

**COMPANY NUMBER: 3923486**  
**CHARITY NUMBER: 1079576**

**THE AVENUES TRUST**  
**(A Company Limited by Guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**THE AVENUES TRUST  
FOR THE YEAR ENDED 31 MARCH 2008**

---

<b>Contents</b>	<b>Page</b>
General information	1
Trustees Report	2 – 9
Auditors' Report	10
Consolidated Statement of Financial Activities	11
Consolidated Balance Sheet	12
Charity Balance Sheet	13
Consolidated Cash Flow Statement	14
Notes to the Financial Statements	15 – 30



**THE AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

The Committee of Management are pleased to present their report and audited financial statements for the year ended 31 March 2008. 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).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Structure**

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.

Southwark Home Care is a wholly owned subsidiary of The Avenues Trust and is 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.

### **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 Resources Sub Committee and a Remuneration Committee, all of which are made up of members from the Committee of Management. 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 trustees and also other individuals.

The Sub-Committees have specific terms of reference relating to the areas of operations 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 Committee of Management and key decisions are ratified as required.

Southwark Home Care's committee meets every three months to review the organisation's work and monitor its performance.

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 AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

**Management**

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 Committee of Management along with the Chief Executive.

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 Avenues and reporting into the Committee of Management of Southwark Home Care, who in turn report into the Committee of Management 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.

**THE AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

**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, compliments and complaints, 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, segregation of duties and identification and management of risks.

**Risk Management**

The trustees of The Avenues Trust operate 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 Management review regularly and the group's amalgamated register is presented to the main Committee of Management of The Avenues Trust quarterly.

**OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE CHARITY**

**Objects**

The charitable objects of The Avenues 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 professional, not-for-profit support services to people with complex or challenging needs, supporting them to enjoy their lives within their communities.

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.

**Vision, mission and values**

*Our Vision: what we want*

To deliver services to the individuals we support, placing their needs and hopes first, working with them to enjoy their lives within their communities.

# THE AVENUES TRUST TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008

---

## *Our Mission: our commitment*

To offer the highest quality services to people with complex or challenging needs.

To support people to exercise the greatest possible control over decisions which affect them, and for that control to develop over time.

To apply the highest professional standards to everything we do.

## *Our Values: driving everything we do*

We believe respect is essential: we will always treat people with dignity and, whenever we can, will meet their wishes.

We promote *independence*: we encourage people to make their own choices and decisions.

We are *inclusive*: we actively ask for and listen to everyone's views, then respond with individually-planned support.

We are *transparent* and *accountable*, insisting on *quality*. Our systems and structures support clear and open communication, delivering the highest quality service.

We are committed to *development* and *opportunity*: we believe that personal achievement is fundamental to a person's ability to understand who they are.

## **ACHIEVEMENTS AND PERFORMANCE**

In the year ended March 2008 Avenues has continued to offer both community, home-based support and residential services to over 800 people in London, Cambridge and the south east.

We are now two years into our three year business plan, which has six priorities for Avenues' development:

### *1. The Sustainability and Improvement of Existing Services*

We are delighted to report that we are 1% away from achieving our target of 90% of our services being graded "good" or "excellent" by the Commission for Social Care Inspection. The target of 90% has now been reached in 2008/09.

Person-centred active support (PCAS) is a way of supporting people to take part in meaningful, everyday activities, regardless of their level of disability. It enables people to live more independent, fulfilled lives and is central to Avenues' work supporting people with learning disabilities.

Last year we appointed our own PCAS coordinator who has delivered training to all our senior managers and six pilot services, in partnership with The Tizard Centre at The University of Kent. Active support is now being rolled out across all of our learning disability services. Training has been completed in 12 services and a further 17 services will be trained this year.

### *2. The Involvement of Service Users in the Planning, Delivery, Evaluation and Commissioning of Services*

Involving the people we support in the way we work is one way that we ensure that the services we deliver are truly meeting people's needs. Over the past financial year, there are two particular developments that have enabled us to develop our services in a more tailored way.

**THE AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

The first is the increasing number of services that are finding creative ways to involve the people we support in staff recruitment. Our Service Strategy department has developed and delivered training for our services in creative ways of involving the people we support in staff recruitment. As a result, the number of services (including offices) reporting involving service users in staff recruitment has risen from 16% to 37%. Consequently, we are on track to achieving the target we set ourselves in the business plan of 50% of staff recruitment involving service users by 2009.

The second is the Our Say team, a group of service users who are employed to advise on a range of organisational pieces of work and issues. The team has been consulted by a number of staff teams over the past year including HR, Communications, our Young People's service and Service Strategy.

*3. The Training and Development of Staff*

Our greatest achievement during the course of 2007/08 was the launch of the Avenues Academy, which is 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 a Masters degree in Business Administration (MBA). This has included the first cohort of managers on the tailored management programme, which we run in conjunction with our management training partners.

We have continued to develop an integrated IT system within HR, Payroll and Learning and Development in line with the organisation's ICT strategy. Working closely with Selima, our selected provider, this system means that we can meet our requirements for management information and reporting, as well as streamlining our internal processes and increasing efficiency.

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 and investment in the creation of Deputy House Managers to assist with the running of services, we are now benefiting from improved recruitment and retention.

We continue to recognise the importance of having skilled and competent front line support staff and integral to this is a reward strategy that ensures we can attract and retain the best. We are constantly reviewing our package for staff in line with this strategy and in 2008/09 we have introduced Childcare Vouchers and a health care scheme for staff and their families.

We have continued to integrate Southwark Homecare's employees into Avenues through communications, policies and procedures.

*4. The Effective Management and Use of Financial Resources*

See section on Financial Review and Results for the Year on page 7

**THE AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

*5. Strengthening the Organisation's Governance Arrangements*

In 2007/08 we are pleased to welcome Stephanie Stanwick as a new trustee who brings, amongst other things, considerable experience of the commissioning of services by Primary Care Trusts.

Under the new governance framework, a recruitment process was undertaken in 2007/08 to continue to recruit high quality trustees for Avenues and Southwark Home Care through a system that is open, transparent and conforms to best practice. The success of the recruitment will be reflected in the appointment of new trustees in 2008/09.

New trustees now undertake an induction process designed to equip them with the information and understanding they need to become effective members of the Committee of Management. The induction process involves the provision of an induction pack containing key information about Avenues and Southwark Home Care and an induction programme which enables new trustees to gain a good understanding of the services provided and to meet the Executive Management Team.

*6. The Development of the Business Through Planned Expansion*

In 2007/08 we grew our community support services to people in supported living, and currently offer services in the London boroughs of Bromley, Greenwich and Sutton and Merton, and in East Kent.

Our community support services for people with learning disabilities or mental health issues often offer support 24 hours a day 7 days a week, but support is based on each person's individual needs, so some may only require a few hours a day.

We believe that the demand for supported living services from Avenues will continue to grow, as a number of the people we support are choosing greater independence and, with the move towards direct payments and individualised budgets, will be demanding greater flexibility in the type of service they receive. This is also in line with the demands of commissioners, who are looking for services that offer greater control and independence.

Our most exciting development to be in 2008/09 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.

## **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

### **Review of the activities**

It has been a challenging year financially for Avenues and Southwark Home Care. The results for 2007/08 reflect the following:

- Key developments that were anticipated in 2007/08 such as the re-provisioning of services for Bromley and Sutton were delayed. A considerable amount of time and costs were incurred on these developments without the benefit of a financial contribution. The developments that have been delayed will become operational in 2008/09 in conjunction with new development initiatives; some of which have already been successfully tendered for.
- Voids on existing residential services which are not funded have been higher than anticipated due to the assessment of the needs of the people we support to have a greater level of individualisation. The delivery of such services in the future will provide Avenues with a greater level of flexibility in matching the needs of the people we support with the financial resources required to provide that service.

**THE AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

- It has been another difficult year for obtaining uplifts on contracts that reflect the cost pressures that Avenues is exposed to particularly in relation to staff costs.

Cost pressures during the year have been contained through a process of rigorous expenditure controls to ensure the efficient delivery of services. The controls and the review of expenditure levels will be developed and enhanced during 2008/09.

#### **Restricted Fund**

During the financial year 2007/08 Avenues had £7,000 remaining from a grant received in 2006/07 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. Expenditure in 2007/08 was £1,310 resulting in a balance of £5,690 which has been carried forward.

The proceeds of the Avenues Golf Day and a donation from a supporter, together totalling £6,116, were received in 2007/08 for the Sports and Active Lifestyles project which encourages the people we support to be more active. A balance of £3,265 has been carried forward.

A donation of £1,000 for use at one of the residential services was received in 2007/08. The funds have yet to be used and have been carried forward.

#### **Review of the transactions and financial position**

The Statement of Financial Activities on page 11 shows that incoming resources for the year increased by 2.6% to £22.0m compared with last year. The full year impact of the consolidation of the income generated by Southwark Home Care and the resources acquired on its entry to the group in August 2006 contributed to a 1.9% increase in total incoming resources.

Total resources expended increased by 5.3% to £22.5m compared with last year. The full year impact of the consolidation of the costs incurred by Southwark Home Care has resulted in a 4.1% increase in total resources.

Income over expenditure has resulted in a deficit of £545,979 within the year before the pension reserve adjustment.

The deficit including pension reserve adjustment of £109,000 shows a total of £436,979. The deficit is then increased by a further pension reserve adjustment, actuarial loss of £13,000, giving a final deficit of £449,979.

#### **Subsidiaries**

The Charity has a wholly owned subsidiary Southwark Home Care, which is a registered Charity and company limited by guarantee, company number 4053818.

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.

### **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.

**THE AVENUES TRUST  
TRUSTEES' ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

---

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 2008 was £129,335 (2007: £608,788). 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 2008 was £24,937 (2007: £91,526). 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 2008 was £9,955 (2007: £7,000).

#### **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.

#### **FUTURE PLANS**

In 2008/09 a new organisational structure will be considered to enable Avenues to continue to develop individualised services for the people we support, which will more completely meet their needs and aspirations and meet Government priorities. Avenues will continue to concentrate on tight financial management to improve performance and to return to a surplus position.

In relation to service delivery, Avenues intends to expand its services to support young people, explore opportunities to expand our mental health services, and continue to develop our innovative sports and active lifestyle programmes.

Approved by the Committee of Management 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 2008 (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 2008 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 2008**

	Notes	General Funds £	Designated Funds £	Pensions Reserve £	Restricted Funds £	<b>Total 2008 £</b>	<i>Total 2007 £</i>
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from generated funds:</b>							
Voluntary income		2,290	-	-	1,000	<b>3,290</b>	953
Resources acquired on entry of Southwark Home Care to the group		-	-	-	-		491,556
<b>Activities for generating income:</b>							
Consultancy and training services		172,377	-	-	-	<b>172,377</b>	42,253
Other income	4	279,537	-	-	-	<b>279,537</b>	62,317
<b>Investment income</b>							
Investment income	5	65,633	-	-	-	<b>65,633</b>	66,873
<b>Incoming resources from charitable activities:</b>							
Care Service agreements		20,832,559	-	-	-	<b>20,832,559</b>	20,116,512
Residents charges receivable		600,316	-	-	-	<b>600,316</b>	593,768
Grants		-	-	-	6,116	<b>6,116</b>	14,779
Other Incoming resources	4	71,479	-	4,000	-	<b>75,479</b>	82,684
<b>Total Incoming Resources</b>		<u>22,024,191</u>	<u>-</u>	<u>4,000</u>	<u>7,116</u>	<b><u>22,035,307</u></b>	<u>21,471,695</u>
<b>RESOURCES EXPENDED</b>							
<b>Cost of generating funds:</b>							
Consultancy and training services		127,559	-	-	-	<b>127,559</b>	31,267
<b>Charitable activities by objective:</b>							
Provision of Care		22,347,507	66,589	(105,000)	4,185	<b>22,313,281</b>	21,287,914
<b>Governance costs:</b>		<u>31,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>31,446</u></b>	<u>23,325</u>
<b>Total Resources Expended</b>	3	<u>22,506,512</u>	<u>66,589</u>	<u>(105,000)</u>	<u>4185</u>	<b><u>22,472,286</u></b>	<u>21,342,506</u>
Net incoming resources for the year	6	(482,321)	(66,589)	109,000	2,931	<b>(436,979)</b>	129,189
Transfers between funds	13	(24)	-	-	24		-
Net incoming resources for the year after Transfers between funds		(482,345)	(66,589)	109,000	2,955	<b>(436,979)</b>	129,189
Pension scheme actuarial gain/ (loss)	18	-	-	(13,000)	-	<b>(13,000)</b>	58,000
<b>Net movement in funds, including Pension Reserve</b>		(482,345)	(66,589)	96,000	2,955	<b>(449,979)</b>	187,189
Balance brought forward		1,206,661	91,526	(187,000)	7,000	<b>1,118,187</b>	930,998
<b>Fund balances carried forward Including Pension Reserve</b>		<u>724,316</u>	<u>24,937</u>	<u>(91,000)</u>	<u>9,955</u>	<b><u>668,208</u></b>	<u>1,118,187</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 15 to 30 form part of these financial statements.**

**THE AVENUES TRUST**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2008**

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	10	594,981	597,873
<b>CURRENT ASSETS</b>			
Debtors	11	1,782,697	2,193,597
Cash at bank and in hand		<u>3,198,042</u>	<u>5,195,384</u>
		4,980,739	7,388,981
<b>CREDITORS</b> falling due within one year	12	<u>(4,816,512)</u>	<u>(6,681,667)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>164,227</u>	<u>707,314</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		759,208	1,305,187
Pension scheme liability	18	<u>(91,000)</u>	<u>(187,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>668,208</u>	<u>1,118,187</u>
<b>FUNDS</b>			
Unrestricted fund:			
General fund		724,316	1,206,661
Designated fund		<u>24,937</u>	<u>91,526</u>
		749,253	1,298,187
Restricted fund		<u>9,955</u>	<u>7,000</u>
<b>TOTAL FUNDS BEFORE PENSION LIABILITY</b>		759,208	1,305,187
Pension scheme funding reserve	18	<u>(91,000)</u>	<u>(187,000)</u>
<b>TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE</b>		<u>668,208</u>	<u>1,118,187</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 15 to 30 form part of these financial statements.**

**BALANCE SHEET  
AS AT 31 MARCH 2008**

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	10	<b>589,559</b>	591,659
<b>CURRENT ASSETS</b>			
Debtors	11	<b>1,243,147</b>	1,358,842
Cash at bank and in hand		<b>2,895,278</b>	3,096,654
		<b>4,138,425</b>	4,455,496
<b>CREDITORS</b> falling due within one year	12	<b>(4,363,160)</b>	(4,228,480)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>(224,735)</b>	227,016
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			
		<b>364,824</b>	818,675
Pension scheme liability	18	<b>(91,000)</b>	(187,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>273,824</b>	631,675
<b>FUNDS</b>			
Unrestricted fund:			
General fund		<b>329,932</b>	720,149
Designated fund		<b>24,937</b>	91,526
		<b>354,869</b>	811,675
Restricted fund		<b>9,955</b>	7,000
<b>TOTAL FUNDS BEFORE PENSION LIABILITY</b>		<b>364,824</b>	818,675
Pension scheme funding reserve	18	<b>(91,000)</b>	(187,000)
<b>TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE</b>		<b>273,824</b>	631,675

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 15 to 30 form part of these financial statements.**

**THE AVENUES TRUST**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008		2007	
		£	£	£	£
<b>Net cash inflow/(outflow) from operating Activities</b>	19(a)	<b>(1,866,992)</b>		<b>4,498,316</b>	
<b>Returns on investments and servicing of finance:</b>					
Interest received		<b>65,633</b>		77,567	
Interest paid		<b>(12,524)</b>		(9,140)	
Net cash inflow/(outflow) from returns on investments and servicing of finance		<b>53,109</b>		<b>68,427</b>	
<b>Capital expenditure:</b>					
Purchase of tangible fixed assets		<b>(184,158)</b>		(285,356)	
Disposal of tangible fixed assets		<b>699</b>		-	
Net cash outflow from capital expenditure		<b>(183,459)</b>		<b>(285,356)</b>	
<b>Net cash inflow/(outflow) before Financing</b>		<b>(1,997,342)</b>		<b>4,281,387</b>	
<b>Financing:</b>					
Credit Agreements for Vehicles		-		-	
<b>(Decrease)/Increase in cash in the year</b>	19(b)	<b><u>(1,997,342)</u></b>		<b><u>4,281,387</u></b>	

The notes on pages 15 to 30 form part of these financial statements

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

---

**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 2008**

---

**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.

**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.

<b>2. INCOMING RESOURCES</b>	<b>2008</b>	<i>2007</i>
	<b>£</b>	<b>£</b>
Contracts and Service agreements	<b>20,832,559</b>	<i>20,116,512</i>
Resources acquired on entry of Southwark Home Care to the group	-	<i>491,556</i>
Residents charges receivable	<b>600,316</b>	<i>593,768</i>
Consultancy and training services	<b>172,377</b>	<i>42,253</i>
Grants	<b>6,116</b>	<i>14,779</i>
Donations	<b>3,290</b>	<i>953</i>
Investment income (See note 5)	<b>65,633</b>	<i>66,873</i>
Other income (See note 4)	<b>355,016</b>	<i>145,001</i>
	<b><u>22,035,307</u></b>	<i><u>21,471,695</u></i>

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**3. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Care costs Staff £'000	Care costs Other £'000	Support Costs Staff £'000	Support Costs Other £'000	Depreciation £'000	<b>2008 Total £'000</b>	<i>2007 Total £'000</i>
<b>Cost of generating funds:</b>							
Consultancy and training services	-	-	71,361	56,198	-	<b>127,559</b>	31,267
<b>Charitable Expenditure:</b>							
Costs of activities in furtherance of the charity's objectives:							
Care costs	15,994,979	3,331,035	1,717,229	1,012,913	186,351	<b>22,242,507</b>	20,733,027
ICT Projects	-	-	-	66,589	-	<b>66,589</b>	194,180
Management Academy	-	-	-	-	-	-	71,344
Total Reward	-	-	-	-	-	-	58,258
NVQ Centre	-	-	-	-	-	-	57,839
Communications	-	-	-	-	-	-	39,916
PCAS Project	-	-	-	-	-	-	48,356
Sports	-	-	-	2,851	-	<b>2,851</b>	300
Challenging Behaviour project	-	-	-	1,310	-	<b>1,310</b>	46,411
Orchard Hill project	-	-	-	24	-	<b>24</b>	38,283
	<u>15,994,979</u>	<u>3,331,035</u>	<u>1,717,229</u>	<u>1,083,687</u>	<u>186,351</u>	<b><u>22,313,281</u></b>	<u>21,287,914</u>
<b>Governance costs</b>	-	-	-	31,446	-	<b>31,446</b>	23,325
<b>Total resources expended</b>	<u>15,994,979</u>	<u>3,331,035</u>	<u>1,788,590</u>	<u>1,171,331</u>	<u>186,351</u>	<b><u>22,472,286</u></b>	<u>21,342,506</u>

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

<b>4. OTHER INCOME</b>	<b>2008</b>	<i>2007</i>
	<b>£</b>	<b>£</b>
Activities for generating income:		
Rent receivable from property letting	<b>26,905</b>	<i>26,249</i>
Recharge of IT equipment	-	<i>668</i>
Sundry income	<b>16,206</b>	<i>24,043</i>
NVQ Training funding	<b>15,593</b>	<i>2,067</i>
Funding for compensation payments	<b>220,833</b>	<i>9,290</i>
	<b><u>279,537</u></b>	<i><u>62,317</u></i>
 Incoming resources from charitable activities:		
Pension funding receivable from purchasers	<b>71,479</b>	<i>87,684</i>
Net return on assets (see note 18)	<b>4,000</b>	<i>(5,000)</i>
	<b><u>75,479</u></b>	<i><u>82,684</u></i>
 <b>5. INTEREST RECEIVABLE</b>		
Bank interest receivable	<b><u>65,633</u></b>	<i><u>66,873</u></i>
 <b>6. NET INCOMING RESOURCES</b>		
The net incoming resources is stated After charging:		
Depreciation of tangible fixed assets on owned assets	<b>186,351</b>	<i>156,914</i>
Auditors' remuneration (Including VAT) for audit services	<b>31,446</b>	<i>23,325</i>
Auditors' remuneration non audit fees	-	-
Operating lease charges for motor vehicles and equipment	<b>297,457</b>	<i>285,019</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 2008**

**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 2008: 3 (2007: 3) trustees were reimbursed £ 774 (2007: £426) for travel expenses. £ 2,147 (2007: £1,890) was paid for trustee indemnity insurance during the year.

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

	2008 £	2007 £
Emoluments (including pension contributions and benefits in kind)	<u>104,787</u>	<u>95,000</u>
Pension contributions paid	<u>15,698</u>	<u>13,230</u>
Total expenses re-imbursed not chargeable to UK income tax	<u>3,833</u>	<u>3,811</u>
The number of employees whose emoluments exceeded £60,000 were:		No.
£60,001 - £80,000	1	3
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>

The pension contributions paid to employees whose remuneration exceeds £60,000 (including the Chief Executive)

	£	£
£60,001 - £80,000	3,672	17,348
£80,001 - £90,000	17,266	-
£90,001 - £100,000	-	13,230-
£100,001 - £110,000	<u>15,698</u>	<u>-</u>

**9. EMPLOYEES**

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

	No.	No.
Office staff	89	78
Care staff	716	683
Whole time equivalent number of part-time support staff	<u>100</u>	<u>101</u>
	<u>905</u>	<u>862</u>

**Staff costs**

Wages and salaries	16,027,128	14,751,846
Social security costs	1,342,444	1,237,095
Other pension costs	<u>413,997</u>	<u>414,977</u>
	<u>17,783,569</u>	<u>16,403,918</u>

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**10. TANGIBLE FIXED ASSETS**

**COMPANY:**

	Furniture and Office Equipment £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 April 2007	1,459,849	21,534	1,481,383
Additions	181,023	-	181,023
Disposals	(2,797)	(21,534)	(24,331)
<b>At 31 MARCH 2008</b>	<u>1,638,075</u>	<u>-</u>	<u>1,638,075</u>
<b>Depreciation</b>			
At 1 April 2007	868,190	21,534	889,724
Charge for year	182,424	-	182,424
Disposals	(2,098)	(21,534)	(23,632)
<b>At 31 MARCH 2008</b>	<u>1,048,516</u>	<u>-</u>	<u>1,048,516</u>
<b>Net book value</b>			
<b>At 31 MARCH 2008</b>	<u><b>589,559</b></u>	<u><b>-</b></u>	<u><b>589,559</b></u>
<i>At 31 March 2007</i>	<u>591,659</u>	<u>-</u>	<u>591,659</u>

**GROUP:**

	Furniture and Office Equipment £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 April 2007	1,469,208	21,534	1,490,742
Additions	184,158	-	184,158
Disposals	(2,797)	(21,534)	(24,331)
<b>At 31 MARCH 2008</b>	<u>1,650,569</u>	<u>-</u>	<u>1,650,569</u>
<b>Depreciation</b>			
At 1 April 2007	871,335	21,534	892,869
Charge for year	186,351	-	186,351
Disposals	(2,098)	(21,534)	(23,632)
<b>At 31 MARCH 2008</b>	<u>1,055,588</u>	<u>-</u>	<u>1,055,588</u>
<b>Net book value</b>			
<b>At 31 MARCH 2008</b>	<u><b>594,981</b></u>	<u><b>-</b></u>	<u><b>594,981</b></u>
<i>At 31 March 2007</i>	<u>597,873</u>	<u>-</u>	<u>597,873</u>

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**11. DEBTORS**

	<b>Company</b>		<b>Group</b>	
	<b>2008</b>	<i>2007</i>	<b>2008</b>	<i>2007</i>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>				
Revenue grants receivable	<b>704,162</b>	870,539	<b>704,162</b>	870,539
Fees receivable	-	-	<b>522,352</b>	829,378
Rental debtors	<b>77,916</b>	71,968	<b>77,916</b>	71,968
Other debtors	<b>16,938</b>	13,307	<b>16,938</b>	13,307
Intercompany debtor – Southwark Home Care	-	1,583	-	-
Prepayments and accrued income	<b>444,131</b>	401,445	<b>461,329</b>	408,405
	<b><u>1,243,147</u></b>	<b><u>1,358,842</u></b>	<b><u>1,782,697</u></b>	<b><u>2,193,597</u></b>

**12. CREDITORS**

	<b>Company</b>		<b>Group</b>	
	<b>2008</b>	<i>2007</i>	<b>2008</b>	<i>2007</i>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Trade creditors	<b>393,281</b>	583,852	<b>431,523</b>	630,168
Other taxation and social security payable	<b>344,087</b>	355,428	<b>377,885</b>	402,317
Other creditors (see below)	<b>380,230</b>	306,046	<b>380,230</b>	318,611
Pension indemnity bond (see below)	-	-	-	203,000
Accruals and deferred income	<b>3,245,562</b>	2,983,154	<b>3,276,695</b>	3,242,145
Payments in Advance	-	-	<b>350,179</b>	1,885,426
	<b><u>4,363,160</u></b>	<b><u>4,228,480</u></b>	<b><u>4,816,512</u></b>	<b><u>6,681,667</u></b>

Other creditors include £ 268,865 (2007: £199,710) held on behalf of Avenues Trust's service users. 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.

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**13. STATEMENT OF FUNDS**

**COMPANY:**

	<i>At 1 April 2007</i>	Income	Expenditur e	Gains / Losses Transfers	<b>At 31 March 2008</b>
	£	£	£	£	£
<b>Unrestricted fund:</b>					
<b>General reserve</b>	720,149	19,610,621	20,000,814	(24)	<b>329,932</b>
<b>Designated fund</b>					
ICT projects	91,526	-	66,589	-	<b>24,937</b>
<b>Restricted fund:</b>					
Challenging behaviour	7,000		1,310	-	<b>5,690</b>
Orchard Hill	-		24	24	-
Sports Active Lifestyles	-	6,116	2,851	-	<b>3,265</b>
Donation for services	-	1,000	-	-	<b>1,000</b>
	<u>818,675</u>	<u>19,617,737</u>	<u>20,071,588</u>	-	<b>364,824</b>
<b>Pension fund</b>	<u>(187,000)</u>	<u>4,000</u>	<u>(105,000)</u>	<u>(13,000)</u>	<b>(91,000)</b>
	<u>631,675</u>	<u>19,621,737</u>	<u>19,966,588</u>	<u>(13,000)</u>	<b>273,824</b>

**GROUP:**

	<i>At 1 April 2007</i>	Income	Expenditur e	Gains / Losses Transfers	<b>At 31 March 2008</b>
	£	£	£	£	£
<b>Unrestricted fund:</b>					
<b>General reserve</b>	1,206,661	22,024,191	22,506,512	(24)	<b>724,316</b>
<b>Designated fund</b>					
ICT projects	91,526	-	66,589	-	<b>24,937</b>
<b>Restricted fund:</b>					
Challenging behaviour	7,000		1,310	-	<b>5,690</b>
Orchard Hill	-		24	24	-
Sports Active Lifestyles	-	6,116	2,851	-	<b>3,265</b>
Donation for services	-	1,000	-	-	<b>1,000</b>
	<u>1,305,187</u>	<u>22,031,307</u>	<u>22,577,286</u>	-	<b>759,208</b>
<b>Pension fund</b>	<u>(187,000)</u>	<u>4,000</u>	<u>(105,000)</u>	<u>(13,000)</u>	<b>(91,000)</b>
	<u>1,118,187</u>	<u>22,035,307</u>	<u>22,472,286</u>	<u>(13,000)</u>	<b>668,208</b>

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. It is anticipated that the remaining funds for the project will be utilised by March 2009.

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

<b>COMPANY:</b>	Restricted Fund £	Unrestricted Fund £	<b>Total £</b>
Fund balances at 31 March 2008 are represented by:			
Tangible fixed assets	-	589,559	<b>589,559</b>
Current assets	9,955	4,128,470	<b>4,138,425</b>
Current liabilities	-	(4,363,160)	<b>(4,363,160)</b>
	<u>9,955</u>	<u>354,869</u>	<u><b>364,824</b></u>
<b>TOTAL FUNDS BEFORE PENSION LIABILITY</b>			
Pension scheme funding reserve	-	(91,000)	<b>(91,000)</b>
	<u>9,955</u>	<u>263,869</u>	<u><b>273,824</b></u>
<b>TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE</b>			

<b>GROUP:</b>	Restricted Fund £	Unrestricted Fund £	<b>Total £</b>
Fund balances at 31 March 2008 are represented by:			
Tangible fixed assets	-	594,981	<b>594,981</b>
Current assets	9,955	4,970,784	<b>4,980,739</b>
Current liabilities	-	(4,816,512)	<b>(4,816,512)</b>
	<u>9,955</u>	<u>749,253</u>	<u><b>759,208</b></u>
<b>TOTAL FUNDS BEFORE PENSION LIABILITY</b>			
Pension scheme funding reserve	-	(91,000)	<b>(91,000)</b>
	<u>9,955</u>	<u>658,253</u>	<u><b>668,208</b></u>
<b>TOTAL FUNDS OF THE CHARITY INCLUDING DEFICIT ON PENSION SCHEME RESERVE</b>			

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

---

**15. OPERATING LEASE COMMITMENTS**

At 31 March 2008 the trust had annual commitments under non-cancellable operating leases as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b><u>Land and Buildings</u></b>		
<b>Expiry date:</b>		
Within one year	<b>18,800</b>	-
Between two and five years	<b>301,588</b>	312,210
Over five years	<b>-</b>	-
	<hr/>	<hr/>
<b><u>Other Assets</u></b>		
<b>Expiry date:</b>		
Within one year	<b>68,341</b>	29,477
Between two and five years	<b>202,724</b>	232,677
	<hr/>	<hr/>

**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 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. 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 2008**

---

**18. PENSION OBLIGATIONS**

***Avenues***

Avenues make 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 the Scheme is funded and is contracted out of the state scheme. SHPS are a multi-employer defined benefit scheme in which 5 Avenues employees (2007: 6) participate. The total cost for Avenues in the year was £ 39,536 (2007: £38,183). 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 1/60<sup>th</sup> accrual rate, to March 2007. From April 2007 The Avenues Trust has elected to continue to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members.

The Trustees of the Pension Trust commission 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 5 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 Scheme, 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 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 2007. 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 £1,760 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £209 million, equivalent to a past service funding level of 89%. 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 2008**

---

**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 1/60<sup>th</sup> 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 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 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.

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.

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 2008**

---

**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 10 Avenues Trust employees (2007: 11) participate. The scheme is a final salary scheme. The total pension cost for Avenues Trust was £ 147,831 (2007: £144,833). The Avenues Trust has closed the Scheme to new entrants.

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 2007. The next formal valuation date of the fund is 31 March 2010. At the last actuarial valuation date, the market value of the assets of the whole scheme was £2,573 million using the "projected unit" method. The valuation revealed a shortfall of assets compared with the value of the liabilities of some £978 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 2008. The major assumptions they used for the purpose of calculating the actuarial deficit were:

	<b>2008</b>	2007	2006
	%	%	%
Discount rate	<b>6.9</b>	5.4	4.9
Price increase	<b>3.6</b>	3.2	3.1
Rate of increase in salaries	<b>5.1</b>	4.7	4.6
Rate of increase in pensions in payment	<b>3.6</b>	3.2	3.1

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**18. PENSION OBLIGATIONS (CONTINUED)**

The actuarial estimate of the fair value of the assets of the scheme attributable to Avenues Trust at 31 March 2008 and present value of the liabilities, along with the expected rates of return on Scheme assets are as follows:

	<b>Expected Return 2008</b>	<b>2008</b>	<b>Expected Return 2007</b>	<b>2007</b>	<b>Expected Return 2006</b>	<b>2006</b>
	%	£'000	%	£'000	%	£'000
Equities	7.7	692	7.8	435	7.4	316
Bonds	5.7	140	4.9	77	4.6	56
Property	5.7	108	5.8	63	5.5	40
Cash	4.8	57	4.9	45	4.6	30
Present value of scheme liabilities		<u>997</u>				
	<b>7.0</b>		7.0	620	6.6	442
Net pension scheme liabilities		<u>(1,088)</u>		<u>(807)</u>		<u>(779)</u>
Net Pension Liability		<u>(91)</u>		<u>(187)</u>		<u>(337)</u>

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**

	<b>2008</b>	2007
	£'000	£'000
Current service cost	42	53
Past service cost	-	-
Total operating charge	<u>42</u>	<u>53</u>

**Other finance income**

Expected return on pension scheme assets	48	34
Interest on pension scheme liabilities	<u>(44)</u>	<u>(39)</u>
Net return	<u>4</u>	<u>(5)</u>
Net cost	<u>38</u>	<u>58</u>

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 2008**

**18 PENSION OBLIGATIONS (CONTINUED)**

	<b>2008</b>	<i>2007</i>
	<b>£000s</b>	<i>£000s</i>
Actual return less expected return on pension scheme assets	<b>(84)</b>	<i>(3)</i>
Experience gains and losses arising on the scheme liabilities	<b>(165)</b>	<i>(2)</i>
Changes in assumptions underlying the present value of the scheme liabilities	<b>236</b>	<i>63</i>
	<b>_____</b>	<i>_____</i>
Actuarial gain/(loss)	<b>(13)</b>	<i>58</i>
	<b>_____</b>	<i>_____</i>
<b>Movement in deficit during the year</b>		
Deficit at the beginning of the year	<b>(187)</b>	<i>(332)</i>
Current service cost	<b>(42)</b>	<i>(53)</i>
Employer contributions	<b>147</b>	<i>145</i>
Net return on assets	<b>4</b>	<i>(5)</i>
Actuarial gains/(losses)	<b>(13)</b>	<i>58</i>
	<b>_____</b>	<i>_____</i>
Deficit at the end of the year	<b>(91)</b>	<i>(187)</i>
	<b>_____</b>	<i>_____</i>

**History of experienced gains and losses**

	<b>2008</b>	<i>2007</i>	2006	2005	2004
Actual return less expected return on pension scheme Assets	<b>(84)</b>	<i>(3)</i>	61	10	32
Value of assets	<b>997</b>	<i>620</i>	447	257	231
<b>Percentage of assets</b>	<b>(8.4%)</b>	<i>(0.6%)</i>	13.7%	3.9%	13.9%
Experience gains/(losses) on liabilities	<b>(165)</b>	<i>(2)</i>	1	(35)	-
Total present value of liabilities	<b>1,088</b>	<i>807</i>	779	613	543
<b>Percentage of the total present value of liabilities</b>	<b>(15.2%)</b>	<i>(0.2%)</i>	0.2%	(5.8%)	-
Actuarial gains/(losses) recognised in STRGL	<b>(13)</b>	<i>58</i>	(44)	(37)	(3)
Present value of liabilities	<b>1,088</b>	<i>807</i>	779	613	543
<b>Percentage of the value of liabilities</b>	<b>(1.2%)</b>	<i>7.2%</i>	(5.6%)	(6.1%)	(0.6%)
	<b>_____</b>	<i>_____</i>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**National Health Service**

The NHS operates an unfunded defined benefit scheme for the nursing sector, in which 20 employees (2007:30) 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 £ 65,546 (2007: £82,319). 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 155 employees (2007: 167) the total cost to Avenues Trust for the year was £ 137,601 (2007: £129,779). The Standard life pension scheme is stakeholder compliant.

**THE AVENUES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**18 PENSION OBLIGATIONS (CONTINUED)**

***Southwark Home Care***

**Defined Contribution Scheme**

Scottish Equitable administers a defined contribution scheme on behalf of 33 employees (2007: 23) the total cost to Southwark Home Care for the year was £ 22,039 (2007: £21,867). The Scottish Equitable pension scheme is stakeholder compliant.

Legal & General administers a defined contribution scheme on behalf of 2 employees (2007: 2) the total cost to Southwark Home Care for the year was £ 1,444 (2007: £1,724).

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

**19. CASH FLOW STATEMENT**

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

	2008 £	2007 £
Net Incoming resources before interest and FRS 17 adjustment	<b>(599,088)</b>	(26,238)
Depreciation charges	<b>186,351</b>	157,965
Decrease/(Increase) in debtors	<b>410,900</b>	(1,445,60)
Increase/(Decrease) in creditors	<b>(1,865,155)</b>	5,812,191
Net cash inflow/(outflow)	<b><u>(1,866,992)</u></b>	<b><u>4,498,316</u></b>

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

Increase/(decrease) in cash in the year	<b><u>(1,997,342)</u></b>	<b><u>4,281,387</u></b>
Changes in net funds	<b><u>(1,997,342)</u></b>	<b><u>4,281,387</u></b>
Net funds at 1 April 2007	<b><u>5,195,384</u></b>	<b><u>913,997</u></b>
Net funds at 31 March 2008	<b><u>3,198,042</u></b>	<b><u>5,195,384</u></b>

(c) Analysis of changes in net funds

	At 1 April 2007 £	Cashflows £	At 31 March 2008 £
Cash at bank and in hand/(Bank overdraft)	<b><u>5,195,384</u></b>	<b><u>(1,997,342)</u></b>	<b><u>3,198,042</u></b>
<b>TOTAL</b>	<b><u>5,195,384</u></b>	<b><u>(1,997,342)</u></b>	<b><u>3,198,042</u></b>