



THE AVENUES TRUST GROUP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Charity Registration Number: 1130473

Company Registration Number: 03804617

THE AVENUES TRUST GROUP

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BOARD MEMBERS AND MANAGEMENT PERSONNEL

FOR THE YEAR ENDED 31 MARCH 2020

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

Chairman: Terry Rich
Vice Chair: Evlynn Gilvarry (From October 2019)
Member of the Audit Committee and Risk Committee

Non-Executive Trustees:

Andrew Bruce Calderwood Member of HR and Nominations Committee and Quality Committee
Janet Coltman (To February 2020)
Co-optee of overlapping Group Boards for Avenues Trust Group and Member of the Quality Committee
Lynne Holmes (To August 2020)
Chair of HR and Nominations Committee
Helen John (To October 2019)
Alistair Oag Chair of the Audit and Risk Committee and Finance Committee
Jeffrey Gritzman (To August 2019)
Mark Pittaway (From February 2020)
Member of the Finance Committee

Executive Trustees:

Steve James (To October 2019)
Joanne Land
Nicola Ford
Peter Snelling (To October 2019)

Key Management Personnel:

Steve James Group Chief Executive (to May 2019)
Joanne Land Group Chief Executive (Interim Chief Executive from May 2019 to February 2020)
Nicola Ford Group Director of Finance
Peter Snelling Group Chief Operating Officer (to October 2019)
Steven Parker Group Director of Housing and Development
Carol Jones Group Director of Quality, Practice Development and Assurance (to November 2019)
Daniel Gower-Smith Group Operations Director (from January 2020)
Caroline Neal Interim Group Director of People (from May 2019)

Company Secretary

Lauren Osman

CHARITY REGISTRATION NUMBER 1130473
COMPANY REGISTRATION NUMBER 03804617

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BOARD MEMBERS AND MANAGEMENT PERSONNEL

FOR THE YEAR ENDED 31 MARCH 2020

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

Advisers

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

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

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

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TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Board presents herewith its Annual Report and the audited financial statements of The Avenues Trust Group for the year ended 31 March 2020. The legal and administrative information set out on pages 1-2 forms part of this report. The Financial Statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP second edition – October 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) applicable in the UK and in the Republic of Ireland (effective January 2019).

“Avenues”/“Avenues Group” means the Avenues Trust Group Limited and its subsidiaries.

Introduction

The Avenues Trust Group (“Avenues”) accounts for 2020 and the 2019 comparative figures are constructed in line with best practice, as set out above. Compliance with best practice extends to the need to address the “public benefit” provided by Avenues, in line with Charity Commission guidelines.

Structure, Governance and Management

CEO Appointment

In January 2020, the Avenues Group appointed Jo Land as the Chief Executive Officer. Jo had previously acted as Interim CEO since the departure of Steve James in May 2019.

Board Structure

In December 2018 the trustees across the Avenues Group undertook a governance review and feasibility study of alternative options to the way the group was structured to determine if improvements could be made. All subsidiary boards and members played an active part in the review.

Three options to the way our governance was structured were considered with the overall aim of streamlining and enhancing our governance arrangements, allowing for more cohesive discussion and decision making whilst improving efficiency across the governance structure.

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In June 2019 the Boards agreed to the recommendation to keep the current corporate structure (i.e. a parent company and four subsidiaries) but move to an overlapping board governance structure.

The overlapping board structure involves all of the Avenues Group Boards having a core group of trustees common to all of the Boards (the majority of whom are non-executive) with a small number of independent trustees who sit on one but not any of the other Boards. This change has increased not just our efficiency but also the effectiveness of our governance. It has increased the speed of decision making, streamlined information flows and improved clarity regarding accountabilities.

Structure

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

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

The names of the members of the Board of the Avenues Trust Group are listed on Page 1. The members of the Board, who for the purposes of the charity/company law are the trustees/directors of the charitable company, are appointed by the Board.

Steve James, the Group Chief Executive (To May 2019), was a trustee of the Avenues Trust Group and of each of the subsidiary charitable companies referred to above. Peter Snelling, Group Chief Operating Officer, was also a trustee of the Avenues Trust Group and of Avenues London, Avenues South East and Avenues East until he resigned.

Since the decision on the implementation of the changes, Jo Land, Group Chief Executive and Nicola Ford, Group Director of Finance have been appointed executive trustees of the Avenues Trust Group and all subsidiaries.

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Membership

Prior to the changes in governance the members of the Company were the members of the Board along with some ex-trustees/chairs.

Since implementation of the review this has changed and the directors of all boards within the Group are now members. Membership is automatic on appointment and resignation to any board within the Group. This change was affected in consultation and agreement with the previous members and agreed by written resolution in May 2020 where the Group's constitution was updated to reflect the changes. All the old members have now resigned.

Governance

The Board members are set out on Page 1.

The Group Board meets a minimum of four times per year and more frequently if required and is responsible for determining the strategy of the organisation and for ensuring successful operational performance, in line with the expectations of stakeholders.

The Avenues Group has four committees which discuss the business of the whole Group. The committees are Audit & Risk, Finance, HR & Nominations and Quality, Local Focus and Engagement. Committees report directly to all the Boards of within Avenues Group.

The Audit & Risk committee, in line with good governance principles, is expected to bring a further degree of detachment from the Board's responsibilities in discharging its distinctive duties. The committee oversees all systems, controls and processes that may have an impact on the ability to meet our aims.

The Finance committee provides an additional layer of oversight regarding any financial matters that may have a significant impact on the charity.

The newly renamed HR & Nominations committee (formerly known as the Remuneration committee) provides assurance to the Avenues Group Boards that the Group has an effective People and Pay Strategy in place, promoting an effective, high performing and diverse workforce. The committee also oversees issues relating to the remuneration of staff, with specific responsibility for making recommendations to the Boards regarding the Group Remuneration Policy and the Executive Management Team's remuneration. In addition, the committee is responsible for linking the Group's strategy to future changes on the Boards whilst giving full consideration to succession planning for directors and other senior executives in the course of its work.

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The Quality, Local Focus and Engagement Committee (QLE) is a new committee and was one that was introduced in line with the core principles identified as part of our governance review. The quality of our services and the engagement of the people we support across the organisation is our priority and so this committee was introduced to provide assurance to the board(s) around the operational delivery of quality support. Our aspiration is that the support we provide enables people to maximize their independence and opportunities whilst keeping them safe.

The committee will also find the best way to engage with all stakeholders within particular regions, ensuring their voices are heard so they are involved in the setting of the organisation's goals, quality and culture.

The Charity Governance Code

The Avenues Group recognises the importance of good governance and used the Charity Governance Code to inform the recent review and changes to all governance policies. All trustees are made aware upon appointment of their responsibilities under the Code.

In our efforts to strive to be the best we can be in governance we have used the Code to begin our preparation for board and trustee appraisals, making sure that the principles of our appraisal tools are based on and support the guidelines and recommendations outlined in the Code.

All of our trustees are selected in a manner consistent with the organisation's recruitment, diversity and equality policies, ensuring that the selection process is both time and cost effective. Our trustees serve a period of four years, with an option to extend for a further four years. In addition to making direct approaches to suitable candidates Avenues may advertise for trustees through notice boards, network recruitment or in the media. When a recruitment need is identified the Company Secretary will work with the board or committee to carry out a skills audit before a recruitment campaign begins. Policies and procedures are in place for the induction and training of new trustees. Training needs are continuously identified through board/committee discussions and surveys and board and trustee appraisals. When a training need is identified we organise externally facilitated training sessions. We have recently identified the need for the following training; Charities operating strategically following CV19, Financial Governance and Charity Governance Code and these sessions are being externally facilitated from September 2020 to February 2021.

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GDPR Compliance

The Avenues Group Boards have continued to help ensure our compliance with the General Data Protection Regulation which came into force in May 2018. Avenues has always taken data protection seriously and we continue to strengthen our policies and procedures to ensure that the protection of people's information remains a high priority. In 2020 we commissioned an internal audit review of our GDPR compliance which resulted in reasonable assurance.

Our Employees

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

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

In the event of a change in an employee's health, in accordance with our sickness absence policy, we would work with occupational health and the individual to establish whether this constitutes a disability and in the event it did, we would continue to work with them to make every reasonable effort to sustain ongoing employment.

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

The Equality and Diversity ("E&D") steering group is comprised of staff and people we support from across the organisation. This allows for two way communication and the chair has direct access to the CEO. During 2019/20 this has led to an increased profile for E&D in the organisation, linking with HR and Nominations committee, raising the profile of the steering group and leading to an express focus on progressive Equality, Diversity & Inclusion. This has led to the creation of special interest subgroups including a trustee recruitment special interest group.

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

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Public Benefit

The Avenues Group specialises in providing complex support, most commonly working with people who have a profound learning disability, autism, or acquired brain injury.

The majority of our work is commissioned by local government and the NHS, and delivered through community-based Supported Living; a methodology which is recognised to deliver better outcomes and significant savings to the public purse when compared to traditional residential and clinical alternatives.

The Avenues Group supports more than 600 people to enjoy community-based life, and employs more than 1,600 staff.

As our year ended, the coronavirus pandemic had taken hold, with the threat of the illness, PPE availability and social lockdown posing specific challenges to the social care sector and the people it supports.

Throughout this period we have been astounded by the determination, resilience and compassion of our staff, whose professionalism has been pivotal in keeping people with complex health needs safe at home, protecting NHS beds for the critically ill.

We have maintained our ongoing commitment to the cohort of people previously identified by the Government's national Transforming Care Strategy, as we seek to support them to leave assessment and treatment units (ATUs) and move back to their local areas, and into their own homes. For example we finalised a multi-million pound partnership project in Haringey in August 2020 to bring four people back into the community.

Quality is of paramount importance to Avenues. It's central to all our plans and we work with the Tizard Centre to audit our standards. At a statutory level we are regulated by the Care Quality Commission.

Performance is reliant on all employees' shared ambition to make a positive difference to the lives of people we support, so recruitment is based on aptitude - regardless of previous experience. Staff complete mandatory training, as well as specialist courses based on the needs of the people, we provide services to.

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

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

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

Investment Policy

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

Related Parties

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

- Avenues South East Limited (Company number 3923486)
- Avenues London Limited (Company number 6858705)
- Avenues East Limited (Company number 3326442)
- Welmede Housing Association Limited (Registered Society number 26230R)

The Group works on the basis of an overlapping board structure as outlined above in the board structure. The table below identified core trustees (who sit on each board within the Avenues Group) and independent trustees (who sit on only one subsidiary board). The independent trustees manage conflicts of interest across the group. There are minimal related parties however registers are maintained see note 19. The table below identifies core and independent trustees for each board.

Trustee	Core	London Independent	South East Independent	East Independent	Welmede Independent
Alistair Oag	✓				
Bruce Calderwood	✓				
Cathryn Law		✓			
Evlynne Gilvarry	✓				
Lynne Holmes	✓				
Mark Pittaway	✓				
Martin Owen				✓	
Myles Kaplan					✓
Paul Newton			✓		
Peter Hepburn					✓
Terry Rich	✓				

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Carbon and Energy Reporting

As a large qualifying group, The Avenues Group is required to report its energy use and carbon emissions in accordance with the Companies Regulations 2018 because it meets the thresholds for reporting. Other subsidiaries in the Group do not meet the thresholds for reporting and are not required to report individually.

The energy use and carbon emissions for the Group for the year ended 31 March 2020 are as follows:

Energy Source	Consumption	Scope	Emissions calculation
Gas – total kWh (kilowatt-hours) used for the year taken from gas bills	1,487,227 kWh (gross CV (calorific value))	Scope 1	1,487,227 kWh * 0.18387 (2020 fuels, natural gas conversion factor gross CV to kg Co2e)= 273,456 kgCO2e = 273.46 tCO2e
Electricity – total kWh used for the year, taken from the electricity bills	840,085 kWh	Scope 2	840,085 kWh * 0.23314 (2020 electricity conversion factor to kgCO2e) = 195,857 kgCO2e = 195.86 tCO2e
Transport – 81,000 miles in the year	81,000 miles * 1.11256 (2020 SECR kWh pass & delivery vehs, cars - average and unknown fuel)= 90,117 kWh	Scope 1	81,000 miles * 0.27584 (2020 managed assets vehicles, average car conversion factor to kgCO2e)= 22,343 kgCO2e = 22.34 tCO2e
Transport – People carriers/vans - 239,000 miles in the year	239,000 miles * 1.72258 (2020 SECR kWh pass & delivery vehs, vans class 3 – used in lieu of passenger vehicles conversion)= 411,696 kWh	Scope 1	239,000 miles = 384,633 km 384,633 km * 0.27171 (2020 managed assets vehicles, vans class 3 – used in lieu of passenger vehicles conversion)= 104,509 kgCO2e = 104.51 tCO2e
Transport – total mileage reimbursed from staff claims = 310,933 miles	310,933 miles * 1.11256 (2020 SECR kWh pass & delivery vehs, average car conversion factor to kWh)=345,932 kWh	Scope 3	310,933 miles * 0.27584 (2020 managed assets vehicles, average car conversion factor to kgCO2e)= 85,768 kgCO2e = 85.77 tCO2e
Total	3,175,057 kWh		681.94 tCO2e
Intensity ratio	Emissions data (tCO2e) compared with an appropriate business activity (2019/20 average FTE)		681.94 tCO2e/1,210 FTE = 0.56 tCO2e per FTE

Methodology

The data detailed in this table represents energy use and emissions for which The Avenues Group is responsible for the period 1 April 2019 to 31 March 2020. It includes the metered electricity and gas used in our properties, and emissions from fuel used in vehicles on company business (both private and leased). For leased vehicles this has been estimated based on the contractual mileage. These are the energy use and emissions sources required by the regulations for large unquoted organisations. We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard as our emissions calculation methodology. This methodology recommends that emissions are calculated by multiplying activity data (for example energy use in kWh) by an appropriate conversion factor.

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We have used the UK government GHG conversion factors for company reporting 2020 to calculate our emissions.

Our emissions intensity is reported by full-time employee (FTE). This is because our employee numbers are directly related to our business activities, as increased business may result in higher FTE numbers. These intensity metrics allow comparison of our energy efficiency performance over time.

The Streamlined Energy and Carbon Reporting (SECR) regulations apply to company financial years starting on or after 1 April 2019. As this is the first year of our SECR reporting, there is no comparative year for reporting.

STRATEGIC REPORT

Objectives and Activities

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

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

Strategy

The 2018-21 strategy focuses on three key themes - better lives, better jobs and better business, which in turn deliver progress against our vision that everyone should have the opportunity to live in their own home, make choices and participate in community life.

The strategy addresses the current situation for many people with the most complex conditions who are deprived of this through their detainment in assessment centres and psychiatric hospitals.

Avenues believes that with high-quality support, the vast majority of these citizens could lead healthier, more fulfilling lives in their home community, and at lower cost. So we support this complex group to leave hospital, working with the people themselves, families, Local Authorities and NHS England to help them to find the right homes and the right level of support.

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Alongside this activity, we maintain high-quality provision to those people we have supported long term. Person Centred Active Support and Positive Behaviour Support are at the heart of everything we do. It takes commitment and skill, but we know the incredibly positive outcomes they bring.

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

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

Section 172 (1) of the Companies Act 2006

Under Section 172 of the Companies Act 2006 the Board of Trustees, (who are also directors of The Avenues Trust Group for the purposes of company law), have a duty to promote the long term success of The Avenues Group. They have done that during 2019/20 by duly considering the impact of the decisions they make on the future of the Group. All key decisions that will have an impact on the long-term future of the Group are discussed at the relevant sub-committees and Boards. They have taken into account the view of different stakeholder groups who will be affected by the decisions and have weighed and considered the different options that were available to the Group on each occasion. The Boards believe they have acted throughout the year in the best interests of the Group and in a manner, which will bring about long term success.

The trustees consider the key stakeholder groups for The Avenues Group to be the people it supports and their families, friends and advocates, its employees, its competitors, its funders and its suppliers.

The impact of major decisions on staff are discussed at the HR & Nominations committee and the Boards who also received regular updates on staff pay, health and safety and safeguarding.

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The Boards receive a summary of the biennial staff engagement survey which highlights both strengths and areas for potential improvement on employment matters and how these will be mitigated through specific actions.

The quality of our services and the engagement of the people we support across the organisation is our priority and so the Quality, Local Focus and Engagement committee was introduced to provide assurance to the Boards) around the operational delivery of quality support. This committee engages with stakeholders at all levels and reviews and obtains assurance relating to complaints and compliments. This committee provides a mechanism to make sure that stakeholders are involved in the setting of the organisations goals, quality and culture. The committee is made up of trustees, parents of people we support and a qualified social worker. New Directions is a subgroup of this committee made up of people we support who meet to review and discussion Avenues Group and give their ideas into the its future. As part of this they have recommended a similar group per subsidiary which is being reviewed.

To develop and maintain strong business relationships, The Avenues Group collaborates regularly with Local Authorities and CCGs and its competitors through face to face meetings and roundtable discussions. Avenues recognises the benefit of working together, not just for the people we support and our employees but the wider adult social care provision. We have many examples where through joint working projects we have achieved better outcomes for the people we support. We have been working with Surrey County Council to develop a joint strategy that will not only see the modernisation of the housing provision but will offer a wider choice of support and accommodation solutions that will be fit for the future for adults with a learning disability. We can only achieve such great outcomes by bringing together the skills, knowledge and experience of both parties. The Avenues Group management team have also worked closely with Local Authorities to share lived experiences of services where we support people with challenging behaviour to help shape tenders and ensure high quality service provision.

Avenues put the people we support at the centre of everything we do, ensuring individuals have meaningful plans, including communication needs, recorded in ways that are accessible for them. All individuals have a Service User Guide which details the expectations of both parties and a copy of our Complaints Procedure, although we try to anticipate issues and challenges, taking steps to address them at the earliest opportunity, preventing issues becoming too problematic. High quality care and support exists where people using social care have informed choice and control, with as much involvement in decisions about their care and support as they want to have.

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Area Managers are responsible for ensuring that user involvement is positively encouraged through genuine involvement in shaping and providing feedback. We hold regular forums to understand the experiences of the carers and people who are in the individual's circle of support. This enables us to develop the service in a meaningful and informed way. As with user involvement, it is important that stakeholders, such as families, friends and professionals, involved in individuals lives are encouraged to be involved in decisions about the care and support provided.

We acknowledge that the wider public and mainstream services have a real part to play in the lives of the individual and we prepare the local community to accepting the schemes as valued resources. For example, we encourage individuals to develop relationships with their neighbours and others within their local community and always reinforce the message that we intend to support them to be good and involved citizens.

The trustees have created a working group consisting of a selection of trustees and the Executive Management Team to focus on the next strategic plan for the Avenues group for 2021/25. The plan will help to ensure the long term success of the Avenues Group and will include consultation with our staff and the people we support via New Directions.

Risk Management

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

During 2018/19, the key risk for the organisation was around liquidity which was being addressed by improved performance management and a clear strategy to liquidate assets which are no longer required. In April 2019 the sale of the Welmede Head Office and adjoining property realised cash of £2.65m which substantially improved the liquidity position of the group and therefore significantly reduces this risk.

The key risks identified for 2019/20 were Brexit and the coronavirus pandemic impact which arose towards the end of the financial year. All necessary measures have been taken to mitigate these risks going forward, which included the setting up of specific working parties for both Brexit and the coronavirus pandemic and reviewing all guidance provided by the government and other bodies. The national issue on "sleep-ins" affects the Avenues Group as a whole: actions have been taken to mitigate the risks so far as possible, reflecting best professional advice at this time.

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Principal risks and uncertainties - Coronavirus

As our year ended, the coronavirus pandemic had taken hold, with the threat of the illness, PPE availability and social lockdown posing specific challenges to the social care sector and the people it supports.

In response to the emerging pandemic, The Avenues Trust Group set up the COVID-19 Management Team. The group is chaired by the Group Director of Operations and includes members from all key areas of the organisation.

Initially the group met bi-weekly and changed the frequency as required and at its peak this was daily. The group applied the theory of a graded response meaning that actions changed as information, data or guidance from central Government was issued and that we didn't go to the most restrictive solution if it wasn't required at that time.

The remit was not only to prepare and manage the organisation through the pandemic but ensure the wellbeing of the people we support and our employees.

In addition to this we worked collaboratively with our commissioners and other providers to strengthen the adult social care sector during this time.

We strengthened the local management and on call support at all levels of the organisation. The Avenues Trust Group Board of Trustees was updated weekly with the organisations action plan and risk assessment. To support our approach, all services completed risk assessments and reviewed their local business continuity business plans.

Data was collected daily from our front line managers and included, but not limited to:

- Confirmed or suspected cases (people supported and staff)
- PPE stock levels
- Staffing levels
- Management cover
- Testing numbers and results

The group also had oversight of the management of PPE and set the target of three months stock of all PPE items and this was achieved and continues to be maintained across the organisation. We have a number of key suppliers and stock levels are maintained by regular orders.

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We recognised early on that regular testing was required, not only to ensure our operational teams were not spreading the virus but also enable us to manage any outbreaks. We requested weekly testing of all staff ahead of the Government advice where such facilities were available. Testing for people we support, has been a challenge and Avenues follows the Government advice for each setting.

The size of our individual services is such that where we had outbreaks, they could be contained more easily to minimise the spread and impact.

A key part to successful management of the coronavirus included prompt infection control practice. In addition to the use of PPE and deep cleans as required, the level of cleaning was increased and visitors stopped as per government guidelines. Staff movement was minimised and steps were taken to ensure that the same staff worked with each other where possible.

Throughout this period we have been astounded by the determination, resilience and compassion of our staff, whose professionalism has been pivotal in keeping people with complex health needs safe at home, protecting NHS beds for the critically ill.

See Going Concern on page 20 for financial risk assessment.

Achievements and Performance

Avenues' reputation for delivering high-quality services established us as a key player in the Transforming Care programme, and strengthened our relationship with NHS England.

This means all Avenues subsidiaries are well positioned to deliver new complex services which move people from secure locations back into their home communities, alongside the continuation of the outstanding support provided to existing service users, fulfilling the Group's vision,

As well as our ambition to support people for the long term, we continue to offer genuine career prospects to employees and positive succession planning. This has been demonstrated in the most visible of terms this year, with a new CEO and Director of Operations being appointed, who have over 20 and 13 years within the organisation.

Our commitment to quality has continued through our strategic partnership with the University of Kent, focusing on the promotion of positive behavioural support and active support - both approaches that are demonstratively effective in supporting the people that Avenues work with.

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We continue to take on new support packages for people with the most complex conditions, notably three brothers whose residential care placement failed after 25 years. The three had little experience of adult life, but within weeks of being supported by Avenues, they were making choices, getting involved in the community and preparing their own meals.

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

The Avenues Trust Group has a monthly balanced scorecard which is used for reporting to management and trustees. Within this are Key Performance Indicators for each strand of the Strategic plan as follows;

Better Lives/Quality

The first priority of the plan is to ensure that the lives of the people we support continually improve. A good indicator of this is percentage of employees trained in Active support. The 2019/20 target was 30% for the year ended 31 March 2020 we achieved 24%. This training initiative was re-launched in April 2019 and so there is no comparative for 2019. This is still a priority for 2020/21 however delivery will be impacted by coronavirus.

Better Jobs

Our second priority is to continually improve the experience of working for us. We have a target of 85% of experienced employees to be retained. For the year ended 31 March 2020 this stood at 77% (Same as at March 2019).

Better Business

The final strand of our strategic plan is Better Business. This is being measured by the percentage of services that are making a loss before central costs. The target for this is less than 5%, however at 31 March 2020, 13% of services were making a loss before central costs (reduced from 26% at March 2019. This represents 4.5% of income and includes services under review together with newly established services which are expected to make a surplus going forward.

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Financial results for the year ended 31 March 2020

The income and expenditure performance of the Group in 2019/20, shows income of £43.6m and a deficit of £1.2m (compared to a deficit of £0.6m in the prior year), which includes a loss on sale of assets of £0.3m

Total income for the year decreased by £1.2m (2.7%) and expenditure has decreased by £1.0m (2.2%), excluding loss on sale of fixed assets.

The consolidated balance sheet shows total group funds of £5.6m compared to £5.6m as at March 2019. This includes the impact of the revaluation of the Social Housing Pension Scheme (SHPS) pension liability of £1,516k and the downward revaluation of the fair value of fixed assets of £301k.

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

At March 2020, the Group undertook an impairment review based on a revaluation of the property portfolio which were held at fair value upon acquisition of Welmede. This has resulted in a downwards revaluation of these assets of £301k and the fixed assets and general reserves have been adjusted to reflect this change.

The consolidated Group had gone into 2019/20 with a small surplus budget. This is a key deliverable of the 2018/21 strategic plan and the Executive Management Team.

Reserves Policy

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

As a contract based service provider, the Avenues Group Board have concluded that the Group does not need to carry significant levels of reserves. However, the free reserves available need to be sufficient to mitigate against any significant organisational risks as identified via the risk management procedures whilst enabling the group to capitalise on opportunities and deliver the 3 year strategic plan ensuring sustainability for the future. Based on this revised reserve policy the Board has concluded that the target for free reserves should be £1.5m. This has been considered by the Audit and Risk Committee in May 2020 and deemed to be still appropriate.

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Subsidiaries

This reserves policy is established at a Group level. During the year, the Avenues Group Boards have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward.

Reserves were as follows at March 2020:	£'000
- General	5,346
- Designated	75
- Pension scheme	(1,084)
- Restricted	1,296
TOTAL RESERVES	5,633
Less unrestricted tangible fixed assets held for charities own use	(5,346)
Less restricted reserves	(1,296)
Less designated reserves	(75)
FREE RESERVES	(1,084)

Free reserves are therefore NIL.

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

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

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

£5,624k related to amounts invested in fixed assets and these reserves can only be realised on disposal.

The 2018/21 strategic plan is centred around better lives, better jobs and better business. One of the aims of the plan is financial sustainability and the creation of free reserves which will be achieved by asset disposals and the consistent delivery of financial surpluses. Over the life of this plan the projections have been revised to a small surplus being achieved in 2020/21. The creation of free reserves will be used to weather the social care sector storms and enable the Group to make strategic choices.

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The free reserves held at the balance sheet date remain below the target set by the Board and reserves policy. There are a number of other property disposals planned which are no longer required which will further improve liquidity.

Risks to funding/financial climate

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

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

Liquidity and working capital

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

The current working capital position of the group is:

2019/20 £1.1m (2018/19 £-0.3m)

Going Concern

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

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

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Growth has been slower than we anticipated, resulting in the 2018/19 deficit of £0.6m increasing to £0.9m, excluding sale of fixed assets for 2019/20. The above measures and increased scrutiny around monthly financial results and deviation from budgets mean that a small surplus is expected in 2020/21.

The Avenues Group operates within a cross guarantee arrangement and cash is pooled across the group to service working capital requirements.

As part of the going concern assessment, we have considered the ongoing financial impact of coronavirus in terms of operating performance and cashflow. We believe the funding support from Government coupled with the measures taken by the organisation in response to the coronavirus pandemic mean that the negative financial impact of the virus is mitigated and at this time does not represent a financial or going concern risk.

We recognised early on that regular testing was required, not only to ensure our operational teams were not spreading the virus but also enable us to manage any outbreaks. We requested weekly testing of all staff ahead of the Government advice where such facilities were available and this will continue. In addition to the use of PPE and deep cleans as required, the level of cleaning has increased and visitors stopped as per government guidelines. Staff movement is being minimised and steps were taken to ensure that the same staff work with each other where possible. This combined with our relatively small individual services means that we can work to reduce the spread and mitigate the impact of the virus across the organisation. We have sufficient contingency funds in place to cover existing coronavirus related voids for the full year and staff sickness is still being paid for by the Infection Prevent Grant. Should there be a second wave we believe we are well placed to deal with it and minimise the overall impact on the Group and as a result the financial position of the Group.

During the year, the Avenues Group Boards have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward.

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

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Intra-group debt written off and gifted £'000

	By Welmede	By Parent	Total
Avenues London	-	2,668	2,668
Avenues South East	197	83	280
Avenues East	(94)	829	735
Parent	2,594	(3,580)	(986)
Welmede	(2,697)	0	(2,697)

After this change and the 2019/20 operating result, the net assets of the subsidiaries were:

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

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

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

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

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Future Developments

2020/21 is the last year of the three year Strategic Plan for the Group. The key themes of better lives, better jobs and better business reflect our commitment to ensuring that the lives of the people we support are better next year than they are now. The Executive Management Team and trustees have formed a working party to develop the new strategy for 2021/25.

Our approach will remain centred on supporting more people with learning disabilities and/or autism whose behaviour challenges, while ensuring ongoing quality of services for those we already work with.

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

An ongoing challenge faced by the Group, and the sector, is the recruitment and retention of quality staff. We will work to differentiate ourselves through improved salary levels and enhanced learning, and development opportunities with apprenticeship schemes giving us an option to improve specialist provision of staff development. In the coming year we will work to raise our profile, specifically among jobseekers. As part of the financial improvement within the Group, we will bear down on central costs continually reducing them as a percentage of turnover. This is one of a number of initiatives which will lead to an improved financial performance for the Group for 2020/21 leading to financial surplus.

Post year end we have recruited a new post of a Business Development Director to support the organisation with its ambitious growth plans and we are really excited about the impact this will have across the group.

In addition, we have also set up two focus groups to address the agency spend and level of voids across the group and this along with the appointment of a void and referral post should help to address these issues.

We are looking to increase use of digital solutions and the aspiration of operating paperless offices as far as practicable. We will work to ensure that use of technology allows us to compete effectively in current business environment and to invest time saved from more efficient administrative processes in continuous improvement of our services.

THE AVENUES TRUST GROUP

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Avenues provides high-quality, cost effective and successful community-based alternatives to institutional care. As well as hugely improving people's quality of life, we offer rewarding long-term employment and careers. People are at the centre of everything we do.

These are challenging times for society and the sector, but we are confident that we have the strategy and people in place to become even more resilient, and deliver our vision to more people who need our unique support.

The Trustees' Report is approved by order of the Board as trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 9th December 2020 and signed on its behalf by

Terry Rich
Chair

A handwritten signature in black ink, appearing to read 'Terry Rich', is placed over a light yellow rectangular background.

Date: 9th December 2020

THE AVENUES TRUST GROUP

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

The trustees (who are also directors of The Avenues Trust Group for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the incorporated Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Group will continue in business.

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

In so far as the trustees are aware:

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

Auditor

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

THE AVENUES TRUST GROUP

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

Opinion

We have audited the financial statements of The Avenues Trust Group (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise Consolidated Statement of Financial Activities (including the Consolidated Income and Expenditure Account), the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE AVENUES TRUST GROUP

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 26, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

THE AVENUES TRUST GROUP

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date **11 December 2020**

THE AVENUES TRUST GROUP
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including Consolidated Income & Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted General Funds £'000	Unrestricted Pensions £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
INCOME FROM:						
Donations and Legacies						
Donations	3	2	-	-	2	20
Grants		-	-	-	-	-
		2	-	-	2	20
Charitable Activities:						
Provision of care and housing services		11,941	-	-	11,941	14,770
Provision of care to young people		1,379	-	-	1,379	1,424
Services to Adults		28,541	-	-	28,541	26,973
Services to Older People		1,640	-	-	1,640	1,579
Education, training & consultancy		-	-	-	-	-
YourTime - Leisure activities		-	-	-	-	2
		43,501	-	-	43,501	44,748
Other trading activities						
Investment Income	3	21	-	-	21	15
Other		3	-	-	3	1
		106	-	-	106	78
Total Income		43,633	-	-	43,633	44,862
EXPENDITURE ON:						
Raising funds						
		-	-	-	-	-
Charitable activities:						
Provision of care and housing services	4	12,304	-	-	12,304	15,091
Provision of care to young people	4	1,295	-	-	1,295	1,471
Services to Adults	4	29,299	-	-	29,299	27,388
Services to Older People	4	1,587	-	-	1,587	1,534
YourTime - Leisure activities	4	1	-	-	1	3
		44,486	-	-	44,486	45,487
Loss on sale of assets		300			300	-
Total Expenditure	4	44,786	-	-	44,786	45,487
Net expenditure	5	(1,153)	-	-	(1,153)	(625)
Transfer between funds		(259)	259		-	-
Reduction in fair value adjustment		(301)	-	-	(301)	-
Initial recognition of the deferred pension scheme	16	-	-	-	-	(194)
Remeasurement of defined benefit pension schemes	16	-	1,516	-	1,516	(838)
Net movement in funds		(1,713)	1,775	-	62	(1,657)
Reconciliation of funds:						
Fund balances brought forward	14	7,134	(2,859)	1,296	5,571	7,228
Fund balances carried forward		5,421	(1,084)	1,296	5,633	5,571

The notes on pages 34 to 60 form part of these financial statements.

**THE AVENUES TRUST GROUP
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020
COMPANY NO: 03804617**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	8	10,355	13,629
Intangible assets	9	27	21
		<u>10,382</u>	<u>13,650</u>
CURRENT ASSETS			
Debtors	11	4,853	5,052
Cash at bank and in hand		923	772
		<u>5,776</u>	<u>5,824</u>
CREDITORS falling due within one year	12	(4,678)	(6,153)
NET CURRENT ASSETS / (LIABILITIES)		<u>1,098</u>	<u>(329)</u>
CREDITORS falling due in more than one year		(4,763)	(4,891)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>6,717</u>	<u>8,430</u>
Pension scheme (liability)	16	(1,084)	(2,859)
NET ASSETS	14	<u>5,633</u>	<u>5,571</u>
FUNDS			
Unrestricted funds:			
General funds		5,346	7,059
Designated fund		75	75
Pension scheme funding reserve		(1,084)	(2,859)
		<u>4,337</u>	<u>4,275</u>
Restricted funds		1,296	1,296
TOTAL FUNDS	14	<u>5,633</u>	<u>5,571</u>

The notes on pages 34 to 60 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 9th December 2020 and were signed on its behalf by:

Terry Rich
Chair



**THE AVENUES TRUST GROUP
COMPANY BALANCE SHEET
AS AT 31 MARCH 2020
COMPANY NO: 03804617**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	8	143	236
Intangible assets	9	<u>27</u>	<u>21</u>
		170	257
CURRENT ASSETS			
Debtors	11	921	3,143
Cash		<u>-</u>	<u>-</u>
		921	3,143
CREDITORS falling due within one year	12	(1,191)	(2,413)
NET CURRENT (LIABILITIES) /ASSETS		<u>(270)</u>	<u>730</u>
NET (LIABILITIES) / ASSETS		<u>(100)</u>	<u>987</u>
FUNDS			
Unrestricted funds:			
General reserve		(1,006)	81
		<u>(1,006)</u>	<u>81</u>
Restricted funds		906	906
TOTAL FUNDS	14	<u>(100)</u>	<u>987</u>

As permitted by section 408 of the Companies Act 2006, the parent charity's Statement of Financial Activities (including Income and Expenditure) has not been included in these financial statements. The parent charity's result for the year was a deficit of £1,087k (2019: deficit of £2k)

The notes on pages 34 to 60 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of trustees on 9th December 2020 and were signed on its behalf by:



Terry Rich
Chair

THE AVENUES TRUST GROUP
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
		£'000	£'000
Cashflow from operating activities			
Net cash generated from /(used in) operating activities	(a)	(452)	850
Cashflow from investing activities:			
Purchase of intangible fixed assets		(626)	(1,018)
Purchase of tangible fixed assets		(22)	-
Sale of tangible fixed assets		2,653	317
Net cash provided by/(used in) investing activities		2,005	(701)
Financing:			
Payment of KCC loan		(36)	(36)
Net cash outflow from financing		(36)	(36)
Increase/(Decrease) in cash in the year		1,518	113
Change in cash and cash equivalents in the reporting period		1,518	113
Cash and cash equivalents at the beginning of the reporting period		(998)	(1,111)
Cash and cash equivalents at the end of the reporting period	(b)	520	(998)

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

		2020	2019
		£'000	£'000
Net income		(1,153)	(625)
Net movement in pension provision		(259)	(145)
Loss on disposal of tangible fixed assets		300	(173)
Depreciation charges		647	726
Amortisation of intangible fixed assets		16	21
Net movement in creditors (less debtors)		(2)	1,046
Net cash used in operating activities		(452)	850

(b) Analysis of cash and cash equivalents:

Overdraft facility repayable on demand		(403)	(1,770)
Cash at bank and in hand		923	772
Total cash and cash equivalents		520	(998)

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1) Accounting Policies

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

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102 second edition October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, except for the treatment of Welmede Housing Association social housing grants which would normally be shown through the Statement of Financial Activities. The group has departed from the Charities SORP (FRS 102) and maintained the accounting treatment set out in Housing SORP 2014 (Statement of Recommended Practice for social housing providers) which is followed by Welmede Housing Association, where government grants are recognised in income using the accruals model and recognised over the life of the underlying asset when housing properties are measured at cost.

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

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

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 33 'Related Party Disclosures' – Compensation for company key management personnel.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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b) Preparation of the accounts on a going concern basis

The Avenues Trust Group has had operational losses of £0.6m in 2018/19 and £1.2m in 2019/2020. As at March 2020 reserves stood at £5.6m, with positive net working capital of £1.1m. In April 2019 the sale of the Welmede Head Office and adjoining property realised cash of £2.65m which substantially improved the liquidity position of the Group. The 2019/20 result includes a £300k loss on disposal on this property and a bad debt provision of £220k relating to Welmede historical debts which we are unlikely to recover therefore the operational performance is in line with the previous year.

Going into 2020/21, there is an increased focus on recruitment and retention to lower dependency on agency; full review of loss making services across the group and increased scrutiny around void levels. These measures coupled with targeted growth across the Group will build a sustainable future. Increased scrutiny around monthly financial results and deviation from budgets mean that a small surplus position for 2020/21 is expected to be achieved.

As part of the going concern assessment, we have considered the ongoing financial impact of coronavirus in terms of operating performance and cashflow. We believe the funding support from Government coupled with the measures taken by the organisation in response to the coronavirus pandemic mean that the negative financial impact of the virus is mitigated and at this time does not represent a financial or going concern risk.

We recognised early on that regular testing was required, not only to ensure our operational teams were not spreading the virus but also enable us to manage any outbreaks. We requested weekly testing of all staff ahead of the Government advice where such facilities were available and this will continue. In addition to the use of PPE and deep cleans as required, the level of cleaning has increased and visitors stopped as per government guidelines. Staff movement is being minimised and steps were taken to ensure that the same staff work with each other where possible. This combined with our relatively small individual services means that we can work to reduce the spread and mitigate the impact of the virus across the organisation. We have sufficient contingency funds in place to cover existing coronavirus related voids for the full year and staff sickness is still being paid for by the Infection Prevent Grant. Should there be a second wave we believe we are well placed to deal with it and minimise the overall impact on the Group and as a result the financial position of the Group.

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

The Group is reliant on its overdraft facility of £2m which has been reduced to £1.5m post year end as the full facility was no longer required. There is a longstanding and positive relationship with Barclays and although this facility could be withdrawn at any time, this risk does not pose any serious threat or concern.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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c) Group financial statements

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

The result of all subsidiaries cover a full 12 month period up to 31 March 2020.

d) Income

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

Income received in advance of a service is deferred until the criteria for income recognition are met (Note 12). Income is measured at the fair value of the consideration receivable. Legacy income is recognised at the earlier of the charity being notified of a distribution or the receipt of a legacy, or when the receipt of the legacy is determined to be measurable and probable.

e) Capital grants in respect of social housing properties

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

f) Tangible fixed assets and depreciation

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

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

**THE AVENUES TRUST GROUP
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Depreciation of an asset commences from the point the asset is brought into use.

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

Asset values and consideration of any impairments needed are reviewed on an annual basis.

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

g) Intangible assets and amortisation

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

Software	20% per annum on cost
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h) Employee benefits policy

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

i) Pension costs

The Avenues Trust Group has employees enrolled in The Social Housing Pension Scheme (SHPS) defined contribution scheme (also referred to as 'Pensions Trust') which is an ongoing scheme. The contributions paid to this scheme by the group are charged to the Statement of Financial Activities as they fall due.

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

The group also contributes to the defined benefit Social Housing Pension Scheme (closed to future accrual). Contributions are charged to the Statement of Financial Activities in the period to which they relate. As at 31 March 2020 the schemes actuaries provided each employers organisation with its defined benefit liability together with comparative information as at 31 March 2019. The scheme treated as a defined benefit scheme in accordance with FRS102.

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

The pension schemes are disclosed in Note 16.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

j) Operating leases

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

k) Resources expended and the basis of apportioned costs

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

l) Allocation of support costs

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

m) Fund accounting

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

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

n) Taxation

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

o) Debtors

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

p) Cash and cash equivalents

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

q) Creditors and provisions

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

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

r) Financial Instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

s) Management estimates and judgements

In the process of applying its accounting policies, The Avenues Trust Group is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented. There are no significant judgements or estimates made. The assumptions applied to the pension have the potential to materially impact the pension liability position and therefore have been reviewed with the Groups pensions advisors and management consider they are reasonable. Upon acquisition of Welmede the properties were revalued and held at Fair Value in the Group accounts and as at March 2020, these have been re-valued on an appropriate basis and as a result an impairment adjustment has been made to ensure they are carried at an appropriate value (note 8)

2) Financial performance of the charity

The summary performance of the charity alone is:

	2020	2019
	£000s	£000s
Income from donations and Legacies	2,617	31
	<hr/>	<hr/>
	2,617	31
Expenditure on charitable activities	(3,704)	(33)
Net (Expenditure)	(1,087)	(2)
	<hr/> <hr/>	<hr/> <hr/>
Total funds brought forward	987	989
Total funds carried forward	(100)	987
Represented by:		
Restricted income funds	906	906
Unrestricted income funds	(1,006)	81
Total	<hr/>	<hr/>
	(100)	987

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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3) Income

	2020 £000s	2019 £000s
Donations and Legacies		
Other Donations	2	20
	2	20
Other trading income		
Contribution towards training costs	1	11
Other Income	16	-
Proceeds from sale of confectionary	4	4
	21	15

Income from Donations was £2k (2019: £20k) all of which was unrestricted in both years. Income from Charitable activities was £43,500k (2019: £44,784k) all of which was unrestricted in both years.

4) Expenditure

	Direct Costs £000s	Support Costs £000s	2020 Total £000s	2019 Total £000s
Charitable Activities				
Provision of care and housing services	10,606	1,698	12,304	15,091
Provision of care to young people	1,166	129	1,295	1,471
Services to Adults	26,383	2,917	29,299	27,388
Services to Older People	1,454	134	1,587	1,534
YourTime - Leisure activities	1	-	1	3
2020 Totals	39,609	4,877	44,486	
2019 Totals	40,674	4,813	45,487	

Expenditure on charitable activities of £44,486k (2019: £45,487k) was all attributable to unrestricted funds. This balance does not include pension re-measurement adjustments of £1,516k (2019: £838k).

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4) Expenditure (continued)

Analysis of governance and support costs

The Avenues Trust Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see above) in the year. Support costs are allocated on a blended percentage rate which takes into account the key drivers of central costs including staff costs, FTE, number of locations, number of people supported and vacancy rates.

	General support	Governance function	Total
	£000s	£000s	£000s
EMT and Governance	827	93	920
Group Finance	1,452	-	1,452
Group Human Resources	1,161	-	1,161
Group Office Management	907	-	907
Group Practice Development and Assurance	437	-	437
Total	4,784	93	4,877

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

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets	647	725
Amortisation	16	21
External Audit	76	75
Internal Audit	14	10
Operating lease charges for motor vehicles and equipment	104	202
Operating lease charges for land and buildings	868	1,380
Interest paid	65	52
Loss on disposal of assets	(300)	-

6) Trustees' remuneration

The trustees are the directors of the company. No remuneration or pension contributions were paid to the trustees. During 2019/20 2 trustees (2019: 4) were reimbursed expenses of £2k (2019: £1k) for travel expenses in roles as trustees.

S James, Group Chief Executive to October 2019, was also a Trustee of Avenues East until October 2019. During the year S James received £60k (2019: £134k) in remuneration including £2k of pension contributions (2019: £2k) from The Avenues Trust Group in respect of his role as Group Chief Executive. No remuneration or pension contributions were paid in relation to his role as a trustee.

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6) Trustees' remuneration (continued)

P Snelling, Group Director of Operations to October 2019, was also a Trustee of Avenues East. During the 2019/20 financial year he received £72k (2019: £114k) in remuneration including £7k of pension contributions (2019: £9k) from The Avenues Trust Group in respect of his role as Group Director of Operations. No remuneration or pension contributions were paid in relation to his role as a trustee.

J Land, Chief Executive, is also a Trustee of Avenues East from October 2019. During the 2019/20 financial year she received £161k (2019: £130k) in remuneration including £12k of pension contributions (2019: £11k) from The Avenues Trust Group in respect of her role as Chief Executive. No remuneration or pension contributions were paid in relation to her role as a trustee.

N Ford, Group Director of Finance, is also a Trustee of Avenues East from October 2019. During the 2019/20 financial year she received £126k (2019: £108k) in remuneration including £9k of pension contributions (2019: £9k) from The Avenues Trust Group in respect of her role as Group Finance Director. No remuneration or pension contributions were paid in relation to her role as a trustee.

The Directors of the Charity are remunerated by the Avenues Trust Group only to the extent permitted by the Charity's Articles of Association. A further payment was made in the year of £3k (2019: £3k) which is a collective premium to cover Trustees Liability.

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

7) Staff costs and key management personnel

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

	2020	2019
	No.	No.
£60k - £70k	1	-
£70k - £80k	2	-
£80k - £90k	4	-
£110k - £120k	-	2
£120k - £130k	2	1
£130k - £140k	-	1
£160k - £170k	1	-

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7) Staff costs and key management personnel (continued)

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

	No. 2020	No. 2019	FTE 2020	FTE 2019
Office staff	147	146	134	135
Care staff	720	779	721	776
Part-time support staff	464	580	355	382
Bank contract staff	654	686	-	-
	1,985	2,191	1,210	1,293

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

Staff costs - Group	2020 £'000	2019 £'000
Wages and salaries	29,430	29,608
Social security costs	2,221	2,300
Pension costs (Per Note 17)	911	778
Agency staff costs	4,457	4,539
	37,019	37,225

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

	2020 £'000	2019 £'000
Wages and salaries	660	460
Social security costs	72	40
Pension costs	42	59
	774	559

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

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

Group

	Freehold Housing Properties £'000	Freehold Offices £'000	Long leasehold properties £'000	Furniture and Equipment £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost							
At 1 April 2019	10,343	1,364	1,366	3,600	59	159	16,891
Additions	362	(31)	72	223	-	-	626
Disposals	(1,854)	(1,496)	-	-	-	-	(3,350)
Impairment Adjustment	(301)	-	-	-	-	-	(301)
At 31 MARCH 2020	8,550	(164)	1,438	3,823	59	159	13,866
Depreciation							
At 1 April 2019	456	28	16	2,554	50	159	3,263
Charge for year	60	-	13	421	8	-	501
Charge for year - grant (Note 11)	146	-	-	-	-	-	146
Disposals	(180)	(219)	-	-	-	-	(398)
At 31 MARCH 2020	482	(191)	29	2,975	58	159	3,512
Net book value							
At 31 MARCH 2020	8,068	27	1,410	848	1	-	10,354
At 31 March 2019	9,887	1,336	1,350	1,046	36	-	13,629

Charity

	Furniture and Equipment £'000	Total £'000
Cost		
At 1 April 2019	649	649
Additions	38	38
At 31 MARCH 2020	687	687
Depreciation		
At 1 April 2019	413	413
Charge for the year	131	131
At 31 MARCH 2020	544	544
Net book value		
At 31 MARCH 2020	143	143
At 31 March 2019	236	236

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8) Tangible fixed assets (continued)

NHS Charge

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

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

There is an offsetting capital grant creditor of £4,730k (2019: £4,825k). (See note 12).

Long Leasehold

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

9) Intangible assets – Group and Charity

	People Planner	Digitalisation Project	Website	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	66	-	24	90
Additions	-	22	-	22
At 31 MARCH 2020	66	22	24	112
Amortisation				
At 1 April 2019	45	-	24	69
Charge for year	16	-	-	16
At 31 MARCH 2020	61	-	24	85
Net book value				
At 31 MARCH 2020	5	22	-	27
At 31 March 2019	21	-	-	21

10) Investments in subsidiary undertakings

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

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11) Debtors

	Charity		Group	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Contract fees receivable	123	79	3,173	3,633
Other debtors	192	192	622	307
Prepayments and accrued income	339	207	1,059	1,112
Amounts due from subsidiary undertakings	267	2,665	-	-
	921	3,143	4,853	5,052

Included within Other Debtors are amounts totalling £160k (2019: £160k) relating to a rental deposit falling due after more than one year.

12) Creditors

	Charity		Group	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Bank overdraft	403	1,770	403	1,770
Trade creditors	7	266	342	1,403
KCC Pension creditor	-	-	33	66
Other taxation and social security	105	113	891	896
Other creditors	75	123	730	463
Deferred income	-	-	978	750
Accrued expenditure	57	141	1,301	805
Intercompany	544	-	-	-
	1,191	2,413	4,678	6,153

Movements in deferred income:	£'000	£'000
Deferred income at the beginning of the year	750	379
Income recognised in the year	(750)	(379)
Income deferred in the current year	978	750
Income deferred at the year end	978	750

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

**THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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12) Creditors (continued)

Included within Other creditors for the group are amounts totalling £98k (2019: £97k) in respect of outstanding pension contributions.

	Charity		Group	
	2020	2019	2020	2019
Amounts falling due in more than one year:	£'000	£'000	£'000	£'000
KCC Pension creditor	-	-	33	66
	-	-	33	66

	2020	2019
Long term creditors are repayable as follows:	£'000	£'000
Due within one year	33	33
Between two and five years	33	66
Total amount due	66	99
Less: due within one year	(33)	(33)
Amount due after one year	33	66

Capital grant

	2020	2019
	£'000	£'000
Capital Grant at 1 April	(4,825)	(4,235)
Additional Grant	(51)	(721)
Grant release current year	146	131
Capital Grant at 31 March	(4,730)	(4,825)

A capital grant was received to purchase NHS properties in 1995. 2 further capital grants were received during the year totalling £51k. The grants are amortised over the same period over which the housing properties are depreciated.

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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13) Statement of Funds

Group:	2019	Income	Expenditure	Transfers	FRS 102 Pension Adj	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General reserve	7,134	43,633	(45,087)	(259)	-	5,421
Pension reserve	(2,859)	-	-	259	1,516	(1,084)
Restricted funds:						
Active Communities Fund	11	-	-	-	-	11
Big Lottery	12	-	-	-	-	12
Community Futures other restricted funds	218	-	-	-	-	218
Dementia Services	2	-	-	-	-	2
Disability Focus Day	11	-	-	-	-	11
Disability Sports Project	23	-	-	-	-	23
Employment Service	10	-	-	-	-	10
Leisure activities in Avenues East	35	-	-	-	-	35
Partnership Working	9	-	-	-	-	9
Teaming Up	63	-	-	-	-	63
Garden Fund	5	-	-	-	-	5
Brighton road	730	-	-	-	-	730
Copse Hill	92	-	-	-	-	92
Other restricted projects	75	-	-	-	-	75
	1,296	-	-	-	-	1,296
Total funds	5,571	43,633	(45,087)	-	1,516	5,633
Previous year balances	2018	Income	Expenditure	Transfers	FRS 102 Pension Adj	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General reserve	7,640	44,843	(45,342)	(6)	-	7,134
Pension reserve	(1,682)	-	(145)	-	(1,032)	(2,859)
Restricted funds:						
Active Communities Fund	11	-	-	-	-	11
Big Lottery	12	-	-	-	-	12
Community Futures other restricted funds	218	-	-	-	-	218
Dementia Services	2	-	-	-	-	2
Disability Involvement Day	11	-	-	-	-	11
Disability Sports Project	23	-	-	-	-	23
Employment Service	10	-	-	-	-	10
Leisure activities in Avenues East	35	-	-	-	-	35
Partnership Working	9	-	-	-	-	9
Teaming Up	63	-	-	-	-	63
Garden Fund	5	-	-	-	-	5
Brighton Road	730	-	-	-	-	730
Copse Hill	92	-	-	-	-	92
Other restricted projects	49	20	-	6	-	75
	1,270	20	-	6	-	1,296
Total funds	7,228	44,863	(45,487)	-	(1,032)	5,571

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13) Statement of funds (continued)

The main funds are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Parent Charity :	1 April			31 March
	2019	Income	Expenditure	2020
	£'000	£'000	£'000	£'000
General reserve	81	2,617	(3,704)	(1,006)
Restricted funds				
Active Communities funds	11	-	-	11
Community Futures other restricted funds	32	-	-	32
Brighton Road	730	-	-	730
Other projects	133	-	-	133
	906	-	-	906
Total funds	987	2,617	(3,704)	(100)

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

14) Analysis of net assets between funds

GROUP	Restricted	Unrestricted	2020
	Funds	Funds	Total
Fund balances at 31 March 2020 are represented by:	£'000	£'000	£'000
Tangible fixed assets	-	10,355	10,355
Intangible assets	-	27	27
Current assets	1,296	4,481	5,777
Current liabilities	-	(4,678)	(4,678)
Long term liabilities	-	(4,763)	(4,763)
TOTAL FUNDS BEFORE PENSION LIABILITY	1,296	5,422	6,718
Pension scheme liability	-	(1,084)	(1,084)
TOTAL FUNDS INCLUDING LIABILITY ON PENSION SCHEME RESERVE	1,296	4,337	5,633

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

Fund balances at 31 March 2019 are represented by:

Tangible fixed assets	-	13,629	13,629
Intangible assets	-	21	21
Current assets	1,296	4,528	5,824
Current liabilities	-	(6,153)	(6,153)
Long term liabilities	-	(4,891)	(4,891)
TOTAL FUNDS BEFORE PENSION LIABILITY	1,296	7,134	8,430
Pension scheme liability	-	(2,859)	(2,859)
TOTAL FUNDS INCLUDING LIABILITY ON PENSION SCHEME RESERVE	1,296	4,275	5,571

Analysis of parent charity net assets between funds

	Restricted Funds £'000	Unrestricted Funds £'000	Total £'000
Fund balances at 31 March 2020 are represented by:			
Tangible fixed assets	-	143	143
Intangible assets	-	27	27
Current assets	906	15	921
Current liabilities	-	(1,191)	(1,191)
TOTAL FUNDS	906	(1,006)	(100)
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	-	236	236
Intangible assets	-	21	21
Current assets	906	2,237	3,143
Current liabilities	-	(2,413)	(2,413)
TOTAL FUNDS	906	81	987

15) Operating leases

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

	2020 £'000	2019 £'000
<u>Land and Buildings</u>		
Amounts due:		
Within one year	839	886
Between two and five years	1,428	2,050
Beyond five years	358	576
	2,625	3,512

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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15) Operating leases (continued)

<u>Vehicles & equipments</u>	2020	2019
Amounts due:	£'000	£'000
Within one year	104	173
Between two and five years	13	117
	117	290
<hr/>		
Parent only	2020	2019
<u>Land and Buildings</u>	£'000	£'000
Amounts due:		
Within one year	338	338
Between two and five years	225	563
	563	901
<hr/>		

16) Pension obligations

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

	2020	2019	2020	2019
	£'000	£'000	No.	No.
Pensions Trust SHPS	814	702	1,226	1,247
NHS Pension		56	1	20
Pensions Trust - The Growth Plan	25	20	28	11
Per Note 7	839	778		

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

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

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

National Health Service (closed Scheme)

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

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

The Pensions Trust - The Social Housing Pension Scheme

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

The Pensions Trust - The Growth Plan (closed scheme)

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

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

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

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

Deficit contributions

From 1 April 2019 to 31 January 2025

£11,243,000 per annum
(payable monthly and increasing by 3% each on 1st April)

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

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

Deficit contributions

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

PRESENT VALUES OF PROVISION

	2020	2019
	£'000	£'000
Present value of provision - Avenues East	53	64
Total group provision	<u>53</u>	<u>64</u>

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

Reconciliation of opening and closing provisions

	2020	2019
	£'000	£'000
Provision at start of period	65	76
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(12)	(10)
Remeasurements:		
- impact of any change in assumptions	(1)	1
- amendments to the contribution schedule	-	(4)
Provision at end of period	<u>53</u>	<u>64</u>

Income and expenditure impact

	2020	2019
	£'000	£'000
Interest expense	1	1
Remeasurements:		
- impact of any change in assumptions	(1)	1
- amendments to the contribution schedule	-	(4)
Contributions paid in respect of future service	-	-

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

Assumptions

	2020	2019	2018
	% per annum	% per annum	% per annum
Rate of discount The Pensions Trust - Growth Plan	2.53	1.39	1.71

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

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

The Pensions Trust - Social Housing Pension Scheme

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

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

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

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

	31 March 2020	31 March 2019
	£'000	£'000
Fair Value of plan assets	8,090	8,001
Present value of defined benefit obligation	9,120	10,795
Surplus (deficit) in plan	(1,030)	(2,794)
Defined Benefit asset (liability) to be recognised	(1,030)	(2,794)

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16) Pension obligations (continued)

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	Period ended 31st March 2020 £'000
Defined benefit obligation at start of period	10,795
Current service cost	-
Expenses	9
Interest expense	250
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(411)
Actuarial losses (gains) due to changes in demographic assumption	(89)
Actuarial losses (gains) due to changes in financial assumptions	(1,274)
Benefits paid and expenses	(160)
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	9,120

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

	Period ended 31st March 2020 £'000's
Fair value of plan assets at start of period	8,001
Interest income	188
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(258)
Contributions by the employer	319
Contributions by plan participants	-
Benefits paid and expenses	(160)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	8,090

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £70,000

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16) Pension obligations (continued)

Defined Benefit Costs Recognised In Statement Of Financial Activities (SOFA)

	Period ended 31st March 2020 £'000's
Current service cost	-
Expenses	9
Net interest expense	62
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	71

	Period ended 31st March 2020 £'000's
Defined Benefit Costs Recognised In net movement in funds	
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(258)
Experience gains and losses arising on the plan liabilities - gain (loss)	411
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	89
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,274
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,516
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	1,516

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

Assets	31-Mar-20	31-Mar-19
	£'000	£'000
Absolute Return	422	692
Alternative Risk Premia	565	339
Corporate Bond Fund	461	274
Credit Relative Value	222	147
Distressed Opportunities	156	146
Emerging Markets Debt	245	276
Fund of Hedge Funds	4	36
Global Equity	1,184	1,347
Infrastructure	602	419
Insurance-Linked Securities	248	230
Liability Driven Investment	2,686	2,926
Long Lease Property	140	117
Net Current Assets	35	15
Opportunistic Illiquid Credit	195	-
Liquid Credit		
Private Debt	163	108
Property	178	180
Risk Sharing	274	241
Secured Income	307	286
Total assets	8,087	7,779

Key Assumptions	31-Mar-20	31-Mar-19
	% per annum	% per annum
Discount Rate	2.4	2.3
Inflation (RPI)	2.6	3.3
Inflation (CPI)	1.6	2.3
Salary Growth	2.6	3.3
Allowance for commutation of pension for cash at retirement	maximum allowance	maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	at age 65
	(Years)
Male retiring in 2019	21.5
Female retiring in 2019	23.3
Male retiring in 2039	22.9
Female retiring in 2039	24.5

THE AVENUES TRUST GROUP
NOTES TO THE FINANCIAL STATEMENTS
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17) Active subsidiary undertakings

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

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

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

All charities' registered address is River House, 1 Maidstone Road, Sidcup, Kent, DA14 5TA. All activities have been consolidated on a line by line basis in the Consolidated Statement of Financial Activities. A summary of the results of the subsidiaries is shown below.

	Avenues South East	Avenues London	Avenues East	Welmede	Parent	Fair value Adjustment	Total 2020	Debt Equalisation	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	16,150	12,857	6,438	12,038	2,617	-	50,098	(6,465)	43,633	44,862
Expenditure	(16,012)	(10,577)	(5,591)	(13,623)	(3,703)	(1,745)	(51,251)	6,465	(44,786)	(45,487)
Surplus/(deficit) on ordinary activities	138	2,280	847	(1,585)	(1,086)	(1,745)	(1,153)	-	(1,153)	(625)
Debt equalisation	280	2,668	735	(2,697)	(986)	-	-	-	-	-
Surplus/(deficit) on ordinary activities excluding debt equalisation	(142)	(388)	112	1,112	(100)	(1,745)	(1,153)	-	(1,153)	(625)

The aggregate of the assets, liabilities and funds as at 31 March 2020 was :	Avenues South East	Avenues London	Avenues East	Welmede	Total
	£'000	£'000	£'000	£'000	£'000
Assets	2,567	1,083	551	10,173	14,374
Liabilities	(2,247)	(985)	(357)	(6,650)	(10,239)
Total funds	320	98	194	3,523	4,135

The aggregate of the assets, liabilities and funds as at 31 March 2019 was :	Avenues South East	Avenues London	Avenues East	Welmede	Total
	£'000	£'000	£'000	£'000	£'000
Assets	1,896	1,231	605	12,399	16,131
Liabilities	(2,075)	(3,413)	(1,258)	(8,445)	(15,191)
Total funds	(179)	(2,182)	(653)	3,954	940

**THE AVENUES TRUST GROUP
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18) Related party transactions

The Avenues Trust Group provides central support for each of its subsidiaries. The Group makes a charge for these central costs based on a blended ratio of group costs. In addition, The Avenues Trust Group acts as the central banker for the group, paying salary costs and creditors and receiving cash from customers.

	2020	2019
PARENT	£'000	£'000
Balance owed at 1 April	2,665	2,376
Payroll services provided to subsidiary companies	29,766	29,460
Receipts taken on behalf of group companies	(29,457)	(30,359)
Payments made on behalf of group companies	7,237	8,029
Intercompany transfer from Welmede	(12,606)	(11,570)
Recharges of head office costs	4,783	4,729
Debt Equalisation	(2,665)	-
Balance due at 31 March	(277)	2,665