

AVENUE SERVICES (NW) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Company Number: 08002607

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Avenue Services (NW) Limited

Directors and advisors

Directors

Keith Board
Gordon Cairns
Yvonne Davies
Colleen Eccles
Carol Gahan
William Hogg
Anthony King
Ben Powell

Company Secretary

Nicole Seymour

Bankers

Barclays Bank plc
Barclays Corporate
Social Housing Team
Level 27
1 Churchill Place
London
E14 5HP

Legal advisors

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

Independent statutory auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered office

Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

Registration number

Company Number: 08002607

Avenue Services (NW) Limited

Directors' Report for the year ended 31 March 2018

The Board of Directors (the Board) submit their Annual Report and the audited financial statements for the year ended 31 March 2018.

Principal activities

Avenue Services (NW) Limited (the Company) was registered on 22 March 2012 under the Companies Act 2006 number 08002607, with the purpose of being a major facilitator of social and economic change by means of providing regeneration projects and a wide range of services and social facilities to the residents of Blacon and the wider borough of Cheshire West and Chester.

The Company is set up as a private company limited by guarantee without share capital; any surplus funds are used for the benefit of Blacon and its residents.

The Company was originally established with two members, Chester and District Housing Trust Limited (the Trust) and Cheshire West and Chester Council (the Council). Sanctuary Housing Association (the Association) replaced the Trust as a member following a transfer of engagements of the Trust to the Association on 31 March 2015.

The Company's ultimate parent undertaking is Sanctuary Housing Association and the Company forms part of the Sanctuary Group of entities (the Group).

Going Concern

The Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in its financial statements.

Review of business and future developments

The Company's aim of ensuring the delivery of quality local services and community projects, with the active engagement of local people, has continued over the past 12 months.

The Company continues to achieve high satisfaction ratings for the grounds maintenance services it provides to Blacon and across the Chester District, including carrying out 17 grass cutting rounds across the year, at an average of below 14 days to complete each round; helping the community to be shown at its best at all times. The caretaking and cleaning team continue to meet service standards and have expanded their services to include compliance testing as well as office and window cleaning to a number of Group properties.

The last year has seen the completion of a number of significant long term projects, including the opening of the pump track on the land in front of the Blacon Adventure Playground. The pump track was built by a specialist contractor to provide a fully tarmacked surface suitable for all ages and skill levels and will provide a community attraction for years to come.

An extensive refurbishment of Blacon Adventure Playground was carried out in order to provide improved facilities for the local community as well as ensuring continued compliance with Health and Safety regulations. A second phase of improvements, including new flooring at the activity centre to allow a greater range of sporting activities to be undertaken, was completed during June 2018.

A modular building at Cairns Crescent playing fields will provide a facility to be used by Blacon Youth Football Club, Blacon youth workers and the local community for the foreseeable future.

The Company also played an integral part in the project to establish the Ash Tree Day Nursery at the former Dee Point Centre site, which not only provides a much-needed child care service and after school club in the area, but has also provided employment for local people.

Directors' Report for the year ended 31 March 2018 continued**Review of business and future developments continued**

The Parade Enterprise Centre continues to be a valuable and well used facility for the local community. As well as the library and local shops, eight new start-up businesses have been housed in the incubation units at the Centre and have benefitted from the support and advice offered by the Avenue Services team.

The Company has once again been active through its community investment programme, re-investing £82,000 generated by the Company back into the community to support local organisations. Operating efficiencies and additional surplus made by the company has also allowed a number of one-off projects to be funded again in the year, including phase two of the improvements to the Blacon Adventure Playground, new websites for both Avenue Services and the Blacon Adventure Playground and improvements to the Western Avenue play area. With community investment and discretionary projects, the Company has re-invested a total of £177,000 back into the community during this financial year.

A further £85,000 community investment programme is planned for 2018/2019, targeted at the areas of employment, education, skills, training, health and wellbeing, community safety, environment and financial inclusion. The Company will also continue, in collaboration with the Council and local residents, the refurbishment programme of the play areas across Blacon.

During the year, four local people were employed for nine months on the alternative employment programme, a joint programme with the Council to provide paid employment and training opportunities for up to four local people per year, over a four year period. Two of the people employed in the first year of the scheme have subsequently secured permanent employment within the Company.

In the prior year a number of local assets were transferred to the Company from the Council on long term leases; these assets include both buildings and a number of open spaces. The Board continues to assess how best these assets can be utilised for the benefit of the local community.

When considering the future use of these assets the Board will ensure all decisions meet the Company's aims of:

- combining and harnessing local assets to generate future income streams to support services designed to meet the needs of local residents; and
- ensuring local people are actively engaged in the management and decisions regarding any change in the future use of local assets.

Results

The results of the Company for the year ended 31 March 2018 are set out on page 9.

Key performance indicators

The Company is part of the Group and is therefore subject to Group financial management and monitoring of performance.

Principal risks

The Company operates a risk mapping process as part of its annual business planning cycle. This process identifies a number of external factors which affect the Company. The Board reviews and approves the risk map.

The principal risks for the Company covered by the risk map considered by the Board during 2017/2018 are:

- Delivering the outputs required at the standard required for the service specifications;
- Customer satisfaction and engagement with the community of Blacon; and
- Management of the transferred assets, ensuring compliance with all regulatory requirements as well as maximising returns.

Directors' Report for the year ended 31 March 2018 continued**Directors and their interests**

The Board of Directors includes community members, which ensures that the needs of the community are met by the Company.

Directors who have served during the year and to the date of the financial statements being approved were:

Keith Board	(appointed 21/06/17)
Gordon Cairns	(community member)
Yvonne Davies	(community member)
Colleen Eccles	(appointed 23/01/18)
Hugo Deynem	(resigned 21/06/17)
Carol Gahan	(Vice Chair)
William Hogg	(Chairman)
Anthony King	
Ben Powell	(appointed 15/05/17)
Judith Stainthorp	(resigned 18/01/2018)

Company Secretary

Nicole Seymour

Directors' Report for the year ended 31 March 2018 continued**Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

In the case of each Director in office at the date the Directors' Report is approved:

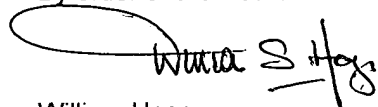
- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

KPMG LLP has indicated its willingness to continue in office. A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the Board.



William Hogg
Chairman

19 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUE SERVICES (NW) LIMITED

Opinion

We have audited the financial statements of Avenue Services (NW) Limited (the Company) for the year ended 31 March 2018 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUE SERVICES (NW) LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gordon Docherty (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 19 July 2018

Profit and Loss Account for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover	2	2,159	2,137
Cost of sales		(1,935)	(1,785)
Gross profit		<u>224</u>	<u>352</u>
Operating expenses		(217)	(369)
Operating profit/(loss)	3	<u>7</u>	<u>(17)</u>
Interest receivable		-	1
Profit/(loss) on ordinary activities before taxation		<u>7</u>	<u>(16)</u>
Tax on profit/(loss) on ordinary activities	6	(3)	3
Profit/(loss) for the financial year		<u><u>4</u></u>	<u><u>(13)</u></u>

The profit/(loss) for the current and prior years relates wholly to continuing activities.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents.

There are no recognised gains and losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 12 to 20 form part of these financial statements.

Balance Sheet as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	7	489	502
		<u>489</u>	<u>502</u>
Current assets			
Debtors	8	180	440
Cash at bank and in hand		635	625
		<u>815</u>	<u>1,065</u>
Creditors: amounts falling due within one year	9	(352)	(702)
Net current assets		<u>463</u>	<u>363</u>
Total assets less current liabilities		<u>952</u>	<u>865</u>
Creditors: amounts falling due after more than one year	10	(451)	(456)
Provisions	11	(210)	(122)
Net assets		<u><u>291</u></u>	<u><u>287</u></u>
Capital and reserves			
Profit and loss account		291	287
Total members' funds		<u><u>291</u></u>	<u><u>287</u></u>

The financial statements were approved and authorised by the Board of Directors on 19 July 2018 and signed on its behalf by:



William Hogg
 Chairman

The notes on pages 12 to 20 form part of these financial statements.

Statement of Changes in Equity 31 March 2018

	Profit and loss account £'000	Total members' funds £'000
At 1 April 2016	300	300
Loss for the year	(13)	(13)
Total comprehensive income	<u>(13)</u>	<u>(13)</u>
At 31 March 2017	<u>287</u>	<u>287</u>
At 1 April 2017	287	287
Profit for the year	4	4
Total comprehensive income	<u>4</u>	<u>4</u>
At 31 March 2018	<u>291</u>	<u>291</u>

The notes on pages 12 to 20 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2018

1. Principal accounting policies

General information

Avenue Services (NW) Limited is a company incorporated and domiciled in the UK.

The financial statements are presented in pounds sterling, which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest thousand.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Sanctuary Housing Association, includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Comparative period reconciliation for property, plant and equipment
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Sanctuary Housing Association include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historical cost basis.

Going concern

The Board confirms that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company also has the continued support of its parent, Sanctuary Housing Association. Accordingly, the Company continues to adopt the going concern basis in its financial statements.

Notes to the Financial Statements for the year ended 31 March 2018

1. Principal accounting policies (continued)

Critical accounting estimates, judgements and assumptions

The Directors have established an onerous lease provision and a lifecycle maintenance provision. The onerous lease provision reflects the discounted present value of the net obligation over the life of the lease and is being unwound over the remaining lease term to August 2056. The lifecycle maintenance provision reflects obligations of the Company with regards to the Parade Enterprise Centre which it manages on behalf of Sanctuary Housing Association; the provision is being increased by £45,000 per annum.

The Directors have not been required to make any other judgements which have a significant impact upon the financial statements, nor have they been required to make any significant estimates or assumptions which could result in a significant risk of material adjustments in future periods.

Turnover

Turnover represents income received for services completed and the provision of facilities for the Council, Association and the residents of Blacon. Turnover is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes. Where charges are billed in advance, these are recorded as deferred income.

Costs

Costs directly relating to the provision of services are shown as cost of sales whilst general overheads are shown as operating expenses.

Value Added Tax (VAT)

The majority of the Company's turnover is intra-Group; however certain activities are subject to VAT and give rise to VAT recovery. Where appropriate, costs are stated including irrecoverable VAT.

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Notes to the Financial Statements for the year ended 31 March 2018

1. Principal accounting policies (continued)

Provisions for liabilities and charges

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Property, plant and equipment

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Leasehold land and buildings	Over the period of the lease
Plant and equipment	4 to 10 years

Government grants

Where a grant is received from government bodies as a contribution towards the capital cost of assets, it is recognised as income using the performance model. Prior to satisfying the performance conditions, such grants are held as deferred income on the Balance Sheet. Once the conditions are satisfied the grant is recognised as income on a systematic basis.

Where assets are transferred from government bodies without payment of consideration, they are treated as a government grant of non-monetary assets and both an asset and a deferred grant liability are recognised at the fair value of the non-monetary asset transferred. Subsequently the asset is depreciated and grant amortised in accordance with the policies detailed above.

Impairment testing – property

When an impairment indicator is identified, an impairment review is performed at an individual property level and compared against the higher of:

- the fair value less selling costs of the property, or
- its value in use (VIU).

Fair value is deemed to be the market value of the property based on its current use. The recoverable amount is calculated using an assessment of future discounted cash flows or other valuation methods deemed appropriate.

Should the net book value of the property exceed the higher of these measures, it is impaired to this value, with the movement going through Profit and Loss.

Notes to the Financial Statements for the year ended 31 March 2018 continued

2. Turnover

	2018 £'000	2017 £'000
Revenue from the rendering of services	2,154	2,135
Grant income/amortisation	5	2
	<u>2,159</u>	<u>2,137</u>

3. Profit/(loss) for the financial year

Profit/(loss) for the financial year is stated after charging/(crediting):	2018 £'000	2017 £'000
Operating lease rentals – land and buildings	6	6
Operating lease rentals – vehicles	44	66
Provision for onerous lease	(2)	36
Depreciation	13	2
Auditor's remuneration for audit services	2	2
	<u>2</u>	<u>2</u>

4. Directors' emoluments

Anthony King and Colleen Eccles receive salaries in their capacity as employees of Sanctuary Housing Association, the parent undertaking; consequently, any expenses are also borne by the parent undertaking. No other directors of the Company are remunerated by the Company or its parent.

5. Employee information

Employees of the Company:	2018 £'000	2017 £'000
Wages and salaries	197	61
Social security costs	16	5
Other pension costs	40	13
	<u>253</u>	<u>79</u>

The average monthly number of persons employed during the year expressed in full-time equivalents was:

	2018 Number	2017 Number
Site based staff	7	2
Office based staff	1	1
	<u>8</u>	<u>3</u>

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

Additionally, employees of the Association performed services on behalf of the Company and the relevant costs, including any social security and pension costs, were recharged to the Company.

Employee costs recharged to the Company by the Association:	2018 £'000	2017 £'000
Employee costs recharged	1,337	1,381

Avenue Services (NW) Limited

Notes to the Financial Statements for the year ended 31 March 2018 continued

6. Tax on profit/(loss) on ordinary activities

(a) Analysis of tax charge for the year

	2018 £'000	2017 £'000
UK corporation tax:		
Current tax on profit/(loss) for the year	-	-
Total current tax	-	-
Deferred tax:		
Temporary timing differences	3	(3)
Total deferred tax	3	(3)
Tax on profit/(loss) on ordinary activities	<u>3</u>	<u>(3)</u>

b) Factors affecting the tax charge in the year

The tax charge for the year is at the main rate of corporation tax in the UK of 19% (2017: 20%):

	2018 £'000	2017 £'000
Profit/(loss) on ordinary activities before tax	7	(16)
Profit/(loss) on ordinary activities multiplied by main company rate of corporation tax in the UK of 19% (2017: 20%)	1	(3)
Non-deductible expenses	2	-
Utilisation of losses / losses carried forward	(3)	3
Deferred tax asset movement	3	(3)
Total tax charge/(credit) for the year	<u>3</u>	<u>(3)</u>

(c) Factors affecting future tax charge

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future current tax charge accordingly.

Notes to the Financial Statements for the year ended 31 March 2018 continued

7. Tangible assets

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2017 and 31 March 2018	<u>465</u>	<u>39</u>	<u>504</u>
Depreciation			
At 1 April 2017	2	-	2
Charge for the year	<u>5</u>	<u>8</u>	<u>13</u>
At 31 March 2018	<u>7</u>	<u>8</u>	<u>15</u>
Net book value			
At 31 March 2018	<u>458</u>	<u>31</u>	<u>489</u>
At 31 March 2017	<u>463</u>	<u>39</u>	<u>502</u>

Impairment

In accordance with the policies set out in note 1 the Company has reviewed all properties for indicators of impairment. For the year ended 31 March 2018 no impairments have been identified.

Assets pledged as security

No assets have been pledged to secure borrowings.

Assets transfers

During the prior year, the Council transferred a number of assets to the Company for nil consideration. These transfers were treated as a grant of non-monetary assets in accordance with the policy detailed in note 1. The assets were recognised within tangible assets at a total fair value of £462,600 and are included within the cost line above.

An equal amount of deferred grant was included within creditors, split between amounts falling due within one year and amounts due after more than one year (notes 9 and 10). Amortisation of the grant is included in turnover (note 2).

Avenue Services (NW) Limited

Notes to the Financial Statements for the year ended 31 March 2018 continued

8. Debtors

	2018	2017
	£'000	£'000
Trade debtors	174	414
Amounts owed by fellow group undertakings	-	2
Other debtors	-	15
Deferred tax asset	6	9
	<u>180</u>	<u>440</u>

Amounts owed by fellow group undertakings are repayable on demand, trading in nature and do not bear interest.

9. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	2	20
Amounts owed to parent undertaking	140	179
Amounts owed to fellow group undertakings	11	-
Other taxation and social security	4	3
Other creditors	4	45
Accruals and deferred income	186	450
Deferred grant	5	5
	<u>352</u>	<u>702</u>

Amounts owed to parent undertaking and fellow group undertakings are repayable on demand, trading in nature and do not bear interest.

10. Creditors: amounts falling due after more than one year

	2018	2017
	£'000	£'000
Deferred grant	451	456
	<u>451</u>	<u>456</u>

11. Provisions

	2018	2017
	£'000	£'000
1 April	122	86
Reclassified from other creditors	45	-
Provided in the year	45	36
Utilised in the year	(2)	-
31 March	<u>210</u>	<u>122</u>

Provisions at 31 March 2018 comprise a £120,000 onerous lease provision and a £90,000 lifecycle maintenance provision. The onerous lease provision is being unwound over the remaining term of the lease and will be fully utilised by August 2056. The lifecycle maintenance provision reflects obligations of the Company with regards to the Parade Enterprise Centre which it manages on behalf of Sanctuary Housing Association.

Notes to the Financial Statements for the year ended 31 March 2018 continued

12. Operating lease rentals

Non-cancellable operating lease rentals are payable as follows:

	2018 £'000	2017 £'000
Land and buildings:		
Under one year	6	6
In the second to fifth year inclusive	23	23
In more than five years	186	191
	<u>215</u>	<u>220</u>
Vehicles:		
Under one year	37	41
In the second to fifth year inclusive	79	88
	<u>116</u>	<u>129</u>
Total:		
Under one year	43	47
In the second to fifth year inclusive	102	111
In more than five years	186	191
	<u>331</u>	<u>349</u>

Minimum lease payments are presented on an undiscounted basis and do not include discretionary rent reviews.

13. Share capital

The Company is limited by guarantee and has no share capital. The Members of the Company guarantee to contribute £1 in the event of winding up.

Notes to the Financial Statements for the year ended 31 March 2018 continued

14. Related party transactions

During the year the Company provided services to the Association to the value of £1,453,609 (2017: £1,435,899) and was recharged costs by the Association totalling £1,455,885 (2017: £1,522,440); these recharges included £1,336,933 of staff costs (2017: £1,381,372). At the year end the Company owed £140,401 to the Association (2017: £179,084).

During the year Sanctuary Maintenance Contractors Limited (SMCL), a fellow member of the Sanctuary Group, provided services to the Company to the value of £24,592 (2017: £8,760). At the year end the Company owed £10,867 to SMCL (2017: £1,522 owed by SMCL)

During the year the Company provided services to the Council to the value of £618,041 (2017: £628,522). At the year end, the Council owed the Company £171,025 (2017: £413,800). The Company was invoiced a total of £45,678 (2017: £40,972) by the Council during the year, relating to rent, rates and other costs. At the year end the Company owed the Council £nil (2017: £17,096).

In the prior year the Council transferred a number of assets to the Company for nil consideration. These transfers were treated as a grant of non-monetary assets in accordance with the policy detailed in note 1. The assets, along with an equal amount of grant, were recognised in the financial statements at a total fair value of £462,600.

15. Post balance sheet events

There are no post balance sheet events to report.

16. Ultimate controlling party

The Company has two members: Sanctuary Housing Association (the Association) and Cheshire West and Chester Council (the Council).

On any resolution in general meeting 100 votes shall be available of which:

- (a) The Council shall be entitled to cast 49 votes
- (b) The Association shall be entitled to cast 51 votes

The Company is therefore deemed to be under the control of the Association.

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Homes and Communities Agency (Number L0247).