

COMPANY NUMBER: 3923486
CHARITY NUMBER: 1079576

THE AVENUES TRUST
(A Company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

**THE AVENUES TRUST
FOR THE YEAR ENDED 31 MARCH 2007**

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THE AVENUES TRUST
GENERAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2007

COMMITTEE OF MANAGEMENT	C Homden	Chair
	J Clough	Treasurer (resigned 25/7/06)
	E Brazil	
	B Styles	
	P Marais	
	N Ishmael	(resigned 25/7/06)
	P Waugh	
	F Newman-Taylor	
	K Goddard	
	T Broadhurst	
	J Howland	(resigned 25/7/06)
	S Price	(resigned 25/7/06)
	C MacKenzie	(resigned 25/7/06)
	S Wakeford	
	F Spencer	

I Queenan	(Joined 7/11/06)
A Nicholson	(Joined 7/11/06)
S Humphreys	(Joined 6/2/07)

SENIOR STAFF	Steve James	Chief Executive
	Diane Walker	Director of Corporate Affairs
	Jayne Kilgallen	Director of Operations
	Amanda Aldridge	Director of Service Strategy
	Jo Land	Director of HR (Joined 1/4/06)

CHARITY REGISTRATION NUMBER 1079576

PRINCIPAL SOLICITORS Maclay Murray and Spens
151 St. Vincent Street
Glasgow G2 5NJ

PRINCIPAL BANKERS Barclays Bank
167 High Street
Bromley
Kent BR1 1NL

REGISTERED OFFICE River House
1 Maidstone Road
Sidcup
Kent DA14 5TA

AUDITORS Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London

EC4Y 8EH

THE AVENUES TRUST TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2007

The Trustees are pleased to present their report and audited financial statements for the year ended 31 March 2007. The financial statements have been prepared under the historical cost basis of accounting, the Memorandum and Articles of Association, and in accordance with applicable accounting standards, and the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005).

Legal and Administrative Information

The Avenues Trust is a registered charity, which is constituted as a company limited by guarantee. The names of the members of the Committee of Management are listed on page 1. The members of the Committee of Management, who for the purposes of charity law are the trustees of the charity, are appointed by the members of the company.

The Trust has this year been joined by Southwark Home Care who became a wholly owned subsidiary of The Avenues Trust on 1st August 2006. Southwark Home Care is also a registered charity, constituted as a company limited by guarantee. Members of Southwark Home Care's committee are made up of Members of The Avenues Trust, who are also trustees of the charity and are appointed by the Members of The Avenues Trust.

Structure, Governance and Management

Organisation

The Avenues Trust and Southwark Home Care ends the financial year 2006/07 providing services to approximately 235 people in registered homes and supporting a further 685 users in their own homes. Our users have learning disabilities and mental health issues.

Governance

The Avenues Trust Committee of Management meets quarterly to review the Trust's work and monitor progress. The Trust's Business plan is set by the trustees once every three years and Trustees meet once a year to review the strategic plans and the overall performance of the Trust.

The Trust has a Corporate Affairs Sub Committee, an Operational Sub Committee, a Human Resource Sub Committee and a Remuneration Committee, all of which are made up from members from the main committee of trustees. The 3 sub-committees meet quarterly and the Remuneration Committee annually. In addition, the Trust has an Ethics Panel which meets as required to review and make decisions which involve ethical matters in relation to service provision. This panel is made up of individual trustees and also other individuals.

The Sub-Committees have specific terms of reference relating to the areas of operations within the organisation that they represent, each with responsibility for areas of internal control, legislative compliance, risk management and health and safety. Each Sub-Committee reports into the main committee of trustees and key decisions are ratified as required.

Southwark Home Care joined with Avenues this year and has a committee made up of members from the main committee of the Avenues Trust. This committee meets every six weeks.

The Trustees take guidance from the Charity Commission, its auditors and the Commission for Social Care Inspectorate in managing risk, identifying areas of risk and implementing processes and controls to mitigate that risk.

The Trustees continue to progress their new governance framework recruiting a further three Trustees to its committee this year with specific expertise in health and social care and commercial awareness, and in strengthening the support role of the Company Secretary.

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The Trustees delegate the day to day running of the Trust to the Chief Executive and his Management Team. The team is made up of four Directors with individual responsibilities for specific areas of the Trust's operations and joint responsibility for the implementation of the strategic plans. The Directors report into their respective sub-committees and into the main committee of Trustees along with the Chief Executive.

Chief Executive

The Chief Executive of The Avenues Trust is responsible for the day to day management of the Charity's affairs and for implementing policies agreed by the committee of Trustees. The Chief Executive is assisted by a group of executives and senior managers.

The Chief Executive of Southwark Home Care is responsible for the day to day management of the charity's affairs, working closely with the Director of Operations for The Avenues Trust and reporting into the committee of Southwark Home Care, who in turn report into the main committee of The Avenues Trust. The Chief Executive of Southwark Home Care is supported by the central functions led by the executives of The Avenues Trust.

Statement of Trustees' Responsibilities and Governance

The Trustees are responsible for their annual report, and for the preparation of financial statements for each financial year which give a true and fair view of the incoming resources and the application of resources of the Charity and Group during the year, and of the state of affairs as at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- ensure that the most suitable accounting policies are established and applied consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in operation.

The Trustees have overall responsibility for ensuring that the group has appropriate systems and controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the group is operating efficiently and effectively;
- all assets are safeguarded against unauthorised use or disposition and are properly applied;
- proper records are maintained and financial information used within the group, or for publication, is reliable;
- the group complies with relevant laws and regulations.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. The Trustees have each taken all the steps that we ought to have taken as Committee in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Corporate Governance

Internal controls and procedures for all forms of commitment and expenditure are under constant review to improve efficiency. The group's activities are monitored against performance targets and management information is provided and reviewed regularly by the Executive and Senior Management and the Committee of Management of the group.

Key performance indicators focus on length and retention of contracts, the funding of or minimisation of voids, quality assurance led service delivery indicators including individual plans, incidents and compliments and complaints and employment led indicators for work-life balance, recruitment check requirements and benefits from learning and development investment.

Systems are in place to provide the best possible assurance against material misstatement or loss including:

- A business plan and annual budget
- Regular financial and management performance reporting
- Delegation of day to day management decision making and segregation of duties and identification and management of risks

Risk Management

The Trustees of The Avenues Trust have introduced a formal risk management process and risk register which involves continuous review of the risk identified and those emerging, their potential impact and means of mitigation. This process has now been extended to Southwark Home Care whose own committee of Trustees review regularly and the group's amalgamated register is presented to the main committee of The Avenues Trust quarterly.

OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE CHARITY

Objects

The charitable objects of the trust are to support and promote the intellectual, emotional, physical and spiritual welfare of children, young people, elderly people and adults with learning disabilities, special needs, physical disabilities, sensory impairments, mental illness and mental health needs. This is achieved by providing high quality individually based services meeting the unique needs of its service users. Avenues is rooted in the communities it serves. All our services emphasise social inclusion and are organised on a domestic scale. The needs, wishes and aspirations of service users drives our approach.

Southwark Home Care's charitable objects are to relieve the needs of those persons who are elderly, infirm, disabled or otherwise and although these objects focus primarily on persons who are elderly, they also align closely with The Avenues Trust in their support of people with disabilities or otherwise in need of the provision of home care services.

The governing instrument for The Avenues Trust and Southwark Home Care is their respective Memorandum and Articles of Association.

ACHIEVEMENTS AND PERFORMANCE

In the last financial year the Avenues Trust has continued to deliver its twin aims of increasing the quality of the service it provides together with delivering controlled growth.

We have rolled out specific service programmes to improve quality through the introduction of person centred active support within our learning disability services. This emphasises opportunity and

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personal growth for individuals we support. The creation of the Avenues Academy enables us to deliver one of the most comprehensive learning and development programmes in the sector, concentrating on skills training, leadership and management up to and including the delivery of MBA's. We have a continued commitment to sports and active lifestyles within our services, seeing this as an important part of people's lives.

Turning to development opportunities, we have collaborated with a number of third sector organisations to deliver new services within the geographical area in which we operate, and have on occasions been contracted to deliver support services e.g. human resources and workforce planning. Avenues was delighted to welcome Southwark Home Care which joined the organisation in the year, expanding through its delivery of quality home care services, both the breadth of service Avenues delivers and our geographical coverage. Southwark Home Care has also expanded further into Lambeth and has continued to receive good CSCI reports and their work with the OASIS team is recognised in a good report from the London Borough of Southwark Scrutiny Committee, all of which strengthens Southwark Home Care's reputation and that of the group as a whole. All the preparatory work to deliver services for young people over 14 years has now been completed and we look forward to delivering high quality services in the new financial year.

Finally we were delighted to welcome as Trustees Andrew Nicholson, Ian Queenan and Stephen Humphreys to further strengthen the governance of the Avenues Trust. Ian Queenan has also joined the main committee of Southwark Home Care.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Review of the activities and achievements in the past year

The Avenues Trust is very pleased that Southwark Home Care, a quality home care provider based in inner London joined the organisation, allowing us to expand the breadth of our service and our geographical area of operation. We have also grown our core business of providing services for people with learning disabilities, particularly through the provision of individualised services meeting particular needs. Despite the past year being one of continued financial stringency, we have achieved significant advances in the quality of service we provide and in our ability to provide evidence of our progress to key stakeholders.

Restricted Fund

During the financial year 2006/07 Avenues was awarded grants in total of £14,779 from Learning Disability Development Fund in Kent for the Avenues to Challenge project, with the aim of benefiting local people with learning disabilities and challenging behaviour. £7,000 of this total relates to the next financial year 2007/08 which is being carried forward.

Avenues had brought forward reserves of £22,920 from 2005/06 relating to the Avenues to Challenge project and £31,013 relating to the Orchard Hill project.

Costs relating to the Avenues to Challenge project as at 31 March 2007 were £46,411 leaving a deficit (excluding the £7,000 grant for 2007/08) of £15,712. This deficit has been cleared by a transfer from unrestricted funds.

Costs relating to the Orchard Hill project as at 31 March 2007 were £38,284 leaving a deficit of £7,270. This deficit has also been cleared by a transfer from unrestricted funds.

Review of the transactions and financial position of the Trust

The Statement of Financial Activities on page 9 shows that total resources expended was 23.3% greater than last year. This was largely due to the one off expenditure on reserve funded projects for new initiatives, new supported living services at Upper Dane and Locksbottom and lower than

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anticipated annual uplifts on average, across all care service agreements. Income generated for the year increased by 20.4% to £21.4m compared with last year. Income over expenditure has resulted in a surplus of £42,189 within the year before pension reserve adjustment.

The surplus including pension reserve adjustment of £87,000 shows a total of £129,189. This is then increased by a further pension reserve adjustment, actuarial loss of £58,000, giving a final surplus of £187,189.

Subsidiaries

The charity has a subsidiary, Avenues Consultancy and Training Services Limited (ACTS), which is a company limited by guarantee, company number 03871131. This was dormant during the year.

The Charity also has a wholly owned subsidiary which joined Avenues in August of this year. Southwark Home Care is a registered Charity and company limited by guarantee, company number 4053818.

FINANCIAL MANAGEMENT POLICIES

Reserves policy and position

Free reserves available for use by the group are deemed to be those that are readily realisable, less funds whose uses are restricted or else designated for particular purposes.

As a matter of policy, each year the Trustees review the value of the reserves retained in the form of investments, cash and cash equivalents not held for restricted purposes or designated projects. The Committee of management consider the group's exposure to major risks in terms of their likely impact on its income sources and planned expenditure in the short to medium term, as well as the best way to mitigate such risks.

The major financial risk that the organisation faces is a decline in care service agreements and residential charges receivable for a major contract. The impact of this would be the loss of income to support the cost of any residual management and administration staff that remain. Also, there is a risk of losing income through higher than expected voids (empty bed spaces).

The trustees have examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. The trustees agree that the target for free reserves should be held at an appropriate level so as to cover any exceptional operating expenditure or potential void losses that may occur in any one financial year.

The level of free reserves held as at 31 March 2007 was £ 608,788 (2006: £358,036). The figure for free reserves excludes the pension adjustment, as this does not affect the calculation.

The level of designated reserves held as at 31 March 2007 was £91,526 (2006: £380,547). This represents the funds carried forward for investment in Information Technology.

The annual value of designated reserves will be decided based on key projects and any property investment to support the furtherance of the aims and objectives of the Charity.

The level of restricted funds held as at 31 March 2007 was £7,000 (2006: £53,933).

INVESTMENT POLICY AND PERFORMANCE

The Avenues Trust is reviewing its investment policy to incorporate the addition of Southwark Home Care and to provide a separate policy within Southwark Home Care for the Trustees to monitor.

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In the last financial year; an additional designated reserve of £150,000 is being set aside for investment in Information Technology to deliver specific targets for the improvement of communications and efficiencies across the organisation.

EMPLOYEES

This year has been a year of developing our systems and IT infrastructure within HR, Payroll and Learning and Development in line with the organisation's ICT strategy. We have worked closely with our selected provider of an integrated HR information system to ensure that we can meet the organisation's requirements for management information and external expectations for reporting both now and in the future.

We have invested in the assessment and development of our Managers ensuring that they have the right skills and competences to deliver high quality services and are best placed to meet the growing demands placed upon this complex role. Combined with our reward strategies for House Managers, we are now benefiting from improved recruitment and retention.

During this year we have welcomed Southwark Homecare's employees to the Avenues Group and have been working hard to integrate our processes, policies and procedures. We have already extended some HR services and benefits to Southwark Homecare employees and plan to offer more during the coming year.

FUTURE PLANS

Our most exciting development to be delivered in the next year relates to the provision of services for young people over 14. We have undertaken extensive planning and preparation for this initiative and are confident that we will be providing services in the next financial year, in an area of significant and expanding need. We also hope to build on our success in Southwark Home Care to expand our home care services as well as continuing to develop individualised services for people with learning disabilities and mental health problems. We will continue to invest in our infrastructure, being able to assess the quality of service we provide and to provide evidence of our improvement to key stakeholders. As part of our initiative to promote our individualised services we will be more prominent in the markets in which we operate through improved external communications which will be twinned with a developing fundraising capacity.

All in all, the Avenues Trust group is well placed both in terms of its service provision and organisational infrastructure to take advantage of the significant opportunities that exist in the health and social care sector at present.

Approved by the committee on
and signed on their behalf by

Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE AVENUES TRUST

We have audited the charity and group financial statements of The Avenues Trust for the year ended 31 March 2007 (the "financial statements") which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes set out on pages 14 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the Trustees Annual Report is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Committee. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the group as at 31 March 2007 and of incoming resources and application of resources, including income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
Date

St Bride's House
10 Salisbury Square
London EC4 8EH

THE AVENUES TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income & expenditure account)
FOR THE YEAR ENDED 31 MARCH 2007

	Notes	General Funds £	Designated Funds £	Pensions Reserve £	Restricted Funds £	Total 2007 £	<i>Total 2006 £</i>
INCOMING RESOURCES							
Incoming resources from generated funds:							
Voluntary income							
Donations		953	-	-	-	953	779
Resources acquired on entry of Southwark Home Care to the group		491,556	-	-	-	491,556	
Activities for generating income:							
Consultancy and training services		42,253	-	-	-	42,253	98,162
Other income	4	62,317	-	-	-	62,317	61,907
Investment income							
Investment income	5	66,873	-	-	-	66,873	21,106
Incoming resources from charitable activities:							
Care Service agreements		20,116,512	-	-	-	20,116,512	16,960,906
Residents charges receivable		593,768	-	-	-	593,768	567,394
Grants		-	-	-	14,779	14,779	64,808
Other Incoming resources	4	87,684	-	(5,000)	-	82,684	55,435
Total Incoming Resources	2	<u>21,461,916</u>	<u>-</u>	<u>(5,000)</u>	<u>14,779</u>	<u>21,471,695</u>	<u>17,830,497</u>
RESOURCES EXPENDED							
Cost of generating funds:							
Consultancy and training services		31,267	-	-	-	31,267	72,640
Charitable activities by objective:							
Provision of Care		20,825,027	470,193	(92,000)	84,694	21,287,914	17,226,916
Governance costs:		<u>23,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,325</u>	<u>14,601</u>
Total Resources Expended	3	<u>20,879,619</u>	<u>470,193</u>	<u>(92,000)</u>	<u>84,694</u>	<u>21,342,506</u>	<u>17,314,157</u>
Net incoming resources for the year	6	582,297	(470,193)	87,000	(69,915)	129,189	516,340
Transfers between funds		(204,154)	181,172	-	22,982	-	
Net incoming resources for the year after Transfers between funds		378,143	(289,021)	87,000	(46,933)	129,189	516,340
Pension scheme actuarial gain/ (loss)	18	-	-	58,000	-	58,000	(44,000)
Net movement in funds, including Pension Reserve		<u>378,143</u>	<u>(289,021)</u>	<u>145,000</u>	<u>(46,933)</u>	<u>187,189</u>	<u>472,340</u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

(Incorporating an income & expenditure account)

FOR THE YEAR ENDED 31 MARCH 2007

Reconciliation of funds						
Balance brought forward as previously stated	828,518	380,547	(332,000)	53,933	930,998	814,658
Prior year notional deficit on Pension Reserve	-	-	-	-	-	(356,000)
Balance brought forward	<u>828,518</u>	<u>380,547</u>	<u>(332,000)</u>	<u>53,933</u>	<u>930,998</u>	<u>458,658</u>
Fund balances carried forward Including Pension Reserve	<u>1,206,661</u>	<u>91,526</u>	<u>(187,000)</u>	<u>7,000</u>	<u>1,118,187</u>	<u>930,998</u>

All income and expenditure relates to continuing operations
There were no recognised gains or losses other than those stated above

The notes on pages 14 to 31 form part of these financial statements.

THE AVENUES TRUST
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	10	597,873	470,482
CURRENT ASSETS			
Debtors	11	2,193,597	747,995
Cash at bank and in hand		<u>5,195,384</u>	<u>913,997</u>
		7,388,981	1,661,992
CREDITORS falling due within one year	12	<u>(6,681,667)</u>	<u>(869,476)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>707,314</u>	<u>792,516</u>
NET ASSETS EXCLUDING PENSION LIABILITY		1,305,187	1,262,998
Pension scheme liability	18	<u>(187,000)</u>	<u>(332,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>1,118,187</u>	<u>930,998</u>
FUNDS			
Unrestricted fund:			
General fund		1,206,661	828,518
Designated fund		<u>91,526</u>	<u>380,547</u>
		1,298,187	1,209,065
Restricted fund		<u>7,000</u>	<u>53,933</u>
TOTAL FUNDS BEFORE PENSION LIABILITY		1,305,187	1,262,998
Pension scheme funding reserve	18	<u>(187,000)</u>	<u>(332,000)</u>
TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE		<u>1,118,187</u>	<u>930,998</u>

The financial statements were approved by the Committee of Management on and were signed on its behalf by:

Member of the Committee

The notes on pages 14 to 31 form part of these financial statements.

**BALANCE SHEET
AS AT 31 MARCH 2007**

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	10	591,659	470,482
CURRENT ASSETS			
Debtors	11	1,358,842	747,995
Cash at bank and in hand		<u>3,096,654</u>	<u>913,997</u>
		4,455,496	1,661,992
CREDITORS falling due within one year	12	<u>(4,228,480)</u>	<u>(869,476)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>227,016</u>	<u>792,516</u>
NET ASSETS EXCLUDING PENSION LIABILITY		818,675	1,262,998
Pension scheme liability	18	<u>(187,000)</u>	<u>(332,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>631,675</u>	<u>930,998</u>
FUNDS			
Unrestricted fund:			
General fund		720,149	828,518
Designated fund		<u>91,526</u>	<u>380,547</u>
		811,675	1,209,065
Restricted fund		<u>7,000</u>	<u>53,933</u>
TOTAL FUNDS BEFORE PENSION LIABILITY		818,675	1,262,998
Pension scheme funding reserve	18	<u>(187,000)</u>	<u>(332,000)</u>
TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE		<u>631,675</u>	<u>930,998</u>

The financial statements were approved by the Committee of Management on and were signed on its behalf by:

Member of the Committee

The notes on pages 14 to 31 form part of these financial statements.

THE AVENUES TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007		2006	
		£	£	£	£
Net cash inflow/(outflow) from operating Activities	19(a)		4,498,316		(106,007)
Returns on investments and servicing of finance:					
Interest received		77,567		20,848	
Interest paid		(9,140)		(10,272)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			68,427		10,576
Capital expenditure:					
Purchase of tangible fixed assets		<u>(285,356)</u>		<u>(223,797)</u>	
Net cash outflow from capital expenditure			<u>(285,356)</u>		<u>(223,797)</u>
Net cash inflow/(outflow) before Financing			4,281,387		(319,228)
Financing:					
Credit Agreements for Vehicles			-		<u>(4,802)</u>
(Decrease)/Increase in cash in the year	19(b)		<u>4,281,387</u>		<u>(324,030)</u>

The notes on pages 14 to 31 form part of these financial statements

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards and the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 1985.

b) Basis of Consolidation

The financial statements consolidate the accounts of The Avenues Trust and its subsidiary Southwark Home Care. All intra group transactions have been eliminated on consolidation.

Control of Southwark Home Care passed to Avenues Trust on the 1 August 2006 for nil consideration. The assets and liabilities of Southwark Home Care were recorded at their fair value at the date of passing of control and required no adjustment.

c) Incoming Resources

Income represents service agreement grants, rental income, donations, management and consultancy fees and is accounted for on a receivable basis.

d) Fixed Assets and Depreciation

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

Computer equipment	20% - 25% per annum on cost
Office equipment	15% per annum on cost
Furniture, fixtures and fittings	15% - 25% per annum on cost
Furniture, fixtures and fittings, River House	10% per annum on cost (Over term of lease)
Vehicles, specialist equipment	15% per annum on cost
Vehicles	25% per annum on cost

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

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

e) Pension Costs

The cost of providing retirement pensions and related benefits is charged to expenditure over the periods benefiting from the employee's services.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES (Continued)

f) Hire purchase and leases

Operating lease rental costs are charged to the income and expenditure account on a straight-line basis over the period of the lease.

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and the cost less estimated residual value depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

g) 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.

Charitable activities include direct costs and overheads. The allocation of overhead expenses is made on the basis of time spent on direct charitable activities, support activities and activities relating to management and administration.

Governance costs include those incurred in the governance of the charity and are primarily associated with constitutional and statutory requirements.

h) 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 charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of the designated fund is set out in the notes to the financial statements.

Restricted funds are subject to specific restrictions imposed by donors. These funds are accounted for separately and are only available to be used for specific purposes.

2. INCOMING RESOURCES	2007	2006
	£	£
Contracts and Service agreements	20,116,512	16,960,906
Resources acquired on entry of Southwark Home Care to the group	491,556	-
Residents charges receivable	593,768	567,394
Consultancy and training services	42,253	98,162
Grants	14,779	64,808
Donations	953	779
Investment income	66,873	21,106
Other income (See note 4)	145,001	117,342
	<u>21,471,695</u>	<u>17,830,497</u>

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Care costs Staff £'000	Care costs Other £'000	Support Costs Staff £'000	Support Costs Other £'000	Depreciation £'000	2007 Total £'000	<i>2006 Total £'000</i>
Cost of generating funds:							
Consultancy and training services	-	-	17,492	13,775	-	31,267	<i>72,640</i>
Charitable Expenditure:							
Costs of activities in furtherance of the charity's objectives:							
Care costs	15,145,325	3,505,067	1,087,076	838,645	156,914	20,733,027	<i>17,172,319</i>
ICT Projects	-	-	-	194,180	-	194,180	<i>14,294</i>
Management Academy	-	-	54,279	17,065	-	71,344	-
Total Reward	-	-	10,986	47,272	-	58,258	-
NVQ Centre	-	-	45,240	12,599	-	57,839	-
Communications	-	-	18,464	21,452	-	39,916	-
PCAS Project	-	-	21,149	27,207	-	48,356	-
Sports	-	-	-	300	-	300	-
Challenging Behaviour project	-	-	34,401	12,010	-	46,411	<i>30,008</i>
Orchard Hill project	-	-	38,146	137	-	38,283	<i>10,295</i>
	<u>15,145,325</u>	<u>3,505,067</u>	<u>1,309,741</u>	<u>1,170,867</u>	<u>156,914</u>	<u>21,287,914</u>	<i><u>17,226,916</u></i>
Governance costs	-	-	-	23,325	-	23,325	<i>14,601</i>
Total resources expended	<u>15,145,325</u>	<u>3,505,067</u>	<u>1,327,233</u>	<u>1,207,967</u>	<u>156,914</u>	<u>21,342,506</u>	<i><u>17,314,157</u></i>

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

4. OTHER INCOME	2007	<i>2006</i>
	£	£
Activities for generating income:		
Rent receivable from property letting	26,249	<i>27,745</i>
Recharge of IT equipment	668	<i>31,194</i>
Sundry income	24,043	<i>2,968</i>
NVQ Training funding	2,067	<i>-</i>
Funding for compensation payments	9,290	<i>-</i>
	<u>62,317</u>	<i><u>61,907</u></i>
 Incoming resources from charitable activities:		
Pension funding receivable from purchasers	87,684	<i>68,435</i>
Net return on assets (see note 18)	<u>(5,000)</u>	<i><u>(13,000)</u></i>
	<u>82,684</u>	<i><u>55,435</u></i>
 5. INTEREST RECEIVABLE		
Bank interest receivable	<u>66,873</u>	<i><u>21,106</u></i>
 6. NET INCOMING RESOURCES		
The net incoming resources is stated After charging:		
Depreciation of tangible fixed assets on owned assets	156,914	<i>131,851</i>
Auditors' remuneration (Including VAT) for audit services	23,325	<i>14,601</i>
Auditors' remuneration non audit fees	-	<i>-</i>
Operating lease charges for motor vehicles and equipment	<u>285,019</u>	<i><u>197,226</u></i>

7. TAXATION

The company and its subsidiary have charitable status and therefore are not subject to Corporation Tax on surpluses derived from charitable activities.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

8. TRUSTEES' REMUNERATION

The trustees are the directors of the company. No remuneration or pension contributions were paid to the directors of the company (the Committee of Management). This year 2007: 3 (2006: 2) Trustees were reimbursed £ 426 (2006: £394) for travel expenses. £ 1,890 (2006: £1,890) was paid for Trustee indemnity insurance during the year.

The remuneration of the Chief Executive, who is not a trustee, was:

	2007 £	2006 £
Emoluments (including pension contributions and benefits in kind)	<u>95,000</u>	<u>92,172</u>
Pension contributions paid	<u>13,230</u>	<u>11,172</u>
Total expenses re-imbursed not chargeable to UK income tax	<u>3,811</u>	<u>7,574</u>
The number of employees whose emoluments exceeded £60,000 were:	No.	No.
£60,001 - £80,000	3	2
£80,001 - £90,000	-	-
£90,001 - £100,000	<u>1</u>	<u>1</u>
The pension contributions paid to employees whose remuneration exceeds £60,000 (including the Chief Executive)	£	£
£60,001 - £80,000	17,348	12,006
£80,001 - £90,000	-	-
£90,001 - £100,000	<u>13,230</u>	<u>11,172</u>

9. EMPLOYEES

The average full time equivalent number of persons (including the Chief Executive) employed during the year was:

Office staff	78	55
Care staff	683	453
Whole time equivalent number of part-time support staff	<u>101</u>	<u>105</u>
	<u>862</u>	<u>613</u>

	£	
Staff costs		
Wages and salaries	14,751,846	11,930,780
Social security costs	1,237,095	990,163
Other pension costs	<u>414,977</u>	<u>365,508</u>
	<u>16,403,918</u>	<u>13,286,451</u>

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

10. TANGIBLE FIXED ASSETS

COMPANY:

	Furniture and Office Equipment £	Motor Vehicles £	Total £
Cost			
At 1 April 2006	1,183,852	138,608	1,322,460
Additions	275,997	-	275,997
Disposals	-	(117,074)	(117,074)
At 31 March 2007	<u>1,459,849</u>	<u>21,534</u>	<u>1,481,383</u>
Depreciation			
At 1 April 2006	713,370	138,608	851,978
Charge for year	154,820	-	154,820
Disposals	-	(117,074)	(117,074)
At 31 March 2007	<u>868,190</u>	<u>21,534</u>	<u>889,724</u>
Net book value			
At 31 March 2007	<u>591,659</u>	<u>-</u>	<u>591,659</u>
<i>At 31 March 2006</i>	<u>470,482</u>	<u>-</u>	<u>470,482</u>
NBV of assets held under hire purchase	<u>-</u>	<u>-</u>	<u>-</u>

GROUP:

	Furniture and Office Equipment £	Motor Vehicles £	Total £
Cost			
At 1 April 2006	1,183,852	138,608	1,322,460
Additions	285,356	-	285,356
Disposals	-	(117,074)	(117,074)
At 31 March 2007	<u>1,469,208</u>	<u>21,534</u>	<u>1,490,742</u>
Depreciation			
At 1 April 2006	713,370	138,608	851,978
Charge for year	157,965	-	157,965
Disposals	-	(117,074)	(117,074)
At 31 March 2007	<u>871,335</u>	<u>21,534</u>	<u>892,869</u>
Net book value			
At 31 March 2007	<u>597,873</u>	<u>-</u>	<u>597,873</u>
<i>At 31 March 2006</i>	<u>470,482</u>	<u>-</u>	<u>470,482</u>

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

11. DEBTORS

	Company		Group	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year				
Revenue grants receivable	870,539	410,544	870,539	410,544
Fees receivable	-	-	829,378	-
Rental debtors	71,968	21,040	71,968	21,040
Other debtors	13,307	10,239	13,307	10,239
Intercompany debtor – Southwark Home Care	1,583	-	-	-
Prepayments and accrued income	401,445	306,172	408,405	306,172
	<u>1,358,842</u>	<u>747,995</u>	<u>2,193,597</u>	<u>747,995</u>

12. CREDITORS

	Company		Group	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year:				
Trade creditors	583,852	195,311	630,168	195,311
Other taxation and social security payable	355,428	299,678	402,317	299,678
Other creditors	306,046	244,979	318,611	244,979
Pension indemnity bond	-	-	203,000	-
Accruals and deferred income	2,983,154	129,508	3,242,145	129,508
Payments in Advance	-	-	1,885,426	-
	<u>4,228,480</u>	<u>869,476</u>	<u>6,681,667</u>	<u>869,476</u>

Other creditors include £ 199,710 (2006: £168,801) held on behalf of Avenues Trust's clients. This is not utilised for cash flow management.

The pension indemnity Bond related to Southwark Home Care's previous pension scheme which is no longer required and has been paid after the year end.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

13. STATEMENT OF FUNDS

COMPANY:

	<i>At 1 April 2006</i>	Income	Expenditur e	Gains / Losses Transfers	At 31 March 2007
	£	£	£	£	£
Unrestricted fund:					
General reserve	828,518	19,338,564	19,242,779	(204,154)	720,149
Designated fund					
ICT projects	135,706	-	194,180	150,000	91,526
Management Academy	61,794	-	71,344	9,550	-
Total Reward	16,400	-	58,258	41,858	-
NVQ Centre	121,647	-	57,839	(63,808)	-
Communications	45,000	-	39,916	(5,084)	-
PCAS Project	-	-	48,356	48,356	-
Sports	-	-	300	300	-
Restricted fund:					
Challenging behaviour 2	22,920	7,779	46,411	15,712	-
Challenging behaviour 3	-	7,000	-	-	7,000
Orchard Hill	31,013	-	38,283	7,270	-
	<u>1,262,998</u>	<u>19,353,343</u>	<u>19,797,666</u>	<u>-</u>	818,675
Pension fund	<u>(332,000)</u>	<u>(5,000)</u>	<u>(92,000)</u>	<u>58,000</u>	(187,000)
	<u>930,998</u>	<u>19,348,343</u>	<u>19,705,666</u>	<u>58,000</u>	631,675

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

13. STATEMENT OF FUNDS CONTINUED

GROUP:

	<i>At 1 April 2006</i>	Income	Expenditur e	Gains / Losses Transfers	At 31 March 2007
	£	£	£	£	£
Unrestricted fund:					
General reserve	828,518	21,461,916	20,879,619	(204,154)	1,206,661
Designated fund					
ICT projects	135,706	-	194,180	150,000	91,526
Management Academy	61,794	-	71,344	9,550	-
Total Reward	16,400	-	58,258	41,858	-
NVQ Centre	121,647	-	57,839	(63,808)	-
Communications	45,000	-	39,916	(5,084)	-
PCAS Project	-	-	48,356	48,356	-
Sports	-	-	300	300	-
Restricted fund:					
Challenging behaviour 2	22,920	7,779	46,411	15,712	-
Challenging behaviour 3	-	7,000	-	-	7,000
Orchard Hill	<u>31,013</u>	<u>-</u>	<u>38,283</u>	<u>7,270</u>	<u>-</u>
	<u>1,262,998</u>	<u>21,476,695</u>	<u>21,434,506</u>	<u>-</u>	<u>1,305,187</u>
Pension fund	<u>(332,000)</u>	<u>(5,000)</u>	<u>(92,000)</u>	<u>58,000</u>	<u>(187,000)</u>
	<u>930,998</u>	<u>21,471,695</u>	<u>21,342,506</u>	<u>58,000</u>	<u>1,118,187</u>

The general reserve represents the free funds of the group which are not designated for particular purposes.

The purpose of the ICT project is to review, tender and purchase improved database software to aid the group's growth, development and reporting requirements. The initial £150,000 designated fund was set aside to complete the review and tender phase of the project, the additional £150,000 set aside is to complete the purchase and implementation of the systems. The project is due for completion on 1st August 2007.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

COMPANY:	Restricted Fund £	Unrestricted Fund £	Total £
Fund balances at 31 March 2007 are represented by:			
Tangible fixed assets	-	591,659	591,659
Current assets	7,000	4,448,496	4,455,496
Current liabilities	-	(4,228,480)	(4,228,480)
TOTAL FUNDS BEFORE PENSION LIABILITY	7,000	811,675	818,675
Pension scheme funding reserve	-	(187,000)	(187,000)
TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE	7,000	624,675	631,675

GROUP:	Restricted Fund £	Unrestricted Fund £	Total £
Fund balances at 31 March 2007 are represented by:			
Tangible fixed assets	-	597,873	597,873
Current assets	7,000	7,381,981	7,388,981
Current liabilities	-	(6,681,667)	(6,681,667)
TOTAL FUNDS BEFORE PENSION LIABILITY	7,000	1,298,187	1,305,187
Pension scheme funding reserve	-	(187,000)	(187,000)
TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE	7,000	1,111,187	1,118,187

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

15. OPERATING LEASE COMMITMENTS

At 31 March 2007 the trust had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£	£
<u>Land and Buildings</u>		
Expiry date:		
Within one year	-	14,202
Between two and five years	312,210	10,000
Over five years	-	198,591
	312,210	202,793
<u>Other Assets</u>		
Expiry date:		
Within one year	29,477	19,508
Between two and five years	232,677	174,357
	262,154	193,865

16. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date except as noted in the pension obligations note 18.

17. INVESTMENTS POLICY AND POSITION

The organisations current investments policy is to place money overnight in a Treasury account earning interest at the money market rates at the time of placement. This policy will be reviewed in line with the development of accumulated reserves to ensure the best possible level of return.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18. PENSION OBLIGATIONS

The company makes contributions to four schemes to provide pensions for its employees. Details of these are set out below.

The Pension Trust – Social Housing Pension Scheme

The Avenues Trust participates in the Social Housing Pension Scheme (SHPS). Administered by the Pensions Trust. SHPS are a multi-employer defined benefit scheme in which 6 Avenues trust employees (2006: 6) participate. The total cost for the Trust in the year was £ 38,183 (2006: £33,791). The Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007 The Avenues Trust has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members.

The Trustee commissions an actuarial valuation of the scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, The Avenues Trust paid contributions at the rate of 14.7%. Member contributions varied between 3.1% and 6.1% depending on their age.

As at the balance sheet date there were 6 active members of the Scheme employed by The Avenues Trust. The Avenues Trust has closed the Scheme to new entrants.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation showed a shortfall of assets compared to liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,515 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £235 million, equivalent to a past service funding level of 87%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18. PENSION OBLIGATIONS CONTINUED

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% per annum
Investment return pre retirement	7.2
Investment return post retirement	4.8
Rate of salary increases to 30/09/2010	5.0
Rate of salary increases from 01/10/2010	4.0
Rate of pension increases	2.5
Rate of price inflation	2.5

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual based on a 1/60th accrual rate were assessed at 17.1%

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following the consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

With effect from 1 April 2007 the employer and employee rates for The Avenues Trust will be 6.4% to 8.4% and 17.1% respectively.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate.

Employers that have closed the Scheme to new entrants including The Avenues Trust are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHSP Scheme.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

The next full actuarial valuation will be carried out at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18. PENSION OBLIGATIONS CONTINUED

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers.

The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

At this time The Avenues Trust has no plans to cease participating in the scheme and the trustees of the scheme have advised that there are no plans to wind up the scheme.

Kent County Council

Kent County Council operates a funded, defined benefit scheme in which 11 Avenues Trust employees (2006: 11) participate. The scheme is a final salary scheme. The total pension cost for Avenues Trust was £ 144,833 (2006: £111,860).

The pension cost is assessed in accordance with advice from a qualified actuary using the projected unit method. The latest full actuarial valuation was at 31 March 2004. The next formal valuation date of the fund is 31 March 2007. At the last actuarial valuation date, the market value of the assets of the whole scheme was £1,603 million using the "projected unit credit" method. The valuation revealed a shortfall of assets compared with the value of the liabilities of some £941 million. Contributions rates have been set for employers and employees to eliminate the deficit over the average remaining service lives.

In accordance with the requirements of Financial Reporting Standard 17 Hymans Robertson updated the full actuarial valuation at 31 March 2007. The major assumptions they used for the purpose of calculating the actuarial deficit were:

	2007	2006	2005	2004
	%	%	%	%
Discount rate	5.4	4.9	5.4	5.4
Price increase	3.2	3.1	2.9	2.9
Rate of increase in salaries	4.7	4.6	4.4	4.4
Rate of increase in pensions in payment	3.2	3.1	2.9	2.9

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18. PENSION OBLIGATIONS (CONTINUED)

The actuarial estimate of the fair value of the assets of the scheme attributable to Avenues Trust at 31 March 2006 and present value of the liabilities, along with the expected rates of return on Scheme assets are as follows:

	Expected Return 2007	2007 £000s	Expected Return 2006	2006 £000	Expected Return 2005	2005 £000
	%		%		%	
Equities	7.8	435	7.4	316	7.7	177
Bonds	4.9	77	4.6	56	4.8	34
Property	5.8	63	5.5	40	5.7	26
Cash	4.9	45	4.6	30	4.8	20
Present value of scheme liabilities		620	6.6	442	6.9	257
Net pension scheme liabilities		(807)		(779)		(613)
Net Pension Liability		(187)		(337)		(356)

As a result of the actuarial valuation, The Avenues Trust is contributing to the scheme at the rate of 28.2% of pensionable salary.

The analysis of the amount, which would be charged to the Statement of Financial Activities, is as follows:

Operating Charge

	2007 £000s	2006 £000s
Current service cost	53	32
Past service cost	-	-
Total operating charge	53	32

Other finance income

Expected return on pension scheme assets	34	21
Interest on pension scheme liabilities	(39)	(34)
Net return	(5)	(13)
Net cost	58	45

Gains and losses that would be included in the Statement of Financial Activities under FRS17 are as follows

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18 PENSION OBLIGATIONS (CONTINUED)

	2007	2006
	£000s	£000s
Actual return less expected return on pension scheme assets	(3)	61
Experience gains and losses arising on the scheme liabilities	(2)	1
Changes in assumptions underlying the present value of the scheme liabilities	<u>63</u>	<u>(106)</u>
Actuarial gain/(loss)	<u>58</u>	<u>(44)</u>
Movement in deficit during the year		
Deficit at the beginning of the year	(332)	(356)
Current service cost	(53)	(32)
Employer contributions	145	113
Net return on assets	(5)	(13)
Actuarial gains/(losses)	<u>58</u>	<u>(44)</u>
Deficit at the end of the year	<u>(187)</u>	<u>(332)</u>

History of experienced gains and losses

	2007	2006	2005	2004
Actual return less expected return on pension scheme Assets	(3)	61	10	32
Value of assets	620	447	257	231
Percentage of assets	(0.6%)	13.7%	3.9%	13.9%
Experience gains/(losses) on liabilities	(2)	1	(35)	-
Total present value of liabilities	807	779	613	543
Percentage of the total present value of liabilities	(0.2%)	0.2%	(5.8%)	-
Actuarial gains/(losses) recognised in STRGL	58	(44)	(37)	(3)
Present value of liabilities	807	779	613	543
Percentage of the value of liabilities	7.2%	(5.6%)	(6.1%)	(0.6%)

National Health Service

The NHS operates an unfunded defined benefit scheme for the nursing sector, in which 30 employees (2006:30) of Avenues Trust participate. Avenues Trust is granted permission by the Secretary of State to be able to contribute to the cost of the scheme as a 'Directed Employer'.

The total pension cost for Avenues Trust was £ 82,319 (2006: £87,504). The cost represents the contributions advised by the NHS Pensions Agency. Avenues Trust is not liable for past service costs beyond these contributions. Contributions increased to 14% from 1 April 2005.

Defined Contribution Scheme

Standard Life administers a defined contribution scheme on behalf of 167 employees (2006: 145) the total cost to Avenues Trust for the year was £ 129,779 (2006: £121,320).

The Standard life pension scheme is stakeholder compliant.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18 PENSION OBLIGATIONS (CONTINUED)

As part of the scheme to transfer the home care services and staff and employees from the London Borough of Southwark to Southwark Home Care (the charity), the charity and the administering authority of the Local Government Pension Scheme entered into an agreement to regulate the participation of eligible employees in the scheme subject to the provision of a guarantee bond. An insurance bond for the sum of £ 203,000 was taken out with Zurich GSG Limited for the benefit of the London Borough of Southwark, the amount being actuarially assessed to secure the payment of contribution and other sums due in respect of eligible employees. Currently, Southwark home Care repaid this bond in April 2007 (financial year 2007/08).

The charity contributes to a defined benefit scheme originally set up by the London Borough of Southwark for the benefit of its employees. The scheme is classified as a multi-employer defined benefit scheme as it is not possible to identify the share of underlying assets and liabilities belonging to individual employers.

The transfer of the undertaking on 1 August 2001 by London Borough of Southwark to the charity of its home care services included the attributable pension scheme which is separately administered. The scheme is funded by the payment of contributions to separately administered trust funds.

The pension costs have been determined by means of an actuarial valuation of the London Borough of Southwark Pension Fund. The most recent valuation was as at 31 March 2004 using the project unit method, the results of the valuation being as follows:

Main assumptions:

Rate of return on investments (per annum)	5.2% pa after retirement 6.2% pa before retirement 6.55% pa long term
Rate of pay increases (% per annum)	4.4% pa plus an allowance for promotional increases
Rate of pension increases (per annum)	2.9% pa on pensions in excess of GMPs
Level of funding being actuarial value of assets Expressed as a percentage of the benefits accrued to Members, after allowing for future salary increases	75.5%

Defined Contribution Scheme

Scottish Equitable administers a defined contribution scheme on behalf of 23 employees (2006: 0) the total cost to Southwark Home Care for the year was £ 21,867 (2006: £Nil).

The Scottish Equitable pension scheme is stakeholder compliant.

Legal & General administers a defined contribution scheme on behalf of 2 employees (2006: 0) the total cost to Southwark Home Care for the year was £ 1,724 (2006: £Nil).

Scottish Equitable and Legal & General are both group personal pension schemes.

THE AVENUES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

19. CASH FLOW STATEMENT

(a) Reconciliation of changes in resources to net cash inflow from operating activities:

	2007 £	2006 £
Net Incoming resources before interest and FRS 17 adjustment	(26,238)	437,764
Depreciation charges	157,965	131,851
Decrease/(Increase) in debtors	(1,445,602)	(145,133)
Increase/(Decrease) in creditors	5,812,191	(530,489)
Net cash inflow/(outflow)	<u>4,498,316</u>	<u>(106,007)</u>

(b) Reconciliation of net cash flow to movement in net funds:

Increase/(decrease) in cash in the year	<u>4,281,387</u>	<u>(324,030)</u>
Changes in net funds	4,281,387	(324,030)
Net funds at 1 April 2006	<u>913,997</u>	<u>1,238,027</u>
Net funds at 31 March 2007	<u>5,195,384</u>	<u>913,997</u>

(c) Analysis of changes in net funds

	<i>At</i> <i>1 April</i> 2006 £	Cashflows £	<i>At</i> 31 March 2007 £
Cash at bank and in hand/(Bank overdraft)	<u>913,997</u>	<u>4,281,387</u>	<u>5,195,384</u>
TOTAL	<u>913,997</u>	<u>4,281,387</u>	<u>5,195,384</u>