduces this risk.

Principal risks and uncertainties

The recruitment and retention of staff continues to be a significant risk across the sector. The organisation has a specialist recruitment team in place to help mitigate this risk and improve the position.

The national issue on "sleep-ins" is being handled by the Executive Team: actions have been taken to mitigate the risks, reflecting best professional advice at this time.

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Objectives and Activities

The charitable objects of The Avenues Trust Group and its subsidiaries are for the public benefit as they support and promote the intellectual, emotional, physical and spiritual welfare of people aged nine and upward with complex support needs. This is achieved by providing professional, high quality, not-for-profit services to people, supporting them to enjoy their lives within their communities.

The governing instruments for the Avenues Trust Group and the subsidiary entities are their respective Articles of Association, with the exception of Welmede Housing Association which is governed under its Model Rules.

Achievements and Performance

Avenues' reputation for delivering high-quality services established us as a key player in the Transforming Care programme, and strengthened our relationship with NHS England, meaning all Avenues subsidiaries are well positioned to deliver new complex services which move people from secure locations back into their home communities, fulfilling the Group's vision.

Our commitment to all the people we support, throughout their lives, has been affirmed by two new permanent roles, a Director of Quality and a Director of Housing. Their expertise will further enable us to realise our ambition of giving people great long-term support as their needs change, as well as in initial transition.

This commitment to quality has also led to the renewal of our strategic partnership with the University of Kent, focusing on the promotion of positive behavioural support and active support - both approaches that are particularly effective in supporting the people that Avenues work with.

Operationally, significant progress has been made in the year to integrate Welmede into the Group to the benefit of all concerned. Welmede's expertise in Housing has benefitted both their directly managed properties, but also the Group's partnerships with other housing providers. The Director of Avenues South East, which is rated Outstanding by the CQC for supported living, is now also leading the Welmede subsidiary.

Our specialism in working with people with the most complex needs means we have often been the only provider willing to take on the most intensive support packages from commissioners. Over the past year we have successfully opened new services

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of this type across our subsidiaries, proving once again that people with the highest support needs, and most challenging behaviour, can enjoy better lives through tailored, community-based support that brings significant savings to the public purse.

The Avenues Trust Group introduced a balanced scorecard for quarterly reporting from the 1 April 2018 and this has been completed on a month basis for 2018/19. Within this are Key Performance Indicators for each strand of the Strategic plan as follows;

Better Lives/Quality

The first priority of the plan is to ensure that the lives of the people we support continually improve. A good indicator of this is the number of services rated as "Good" or "Outstanding" by CQC. We have a target of 95% of services and for the year ended 31 March 2019 we achieved 92%.

Better Jobs

Our second priority is to continually improve the experience of working for us. We have a target of 90% of new employees to be retained for 12 months. For the year ended 31 March 2019 this stood at 82%.

Better Business

The final strand of our strategic plan is Better Business. This is being measured by the percentage of services that are making a loss before central costs. The target for this is less than 5%, however at 31 March 2019, 26% of services were making a loss before central costs. This represents 7% of income and includes services under review together with newly established services which are expected to make a surplus going forward.

Our Employees

In line with the vision of The Avenues Trust Group, we are committed to ensuring that all job applicants and employees are treated fairly in line with our equality of opportunities, diversity and fair treatment policy and procedure.

We value diversity and social inclusion across all of our activities and our recruitment process ensures that all applicants have equality of opportunity, are treated with respect and with dignity and are checked properly and screened to ensure that they are fit and suitable to work with vulnerable people.

In the event of a change in an employee's health, in accordance with our sickness absence policy, we would work with occupational health and the individual to

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establish whether this constitutes a disability and in the event it did, we would continue to work with them to make every reasonable effort to sustain ongoing employment.

Employee communication and engagement is key to the success of the Group. Through good local management and our communications team, we ensure that all employees are kept informed about the charity's strategy, objectives and performance, as well as day-to-day news and events. Regular information about the organisation is available through newsletters, online resources, team meetings and management briefings.

All employees are encouraged to give their suggestions for improvement and views on performance and on strategy.

Financial results for the year ended 31 March 2019

The income and expenditure performance of the Group in 2018/19, shows income of £44.9m and a deficit of £0.6m (compared to a deficit of £1m in the prior year).

Total income for the year decreased by 0.5%, whilst expenditure has decreased by 1.4%. This has been achieved via a focus on loss-making services and the Welmede Terms and Conditions review.

The consolidated balance sheet shows total group funds of £5.6m compared to £7.2m as at March 2018. This is partially due to a change in the pension accounting for the Social Housing Pension Scheme (SHPS) which has resulted in an increase in the pension liability of £1,032k (See note 17).

Against this, the consolidated Group has gone into 2019/20 with an underlying break even budget but expects this to be a worst case scenario. A key deliverable of the 2018/21 strategic plan is operating surpluses in 2019/20 and 2020/21.

Reserves Policy

As part of the 2018-21 strategic planning processes conducted in 2017/18, the Board carried out a thorough review of the reserves requirement and policy to ensure these are adequate to support the Group going forward.

As a contract based service provider, the Board have concluded that the Group does not need to carry significant levels of reserves. However, the free reserves available need to be sufficient to mitigate against any significant organisational risks as

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identified via the risk management procedures whilst enabling the group to capitalise on opportunities and deliver the 3 year strategic plan ensuring sustainability for the future. Based on this revised reserves policy the Board have concluded that the target for free reserves should be £1.5m.

Reserves were as follows at March 2019:	£'000
- General	7,059
- Designated	75
- Pension scheme	(2,859)
- Restricted	1,296
TOTAL RESERVES	5,571
Less unrestricted tangible fixed assets held for charity's own use	(8,804)
Add back property held for sale during 2019/20	1,169
Less restricted reserves	(1,296)
FREE RESERVES	(3,360)

Free reserves are therefore NIL.

Tangible fixed assets are stated after netting off capital grant liability.

Restricted funds do not form part of general reserves as these have been received from funders/donors for specific projects/purposes and are therefore not freely available for use by the group.

Designated reserves of £75k relate to a legacy left to Avenues in relation to a person supported at Chelsham Lodge. The trustees have decided that the legacy should be used for this service, as such a designated fund has been set up.

£8,804k related to amounts invested in fixed assets and these reserves can only be realised on disposal. £1,169k has been included in free reserves as a decision has been made to sell this property.

The 2018/21 strategic plan is centred around better lives, better jobs and better business. One of the aims of the plan is financial sustainability and the creation of free reserves which will be achieved by asset disposals and the consistent delivery of financial surpluses. Over the life of this plan the projections have been revised to a break even position with surpluses being made in the following year to create free reserves. These free reserves will be used to weather the social care sector storms and enable the Group to make strategic choices.

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The free reserves held at the balance sheet date remain below the target set by the Board and reserves policy. In order to achieve this target the Board have taken a decision to sell the Head Office of Welmede and neighbouring buildings as these are no longer required for continuing use in the group. This is expected to raise unrestricted reserves by a further £1.5m. There are also a number of other property disposals planned over the life of the strategic plan which are no longer required and expected to add £1.6m to free reserves. At the end of the 3 year plan unrestricted reserves are projected to be:

	£'000
March 2019 Free Reserves	-
Property disposals	3,100
Free Reserves	3,100

Risks to funding/financial climate

- Social care sector pressures
- Reliable funding sources with a relatively stable established base
- Scaling up and growth may require some upfront investment

In the event of the sudden closure/liquidation of the group any outstanding commitments and liabilities would be funded by the sale of properties.

Subsidiaries

This reserves policy is established at a Group level. The Group is content to underwrite the accumulated deficits in Avenues East, Avenues South East and Avenues London as post balance sheet, the Group has approved a process of debt equalisation.

Liquidity and working capital

Whilst the reserves policy sets a target for free reserves it is recognised that this does not create liquidity within the group and the Board would also like to address this and have set a target for this of £1m.

The current working capital position of the group is:

2018/19 £-0.3m (2017/18 £-0.6m)

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Investment Policy

The Group's current investment policy is to place surplus cash requirements on the money market both overnight and for longer periods, earning interest at the money market rates at the time of placement.

Related Parties

The Avenues Trust Group has the following wholly owned subsidiary entities, all limited by guarantee, with the exception of Welmede which is limited by Share Capital:

- Avenues South East (Company number 3923486)
- Avenues London (Company number 6858705)
- Avenues East (Company number 3326442)
- Welmede Housing Association Limited (Registered Society number R26230)
- Community Futures – Kent (Company number 7035205) – dissolved 17th November 2018

Going Concern

Although the acquisition of Welmede has brought balance sheet strength, the new Group had a resulting operational deficit for 2017/18 of £1m. The primary objective for 2018/19 was to eliminate this deficit and although this was not the case the deficit was much reduced to £0.6m and then in line with the strategic plan 2018-21, to consolidate the financial strength of the group to capitalise on future opportunities and build long term sustainability. In order to achieve this a number of initiatives have been undertaken:

- Terms and Conditions review for staff at Welmede
- Review of rents charged in Welmede
- Increased focus on recruitment and retention to lower dependency on agency
- Full review of loss making services across the group
- Disposal of Welmede Head Office and a number of other properties which are surplus to requirements for service delivery
- Increased weekly scrutiny around void levels and agency spend

Although growth has been slower than we anticipated, these measures have enabled us to improve on the 2017/18 deficit of £1m with a deficit of £0.6m for 2018/19. Increased scrutiny around monthly financial results and deviation from budgets mean that a break even position for 2019/20 is expected to be achieved.

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The sale of the Welmede head office and adjoining property in April 2019 generated cash of £2.65m which puts the group in a strong liquidity position for 2019/20 and beyond.

Avenues holds a significant number of long term contracts and provides a very high quality of service provision, which ensures continued success in securing new contracts and retaining existing ones. With this in mind, whilst there are significant challenges within the sector, particularly around recruitment of staff, Avenues is well placed for the future.

The impact of potential sleep-in payments on going concern has been considered following the Court of Appeal's decision in the Mencap case (*Royal Mencap Society v Tomlinson-Blake and Shannon v Rampersad (t/a Clifton House Residential Home)*) currently, as the law stands today (and will continue to be the case until the Supreme Court hears the appeal in February 2020) there is no liability for any back pay relating to sleep-in payments.

Avenues East has submitted a self-assessed nil return to the Social Care Compliance Scheme which has been accepted and therefore as things stand there is no liability.

Post Balance Sheet Events

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward.

In order to achieve this, Welmede has written off the debt due to Avenues East (£94k) and from the parent entity (£915k) and gifted an additional amount of £197k to Avenues South East and gifted £1,679k to the parent. The parent has then written off the following amounts due from subsidiary undertakings.

Intra-group debt written off £'000		
	By Welmede	By Parent
Avenues London	-	2,668
Avenues South East	-	83
Avenues East	(94)	829
Parent	915	(915)

After this change the net assets of the subsidiaries (excluding any 2019/20) result are:

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	£'000
Avenues London	487
Avenues South East	100
Avenues East	82
Welmede	1,257

On 2nd April 2019, The Avenues Trust Group completed the sale of Byfleet House, the old head office for Welmede and the adjoining property. The properties were sold for £2.65m and were held at a NBV of £1.2m at the year end. This cash injection has greatly improved the cashflow and liquidity position of Welmede and The Avenues Trust Group post year end.

Future Developments

2019/20 is the second year of the three year Strategic Plan for the Group. The key themes of better lives, better jobs and better business reflect our commitment to ensuring that the lives of the people we support are better next year than they are now.

A central project for the year will be the search for, and appointment of, a new Chief Executive following the retirement of Steve James after 25 years leading the organisation.

In the interim we will be led by Jo Land, who was previously Deputy Chief Executive and has worked for Avenues since October 2000. Our approach will remain centred on supporting more people with learning disabilities and/or autism whose behaviour challenges, while ensuring ongoing quality of services for those we already work with.

This commitment to quality will be supported by our renewed relationship with the University of Kent, particularly around training in positive behavioural support and active support. Getting these areas right is essential to our aspiration of delivering increasingly high-quality services for people with the most complex needs.

An ongoing challenge faced by the Group, and the sector, is the recruitment and retention of quality staff. We will work to differentiate ourselves through improved salary levels and enhanced learning, and development opportunities with apprenticeship schemes giving us an option to improve specialist provision of staff development. In the coming year we will work to raise our profile, specifically among jobseekers. As part of the financial improvement within the Group, we will bear down on central costs continually reducing them as a percentage of turnover.

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This is one of a number of initiatives which will lead to a significantly improved financial performance for the Group this year leading to financial surplus.

Avenues provides quality, effective and cost efficient community-based alternatives to institutional care which hugely improve the lives of people it supports, offer challenging but rewarding jobs and saves public money. As such we are confident that the future of the Group and the people it supports will be challenging but hugely positive.

The Trustees Report is approved by order of the Board as trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 15th October 2019 and signed on its behalf by



Evlynnne Gilvan

Vice Chair

Date: 15th October 2019

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2019

The trustees (who are also directors of The Avenues Trust Group for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the incorporated Strategic 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 Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. 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 judgments and 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the group's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AVENUES TRUST GROUP

Opinion

We have audited the financial statements of The Avenues Trust Group (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise Consolidated Statement of Financial Activities (including the Consolidated Summary Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and 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 FRS 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 group's and the parent charitable company's affairs as at 31 March 2019 and of the group's 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.

Basis for opinion

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 group and parent charitable 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.

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AVENUES TRUST GROUP

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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees Members' Report, and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Members' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Members' Report and the incorporated Strategic Report.

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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

THE AVENUES TRUST GROUP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AVENUES TRUST GROUP

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 15, the trustees (who are also the directors of the charitable company 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, and for such internal control as the trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable 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 provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work

THE AVENUES TRUST GROUP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AVENUES TRUST GROUP

has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date *22 November 2019*

THE AVENUES TRUST GROUP
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including Consolidated Income & Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted General Funds £'000	Unrestricted Pensions £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
INCOME FROM:						
Donations and Legacies	4					
Donations		-	-	20	20	(7)
Grants		-	-	-	-	211
		-	-	20	20	204
Charitable Activities:						
Provision of care and housing services		14,770	-	-	14,770	15,113
Provision of care to young people		1,424	-	-	1,424	1,832
Services to Adults		26,973	-	-	26,973	26,186
Services to Older People		1,579	-	-	1,579	1,637
YourTime - Leisure activities		2	-	-	2	4
		44,748	-	-	44,748	44,772
Other trading activities	4	15	-	-	15	17
Investment Income		1	-	-	1	14
Other		78	-	-	78	67
Total Income		44,842	-	20	44,862	45,074
EXPENDITURE ON:						
Charitable activities:						
Provision of care and housing services	3	15,091	-	-	15,091	15,167
Provision of care to young people	3	1,471	-	-	1,471	2,078
Services to Adults	3	27,243	145	-	27,388	27,142
Services to Older People	3	1,534	-	-	1,534	1,724
YourTime - Leisure activities	3	3	-	-	3	6
		45,342	145	-	45,487	46,117
Total Expenditure	3	45,342	145	-	45,487	46,117
Net income/(expenditure)	5	(500)	(145)	20	(625)	(1,043)
Transfers between funds		(6)	-	6	-	-
Reconciliation of funds:						
Initial recognition of the deferred pension scheme	17	-	(194)	-	(194)	-
Actuarial loss in respect of pensions schemes	17	-	(838)	-	(838)	-
Net movement in funds		(506)	(1,177)	26	(1,657)	(1,043)
Fund balances brought forward	14	7,640	(1,682)	1,270	7,228	8,271
Fund balances carried forward		7,134	(2,859)	1,296	5,571	7,228

The notes on pages 25 to 50 form part of these financial statements.

**THE AVENUES TRUST GROUP
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019
COMPANY NO: 03804617**

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Tangible assets	8	13,629	13,534
Intangible assets	9	21	42
		13,650	13,576
CURRENT ASSETS			
Debtors	11	5,052	5,139
Cash at bank and in hand		772	537
		5,824	5,676
CREDITORS falling due within one year	12	(6,153)	(6,284)
NET CURRENT LIABILITIES		(329)	(608)
CREDITORS falling due in more than one year	12	(4,891)	(4,334)
NET ASSETS EXCLUDING PENSION LIABILITY		8,430	8,634
Pension scheme (liability)	17	(2,859)	(1,406)
NET ASSETS	15	5,571	7,228
FUNDS			
Unrestricted funds:			
General funds		7,059	7,565
Designated fund		75	75
Pension scheme funding reserve		(2,859)	(1,682)
		4,275	5,958
Restricted funds		1,296	1,270
TOTAL FUNDS	14	5,571	7,228

The notes on pages 25 to 50 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 15th October 2019 and were signed on its behalf by:


Evlynn Gilvarry
Vice Chair

**THE AVENUES TRUST GROUP
COMPANY BALANCE SHEET
AS AT 31 MARCH 2019
COMPANY NO: 03804617**

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Tangible assets	8	236	276
Intangible assets	9	21	42
		<u>257</u>	<u>318</u>
CURRENT ASSETS			
Debtors	11	3,143	2,959
		<u>3,143</u>	<u>2,959</u>
CREDITORS falling due within one year	12	(2,413)	(2,288)
		<u>730</u>	<u>671</u>
NET CURRENT ASSETS			
		<u>987</u>	<u>989</u>
NET ASSETS			
		<u>987</u>	<u>989</u>
FUNDS			
Unrestricted funds:			
General reserve		81	83
		<u>81</u>	<u>83</u>
Restricted funds		906	906
TOTAL FUNDS	14	<u>987</u>	<u>989</u>

As permitted by section 408 of the Companies Act 2006, the parent charity's Statement of Financial Activities (including Income and Expenditure) has not been included in these financial statements. The parent charity's result for the year was a surplus of £2k (2018: surplus of £118k)

The notes on pages 25 to 50 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of trustees on 15th October 2019 and were signed on its behalf by:


Evlynne Gilvarry
Vice Chair

THE AVENUES TRUST GROUP
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £'000	2018 £'000
Cashflow from operating activities		
Net cash (used in) operating activities	850	(2,147)
Cashflow from investing activities:		
Purchase of tangible fixed assets	(1,018)	(725)
Sale of tangible fixed assets	317	233
Net cash provided by/(used in) investing activities	(701)	(492)
Financing:		
Payment of KCC loan	(36)	(36)
Net cash outflow from financing	(36)	(36)
Increase/(Decrease) in cash in the year	113	(2,675)
Change in cash and cash equivalents in the reporting period	113	(2,675)
Cash and cash equivalents at the beginning of the reporting period	(1,111)	1,564
Cash and cash equivalents at the end of the reporting period	(998)	(1,111)

(a) Reconciliation of net income to net cash flow from operating activities:

	2019 £'000	2018 £'000
Net income	(625)	(1,043)
Net movement in pension provision	(145)	(261)
Gain on disposal of tangible fixed assets	(173)	(35)
Depreciation charges	726	664
Amortisation of intangible fixed assets	21	23
Net movement in creditors (less debtors)	1,046	(1,495)
Net cash used in operating activities	850	(2,147)

(b) Analysis of cash and cash equivalents:

Overdraft facility repayable on demand	(1,770)	(1,648)
Cash at bank and in hand	772	537
Total cash and cash equivalents	(998)	(1,111)

The notes on pages 26 to 51 form part of these financial statements.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1) Accounting Policies

The Avenues Trust Group is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is River House, 1 Maidstone Road, Sidcup, Kent, DA14 5TA. The Charity's principal activities are disclosed in the Board Members' Report.

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, except for the treatment of Welmede Housing Association social housing grants which would normally be shown through the Statement of Financial Activities. The group has departed from the Charities SORP (FRS 102) and maintained the accounting treatment set out in Housing SORP 2014 (Statement of Recommended Practice for social housing providers) which is followed by Welmede Housing Association, where government grants are recognised in income using the accruals model and recognised over the life of the underlying asset when housing properties are measured at cost.

Amounts not recognised in income are shown as creditors as deferred capital grants. The trustees consider that this is the appropriate policy to use in the consolidated financial statements.

The Avenues Trust Group meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost of transaction value unless otherwise stated in the relevant accounting policy notes. The reporting currency is pound sterling and the financial statements are presented to the nearest thousand pounds.

The parent charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepare a publicly available consolidated financial statements, including this charity, which are intended to give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the group. The parent charity has therefore taken advantage from the following exemptions in its individual financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral; loan defaults or breaches; details of hedges; hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for company key management personnel.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

b) Preparation of the accounts on a going concern basis

Although the acquisition of Welmede has brought balance sheet strength, the Avenues Trust Group has had operational losses of £1m in 2017/18 and £0.6m in 2018/19. As at March 2019 reserves stood at £5.6m, with negative net working capital of £0.3m. In April 2019 the sale of the Welmede Head Office and adjoining property realised cash of £2.65m which substantially improves the liquidity position of the Group. The primary objective for 2019/20 is to eliminate this deficit and then in line with the strategic plan 2018-21, to consolidate the financial strength of the Group to capitalise on future opportunities and build long term sustainability.

This will be achieved via a number of initiatives including: Terms and Conditions review for staff at Welmede whereby contracts have been brought in line with the rest of the Group; review of rental charges; increased focus on recruitment and retention to lower dependency on agency; full review of loss making services across the group; disposal of Welmede Head Office and a number of other properties which are surplus to requirements for service delivery and weekly scrutiny around void levels and agency spend. These measures coupled with sustainable growth across the Group will build a sustainable future. Increased scrutiny around monthly financial results and deviation from budgets mean that a break even position for 2019/20 is expected to be achieved.

Avenues holds a significant number of long term contracts and provides a very high quality of service provision, which ensures continued success in securing new contracts and retaining existing ones. With this in mind, whilst there are significant challenges within the sector, particularly around recruitment of staff, Avenues is well placed for the future.

The Group is reliant on its overdraft facility of £2m however there is longstanding and positive relationship with Barclays and although this facility could be withdrawn at any time it has always been renewed in the past and this risk does not pose any serious threat or concern.

c) Group financial statements

The financial statements consolidate the results of the charity and its subsidiaries on a line by line basis. Control is determined when the charity controls over 50% of the voting rights, or has the ability to appoint or remove a majority of board members. A separate Statement of Financial Activities and Income and Expenditure account for the charity has not been presented because Avenues has taken advantage of the exemption afforded by Section 408 of the Companies Act 2006.

The result of all subsidiaries cover a full 12 month period up to 31 March 2019.

d) Income

Income is recognised when the group has entitlement to the funds, any performance related conditions attached to the item(s) of income has been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' (except capital grants relating to social housing properties – see policy (f)) or 'revenue' grants, are recognised when the charity has entitlement to the funds, any performance related conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and not deferred.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

d) Income (continued)

Income received in advance of a service is deferred until the criteria for income recognition are met (Note 11). Income is measured at the fair value of the consideration receivable.

Legacy income is recognised at the earlier of the charity being notified of a distribution or the receipt of a legacy, or when the receipt of the legacy is determined to be measurable and probable.

e) Capital grants in respect of social housing properties

All Social Housing Capital grants are recognised under the accrual model. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised under creditors after more than one year separately as capital grant and not deducted from the carrying amount of the asset.

f) Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off the assets over their estimated useful lives;

Tablets, laptops and computers	33% per annum on cost
Office equipment	15-25% per annum on cost
Furniture and equipment	15-25% per annum on cost
Furniture and equipment (River House)	10% per annum on cost
Specialist equipment	15% per annum on cost
Motor vehicles	25% per annum on cost
Freehold Land	0%
Freehold Buildings and offices	2% per annum on cost
Leasehold properties	Over the term of the lease

Depreciation of an asset commences from the point the asset is brought into use.

The groups' policy is to capitalise all assets over £500.

g) Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided at the following annual rates in order to write off the assets over their estimated useful lives:

Software	20% per annum on cost
----------	-----------------------

h) Employee benefits policy

The costs of short-term employee benefits are recognised as a liability and an expense. The best estimate of the expenditure required to settle obligation for termination of benefits is recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

i) Pension costs

The Avenues Trust Group has employees enrolled in The Social Housing Pension Scheme (SHPS) defined contribution scheme (also referred to as 'Pensions Trust') which is an ongoing scheme.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

i) Pension costs (continued)

The contributions paid to this scheme by the group are charged to the Statement of Financial Activities as they fall due.

The Avenues Trust Group also participates in an unfunded pension scheme operated by the National Health Service. The contributions to this scheme, as advised by the scheme administrator, are charged to the Statement of Financial Activities as they fall due.

The group also contributes to the defined benefit Social Housing Pension Scheme (closed to future accrual). Contributions are charged to the Statement of Financial Activities in the period to which they relate. As at 31 March 2019 the schemes actuaries have provided each employers organisation with its defined benefit liability together with comparative information as at 31 March 2018 this the scheme is now treated as a defined benefit scheme in accordance with FRS102.

The Avenues Trust Group previously has employees who were members of the Kent County Council defined benefit pension scheme. The assets of the scheme are held separately from those of the group. Avenues South East officially withdrew from the scheme on 1 April 2015 and as such no further contributions are being made. The withdrawal from the scheme resulted in the crystallisation of a liability of £231k. It was agreed to pay this over a period of seven years, attracting interest of £23k. This cost is being recognised in the statement of financial activities evenly over a seven year period.

The pension schemes are disclosed in Note 17.

j) Operating leases

Operating lease rental costs are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the period of the lease.

k) Resources expended and the basis of apportioned costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. VAT which cannot be recovered is included as part of the expenditure to which it relates. A liability is recognised once a legal or constructive obligation has been entered into by the group.

l) Allocation of support costs

Support costs are those functions that assist the work of Avenues but does not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll, IT and governance costs which supports Avenues charitable activities.

m) Costs of raising funds

Costs of raising funds are costs incurred in raising donations and grants to enable the charity in the delivery of the charity's activities and services for its users and beneficiaries. It includes direct costs and support costs.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

n) Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Restricted funds are subject to specific restrictions imposed by donors. These funds are accounted for separately and are only available to be used in line with donor's requirements.

o) Taxation

The company is a registered charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

p) Debtors

Trade debtors and other income are recognised at the settlement amount due after trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts.

q) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) Financial Instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Total interest income in the current year was £1k (2018; £14k) and the total interest expense in the current year was £4k (2018; £3k).

t) Management estimates and judgements

In the process of applying its accounting policies, The Avenues Trust Group is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented. There are no significant judgements or estimates made.

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2) Financial performance of the charity

The summary performance of the charity alone is:

	2019 £000s	2018 £000s
Income from donations and Legacies	31	117
Income from other subsidiaries	-	4,910
	31	5,027
Expenditure on charitable activities	(33)	(4,909)
Net (Expenditure)/Income	(2)	118
Total funds brought forward	989	871
Total funds carried forward	987	989
Represented by:		
Restricted income funds	906	906
Unrestricted income funds	81	83
Total	987	989

3) Expenditure

	Direct Costs £000s	Support Costs £000s	2019 Total £000s	2018 Total £000s
Charitable Activities				
Provision of care and housing services	13,438	1,653	15,091	15,167
Provision of care to young people	1,325	146	1,471	2,078
Services to Adults	24,506	2,882	27,388	27,142
Services to Older People	1,402	132	1,534	1,724
YourTime - Leisure activities	3	-	3	6
Total charitable activities	40,674	4,813	45,487	46,117
Total	40,674	4,813	45,487	46,117

Expenditure on charitable activities was £45,487k (2018: £46,117k) of which £45,487k was unrestricted (2018: £46,289k) and £nil was restricted (2018: £89k). This balance includes pensions re-measurement adjustments of £145k (2018: £261k).

Analysis of governance and support costs

The Avenues Trust Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see above) in the year. Support costs are allocated on the basis of salary costs for each activity.

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3) Expenditure (continued)

	General support £000s	Governance function £000s	Total £000s
EMT and Governance	971	86	1,057
Group Finance	1,480	-	1,480
Group Human Resources	1,168	-	1,168
Group Office Management	667	-	667
Group Practice Development and Assurance	441	-	441
Total	4,727	86	4,813

4) Income

	2019 £000s	2018 £000s
Donations and Legacies		
Legacy donations	-	(20)
Other Donations	20	13
Local authority grant	-	211
	20	204
Other trading income		
Contribution towards training costs	11	13
Proceeds from sale of confectionary	4	4
	15	17

Income from Donations and legacies was £20k (2018: £204k), of which £nil was unrestricted (2018: £204k) and £20k was restricted (2018: £nil). Income from Charitable activities was £44,749k (2018: £44,722k) all of which was unrestricted in both years.

5) Net income/(expenditure) for the year is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	725	664
Amortisation	21	21
External Audit	75	77
Internal Audit	10	16
Operating lease charges for motor vehicles and equipment	202	184
Operating lease charges for land and buildings	1,380	750
Interest paid	52	3

6) Trustees' remuneration

Some of the trustees are also the directors of the charitable company. No remuneration or pension contributions were paid to the trustees/directors in the current or preceding period in their role as Trustees. In 2018/19, 4 (2018: 4) trustees were reimbursed £1k (2018: £1k) for travel expenses. 12 volunteer trustees (2018: 12) were reimbursed travel expenses totalling £3k, (2018: £3k).

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

6) Trustees' remuneration (continued)

S James, Group Chief Executive to May 2019, is also a trustee of the Avenues Trust Group. During the year S James received £134k (2018: £134k) in remuneration including £nil of pension contributions (2018: £nil) from The Avenues Trust Group in respect of his role as Group Chief Executive. No remuneration or pension contributions were paid in relation to his role as a trustee.

P Snelling, Group Chief Operating Officer, is also a trustee of Avenues Trust Group. During the year 2018/2019 P Snelling received £114k (2018: £102k) in remuneration including £9k of pensions contributions (2018: £9k) from The Avenues Trust Group in respect of his role as Group Chief Operating Officer. No remuneration or pension contributions were paid in relation to his role as a trustee.

J Land, Group Deputy Chief Executive, is also a trustee of Avenues Trust Group. During the year 2018/19 J Land received £130k (2018: £117k) in remuneration including £11k of pension contributions (2018: £10k) from The Avenues Trust Group in respect of her role as Group Director of Organisational Development. No remuneration or pension contributions were paid in relation to her role as a trustee.

N Ford, Group Director of Finance, is also a trustee of Avenues Trust Group. During the year 2018/19 N Ford received £108k (2018: £69k) in remuneration including £9k (2018: £5k) of pension contributions from The Avenues Trust Group in respect of her role as Group Finance Director. No remuneration or pension contributions were paid in relation to her role as a trustee.

The directors of the charity are remunerated by the Avenues Trust Group only to the extent permitted by the charity's Articles of Association. A further payment is made each year of £3k which is a collective premium to cover Trustees' Liability.

No other trustees received remuneration or pension contributions in the current or preceding period.

7) Staff costs and key management personnel

The number of employees whose emoluments exceeded £60k were:

	2019	2018
	No.	No.
£60k - £70k	-	1
£70k - £80k	-	1
£100k - £110k	-	1
£110k - £120k	2	1
£120k - £130k	1	-
£130k - £140k	1	1

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7) Staff costs and key management personnel (continued)

The average total number of staff employed by the group as well as the full time equivalents are as follows:

	No.	No.	FTE	FTE
	2019	2018	2019	2018
Office staff	146	152	135	146
Care staff	779	841	776	819
Part-time support staff	580	448	382	278
Bank contract staff	686	371	-	-
	2,191	1,812	1,293	1,243

The difference between the total number of staff and the FTEs is due to a number of staff being employed on "Bank" contracts, whereby they have an employment contract with Avenues but work irregular shifts as and when they are needed and are not included within FTE's.

	2019	2018
	£'000	£'000
Staff costs - Group		
Wages and salaries	29,608	30,813
Social security costs	2,300	2,480
Pension costs (Per Note 17)	778	892
Agency staff costs	4,539	3,911
Redundancies and settlement		65
	37,225	38,161

The key management personnel of the Group comprise the trustees including; the Group Chief Executive, Group Deputy Chief Executive, Group Director of Finance, Group Chief Operating Officer, Group Chief Quality Director, Group Housing Director. The total employee benefits of the key management personnel were as follows;

	2019	2018
	£'000	£'000
Wages and salaries	460	368
Social security costs	40	48
Pension costs	59	32
	559	448

The exemption available for parent companies under FRS102 has been taken, therefore Company only figures for KMP remuneration have not been disclosed

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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8) Tangible fixed assets – Group

	Freehold Housing Properties £'000	Freehold Offices £'000	Long leasehold properties £'000	Furniture and Equipment £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost							
At 1 April 2018	9,951	1,290	1,366	3,288	59	159	16,113
Additions	632	74	-	312	-	-	1,018
Disposals	(240)	-	-	-	-	-	(240)
At 31 MARCH 2019	10,343	1,364	1,366	3,600	59	159	16,891
Depreciation							
At 1 April 2018	292	18	6	2,081	23	159	2,579
Charge for year	75	10	10	473	27	-	595
Charge for year - grant (Note 11)	131	-	-	-	-	-	131
Disposals	(42)	-	-	-	-	-	(42)
At 31 MARCH 2019	456	28	16	2,554	50	159	3,263
Net book value							
At 31 MARCH 2019	9,887	1,336	1,350	1,046	9	-	13,629
At 31 March 2018	9,659	1,272	1,360	1,207	36	-	13,534

8) Tangible fixed assets – Company

	Furniture and Equipment £'000	Total £'000
Cost		
At 1 April 2018	542	542
Additions	107	107
At 31 MARCH 2019	649	649
Depreciation		
At 1 April 2018	266	266
Charge for the year	147	147
At 31 MARCH 2019	413	413
Net book value		
At 31 MARCH 2019	236	236
At 31 March 2018	268	268

NHS Charge

The NBV of some of the Housing properties above are subject to an NHS charge.

The NHS transferred the freehold of 23 properties to Welmede in 1995 resulting in a legal charge against them; which is registered at the land registry on the freeholds. Consequently, should Welmede choose to use the properties other than for care services, or sell the properties, Welmede will have to pay back the current market value (or sale proceeds) to the NHS.

There is an offsetting capital grant creditor of £4,825k. (See note 12).

Long Leasehold

All long leasehold properties have remaining leases of between 85 and 117 years.

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9) Intangible assets – Group and Company

	People Planner £'000	Website £'000	Total £'000
Cost			
At 1 April 2018	66	24	90
Additions	-	-	-
At 31 MARCH 2019	66	24	90
Amortisation			
At 1 April 2018	30	18	48
Charge for year	15	6	21
At 31 MARCH 2019	45	24	69
Net book value			
At 31 MARCH 2019	21	-	21
At 31 March 2018	36	6	42

10) Investments in subsidiary undertakings

The group holds an investment in Welmede Housing Association of £6 (2018: £6) which is equivalent to the entire share capital of the subsidiary.

11) Debtors

	Company		Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Contract fees receivable	79	115	3,633	3,487
Other debtors	192	160	307	291
Prepayments and accrued income	207	308	1,112	1,361
Amounts due from subsidiary undertakings	2,665	2,376	-	-
	3,143	2,959	5,052	5,139

Included within Other Debtors are amounts totalling £160k (2018: £160k) relating to a rental deposit falling due after more than one year.

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12) Creditors

	Company		Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Bank overdraft	1,770	1,648	1,770	1,648
Trade creditors	266	135	1,403	1,517
KCC Pension creditor	-	-	66	99
Other taxation and social security	113	109	896	715
Other creditors	123	143	463	265
Deferred income	-	-	750	379
Accrued expenditure	142	253	805	1,385
Pension contribution liability	-	-	-	276
	2,414	2,288	6,153	6,284

Movements in deferred income:	£'000	£'000
Deferred income at the beginning of the year	379	827
Income recognised in the year	(379)	(827)
Income deferred in the current year	750	379
Income deferred at the year end	750	379

Deferred income comprises contract fee income which relates to services that will be provided in future periods, and grants and donations where milestones and conditions for recognition are expected to be met in future periods.

	Company		Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due in more than one year:				
KCC Pension creditor	-	-	66	99
	-	-	66	99

Included within Other creditors for the group are amounts totalling £97k (2018: £98k) in respect of outstanding pension contributions.

	2019	2018
	£'000	£'000
Long term creditors are repayable as follows:		
Due within one year	33	33
Between two and five years	33	99
Total amount due	66	132
Less: due within one year	(33)	(33)
Amount due after one year	33	99

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12) Creditors (continued)

Capital grant

	2019	2018
	£'000	£'000
Capital Grant at 1 April	(4,235)	(4,366)
Additional Grant	(721)	0
Grant release current year	131	131
Capital Grant at 31 March	(4,825)	(4,235)

A capital grant was received to purchase NHS properties in 1995. 2 further capital grants were received during the year totalling £721k. The grants are amortised over the same period over which the housing properties are depreciated.

Barclays Bank Plc holds a charge over the group as security for the Groups' overdraft.

13) Financial Instruments

Financial instruments measured at their amortised costs are shown below

	Group	
	2019	2018
	£'000	£'000
Financial Assets		
Debt instruments measured at amortised cost	4,717	4,884
Financial Liabilities		
Financial liabilities measured at amortised cost	4,507	5,631

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14) Statement of Funds

Group:	2018	Income	Expenditure	Transfers	FRS 102 Pension Adj	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General reserve	7,640	44,842	(45,342)	(6)	-	7,133
Pension reserve	(1,682)	-	(145)	-	(1,032)	(2,859)
Restricted funds:						
Active Communities Fund	11	-	-	-	-	11
Big Lottery	12	-	-	-	-	12
Community Futures other restricted funds	218	-	-	-	-	218
Dementia Services	2	-	-	-	-	2
Disability Focus Day	11	-	-	-	-	11
Disability Sports Project	23	-	-	-	-	23
Employment Service	10	-	-	-	-	10
Leisure activities in Avenues East	35	-	-	-	-	35
Partnership Working	9	-	-	-	-	9
Teaming Up	63	-	-	-	-	63
Garden Fund	5	-	-	-	-	5
Brighton road	730	-	-	-	-	730
Copse Hill	92	-	-	-	-	92
Other restricted projects	49	20	-	6	-	75
	1,270	20	-	6	-	1,296
Total funds	7,228	44,862	(45,487)	-	(1,032)	5,570
Previous year balances	2017	Income	Expenditure	Transfers	FRS 102 Pension Adj	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General reserve	9,040	44,889	(46,289)	-	-	7,640
Pension reserve	(1,943)	-	261	-	-	(1,682)
Restricted funds:						
Active Communities Fund	11	-	-	-	-	11
Big Lottery	12	9	(9)	-	-	12
Community Futures other restricted funds	100	118	-	-	-	218
Dementia Services	2	-	-	-	-	2
Disability Involvement Day	10	3	(2)	-	-	11
Disability Sports Project	23	-	-	-	-	23
Employment Service	10	-	-	-	-	10
Leisure activities in Avenues East	35	-	-	-	-	35
Partnership Working	9	-	-	-	-	9
Teaming Up	63	75	(75)	-	-	63
Garden Fund	5	-	-	-	-	5
Brighton Road	750	-	(20)	-	-	730
Copse Hill	92	-	-	-	-	92
Other restricted projects	52	-	(3)	-	-	49
	1,174	205	(109)	-	-	1,270
Total funds	8,271	45,094	(46,137)	-	-	7,228

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14) Statement of funds (continued)

	1 April			31 March
Unrestricted funds:	2018	Income	Expenditure	2019
	£'000	£'000	£'000	£'000
General reserve	83	31	(33)	81
Restricted funds				
Active Communities funds	11	-	-	11
Community Futures other restricted funds	32	-	-	32
Brighton Road	730	-	-	730
Other projects	133	-	-	133
	906	-	-	906
Total funds	989	31	(33)	987

	1 April			31 March
Parent company:	2017	Income	Expenditure	2018
	£'000	£'000	£'000	£'000
General reserve	63	20	-	83
Restricted funds				
Active Communities funds	11	-	-	11
Community Futures other restricted funds	32	-	-	32
Brighton Road	750	-	(20)	730
Other projects	15	118	-	133
	808	118	(20)	906
	871	138	(20)	989

The mains funds are as follows:

The general reserve represents the unrestricted, designated and restricted funds of the group. The Pension reserve represents the deficit on the defined benefit pension schemes as calculated using FRS102 methodology. The restricted funds are monies received from funders for the specific projects/purposes described above.

The restricted fund of the parent charitable company is represented by the Active Communities Fund.

1) The Active Communities Fund has been generated through a number of events and donations to support activities in the community.

2) The Big Lottery fund is restricted to supporting disabled people during the transitional period of their lives enabling them to access volunteer and work experience opportunities within their local community.

3) The Community Futures other restricted funds is a grouping of smaller grants for the provision of support for community opportunities and activities.

4) The Dementia services restricted fund relates to the remaining balance of a grant from the London Borough of Sutton to fund equipment in a library for people with dementia.

5) Disability Focus Day fund is restricted to supporting the costs of organising a forum for representatives from disability and statutory organisations across Suffolk.

6) Disability Sport Project. The funds is to provide sport and physical activities for young people and adults with disabilities.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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14) Statement of funds (continued)

7) The Employment Service Fund is restricted to helping young people to gain work experience or volunteering enabling them to gain valuable life skills

8) The Leisure funds are restricted to the various leisure activities provides by Avenues East particularly swimming sessions.

9) The Partnership Working fund is restricted to supporting initiatives for user involvement in multi-agency working to promote the inclusion of disabled people.

10) The Teaming Up fund is restricted to various Teaming Up activities provided by Avenues East.

11) The Garden fund provided by Santander is for the renovation of a Garden at Wilson Avenue.

12) Station Road. The fund was donated by Morrison in the year and was set aside to fund the summer house project for the Station road service

13) Brighton road. This fund is a specific legacy settled on this service. The fund is to be applied to the service and cover all support and running costs

14) Other restricted grants are comprised of a number of individually immaterial funds.

15) Analysis of net assets between funds

	Restricted Funds £'000	Unrestricted Funds £'000	2019 Total £'000
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	-	13,629	13,629
Intangible assets	-	21	21
Current assets	1,296	4,528	5,824
Current liabilities	-	(6,153)	(6,153)
Long term liabilities	-	(4,891)	(4,891)
TOTAL FUNDS BEFORE PENSION LIABILITY	1,296	7,134	8,430
Pension scheme liability	-	(2,859)	(2,859)
TOTAL FUNDS INCLUDING LIABILITY ON PENSION SCHEME RESERVE	1,296	4,275	5,571

Analysis of group net assets between funds - previous year

Fund balances at 31 March 2018 are represented by:

Tangible fixed assets	-	13,534	13,534
Intangible assets	-	42	42
Current assets	1,270	4,406	5,676
Current liabilities	-	(6,284)	(6,284)
Long term liabilities	-	(4,334)	(4,334)
TOTAL FUNDS BEFORE PENSION LIABILITY	1,270	7,364	8,634
Pension scheme liability	-	(1,406)	(1,406)
TOTAL FUNDS INCLUDING LIABILITY ON PENSION SCHEME RESERVE	1,270	5,958	7,228

THE AVENUES TRUST GROUP
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15) Analysis of net assets between funds (continued)

Analysis of parent charity net assets between funds

	Restricted Funds £'000	Unrestricted Funds £'000	Total £'000
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	-	236	236
Intangible assets	-	21	21
Current assets	906	2,237	3,143
Current liabilities	-	(2,413)	(2,413)
TOTAL FUNDS	906	81	987
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	-	276	276
Intangible assets	-	42	42
Current assets	906	2,053	2,959
Current liabilities	-	(2,288)	(2,288)
TOTAL FUNDS	906	83	989

16) Operating leases

The total minimum lease payments under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
<u>Land and Buildings</u>		
Amounts due:		
Within one year	886	988
Between two and five years	2,050	1,969
Beyond five years	576	590
<u>Vehicles & equipments</u>		
Amounts due:		
Within one year	173	126
Between two and five years	117	175
 Parent only	 2019	 2018
<u>Land and Buildings</u>	£'000	£'000
Amounts due:		
Within one year	338	294
Between two and five years	563	808

**THE AVENUES TRUST GROUP
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17) Pension obligations

The Avenues Trust Group has contributed to both defined benefit and defined contribution schemes during the year and defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 102 Section 28 'Employee benefits'. The total cost to the group for the year ended 31 March 2019 in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Consolidated Statement of Financial Activities as appropriate, are as follows;

	2019	2018	2019	2018
	£'000	£'000	No.	No.
Pensions Trust SHPS	702	562	1,247	955
NHS Pension	56	44	20	16
Pensions Trust - The Growth Plan	20	286	11	109
Per Note 7	<u>778</u>	<u>892</u>		

The liabilities recognised in the balance sheet are as follows:

	SHPS	Growth	2019
	£'000	£'000	£'000
Liabilities brought forward	1,676	6	1,682
Initial Recognition Impact	194		194
Actuarial Movements	838		838
Actuarial Movements 18/19	157	(12)	145
	<u>2,865</u>	<u>(6)</u>	<u>2,859</u>

There are three main schemes remaining with the majority of staff contributing to the defined contribution scheme with The Pensions Trust. This is the Social Housing Pension Scheme (SHPS). In addition there is a closed scheme, also within the SHPS and administered by The Pension Trust. The last scheme is the NHS Pension with details shown below.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

National Health Service (closed Scheme)

The NHS operates an unfunded defined benefit scheme for the nursing sector, in which The Avenues Trust Group participates. The Avenues Trust Group is granted permission by the Secretary of State to be able to contribute to the cost of the scheme as a 'Directed Employer' (an employer that can continue to have non NHS employed staff as members of the NHS pension scheme).

The cost represents the contributions advised by the NHS Pensions Agency. The Avenues Trust Group is not liable for past service costs beyond these contributions. Contributions increased to 14% from 1 April 2005.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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17) Pension obligations (continued)

The Pensions Trust - The Social Housing Pension Scheme

The Social Housing Pension (SHPS) auto enrolment defined contribution scheme (also referred to as 'Pensions Trust') is an ongoing scheme. The contributions paid to this scheme by the group are charged to the Statement of Financial Activities as they fall due. This scheme also includes a defined benefit obligation although all employees have been transferred to the defined contribution scheme.

The Pensions Trust - The Growth Plan (closed scheme)

The group participates in the SHPS scheme, a multi-employer scheme which provides benefits to employees of some 900 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

	£11,243,000 per annum
From 1 April 2013 to 31 March 2023:	(payable monthly and increasing by 3% each on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014: this valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked participating employers to pay additional contributions to the scheme as follows:

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17) Pension obligations (continued)

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

PRESENT VALUES OF PROVISION	2019	2018
	£'000	£'000
Present value of provision - Avenues South East	-	428
Present value of provision - Avenues East	64	77
Present value of provision - Welmede	-	1,177
Total group provision	64	1,682
Included within creditors	-	199
Included within pensions scheme liability	64	1,483
	64	1,682

Avenues South East and Welmede SHPS Pensions schemes are administered by TPT however the obligations for these schemes are now shown later in Note 17

Reconciliation of opening and closing provisions

	2019	2018
	£'000	£'000
Provision at start of period	76	86
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(10)	(10)
Remeasurements:		
- impact of any change in assumptions	1	(1)
- amendments to the contribution schedule	(4)	-
Provision at end of period	64	76

Income and expenditure impact

	2019	2018
	£'000	£'000
Interest expense	1	1
Remeasurements:		
- impact of any change in assumptions	1	(1)
- amendments to the contribution schedule	(4)	-
Contributions paid in respect of future service	-	-

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17) Pension obligations (continued)

Assumptions

	2019	2018	2017
	% per annum	% per annum	% per annum
Rate of discount The Pensions Trust - Growth Plan	1.39	1.71	1.32

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Avenues East is the only member of the Group that has employees in this closed scheme.

The Pensions Trust - Social Housing Pension Scheme

Avenues Group participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset (Liability)

	31 March 2019	31 March 2018
	£'000	£'000
Fair Value of plan assets	8,001	9,009
Present value of defined benefit obligation	10,795	11,646
Surplus (deficit) in plan	(2,794)	(2,637)
Unrecognised Surplus	0	0
Defined Benefit asset (liability) to be recognised	(2,794)	(2,637)

Reconciliation of the Impact of the Asset Ceiling

	Period ended 31st March 2019 £'000's
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

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17) Pension obligations (continued)

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	Period ended 31st March 2019 £'000
Defined benefit obligation at start of period	11,646
Current service cost	-
Expenses	9
Interest expense	274
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	86
Actuarial losses (gains) due to changes in demographic assumptions	29
Actuarial losses (gains) due to changes in financial assumptions	723
Benefits paid and expenses	(1,972)
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	10,795

Reconciliation Of Opening And Closing Balances Of The Fair Value of Plan Assets

	Period ended 31st March 2019 £'000's
Fair value of plan assets at start of period	9,009
Interest income	210
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	484
Contributions by the employer	270
Contributions by plan participants	-
Benefits paid and expenses	(1,972)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	8,001

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £694,000

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17) Pension obligations (continued)

Defined Benefit Costs Recognised In Statement Of Comprehensive Income (SOCl)

	Period ended 31st March 2019 £'000's
Current service cost	-
Expenses	9
Net interest expense	64
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	73

	Period ended 31st March 2019 £'000's
Defined Benefit Costs Recognised In Other Comprehensive Income	
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	484
Experience gains and losses arising on the plan liabilities - gain (loss)	(86)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(29)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(723)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(354)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	0
Total amount recognised in other comprehensive income - gain (loss)	(354)

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17) Pension obligations (continued)

Assets	31-Mar-19	31-Mar-18
	£'000	£'000
Absolute Return	692	1,101
Alternative Risk Premia	339	258
Corporate Bond Fund	274	280
Credit Relative Value	147	-
Distressed Opportunities	146	87
Emerging Markets Debt	276	364
Fund of Hedge Funds	36	297
Global Equity	1,347	1,779
Infrastructure	419	231
Insurance-Linked Securities	230	237
Liability Driven Investment	2,926	3,282
Long Lease Property	117	-
Net Current Assets	15	8
Over 15 Year Gilts	-	-
Private Debt	108	81
Property	180	414
Risk Sharing	241	83
Secured Income	286	334
Total assets	7,779	8,836

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key Assumptions	31-Mar-19	31-Mar-18
	% per annum	% per annum
Discount Rate	2.3	2.6
Inflation (RPI)	3.3	3.2
Inflation (CPI)	2.3	2.2
Salary Growth	3.3	3.2
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18) Active subsidiary undertakings

The Avenues Trust Group holds 100% control of Avenues South East (company number 03923486; charity number: 1079576), Avenues London (company number 06858705; charity number: 1130445), and Avenues East (company number 03326442, charity number: 1061241). All four companies are limited by guarantee and registered in England.

The Avenues Trust Group also holds 100% control of Welmede Housing Association Limited (company number R26230), a Charitable Housing Association incorporated under the Co-Operative and Community Benefit Societies Act 2014 and registered with the Registry of Friendly Societies which is administered by the Financial Conduct Authority in England.

All charities are controlled by Avenues Trust Group who have the ability to appoint and remove all members of each subsidiary Board of Trustees.

All charities' registered address is River House, 1 Maidstone Road, Sidcup, Kent, DA14 5TA.

All activities have been consolidated on a line by line basis in the Consolidated Statement of Financial Activities. A summary of the results of the subsidiaries is shown below.

	Avenues South East £'000	Avenues London £'000	Avenues East £'000	Welmede £'000	Total 2019 £'000	Total 2018 £'000
Income	15,224	9,703	5,132	14,772	44,831	44,955
Expenditure	(15,483)	(9,783)	(5,096)	(15,094)	(45,456)	(46,119)
Surplus/(deficit) on ordinary activities	(259)	(80)	36	(322)	(625)	(1,164)

The aggregate of the assets, liabilities and funds as at 31 March 2019 was :

	Avenues South East £'000	Avenues London £'000	Avenues East £'000	Welmede £'000	Total £'000
Assets	1,896	1,232	604	12,398	16,130
Liabilities	(2,075)	(3,413)	(1,259)	(8,444)	(15,191)
Total funds	(179)	(2,181)	(655)	3,954	939

The aggregate of the assets, liabilities and funds as at 31 March 2018 was :

	Avenues South East £'000	Avenues London £'000	Avenues East £'000	Welmede £'000	Total £'000
Assets	1,671	1,103	652	12,471	15,897
Liabilities	(1,430)	(3,205)	(1,341)	(7,325)	(13,301)
Total funds	241	(2,102)	(689)	5,146	2,596

19) Related party transactions

The Avenues Trust Group provides central support for each of its subsidiaries. The Group makes a charge for these central costs based on a blended ratio of group costs. In addition, The Avenues Trust Group acts as the central banker for the group, paying salary costs and creditors and receiving cash from customers. There were no write offs during the year (2018: £nil).

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19) Related party transactions (continued)

	2019	2018
	£'000	£'000
PARENT		
Balance owed at 1 April	2,376	1,472
Payroll services provided to subsidiary companies	29,460	25,990
Receipts taken on behalf of group companies	(30,359)	(31,458)
Payments made on behalf of group companies	8,217	10,878
Intercompany transfer from Welmede	(11,570)	(9,544)
Recharges of head office costs	4,729	5,038
Balance due at 31 March	2,853	2,376

20) Post Balance Sheet Events

Sale of Byfleet House & 2 Guildford Road

On 2nd April 2019 the sale of Byfleet House was completed. The sales value was £2.65m and generated a surplus on disposal of £1.41m.

Debt Equalisation

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward.

In order to achieve this, Welmede has written off the debt due to Avenues East (£94k) and from the parent entity (£915k) and gifted an additional amount of £197k to Avenues South East and gifted £1,679k to the parent. The parent has then written off the following amounts due from subsidiary undertakings.

20) Post Balance Sheet Events

Intra-group debt written off £'000

	By Welmede	By Parent
Avenues London	-	2,668
Avenues South East	-	83
Avenues East	(94)	829
Parent	915	(915)

After this change the net assets of the subsidiaries (excluding any 2019/20) result are:

	£'000
Avenues London	487
Avenues South East	100
Avenues East	82
Welmede	1,257