

**AVENUE SERVICES (NW) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**Company Number: 08002607**



**Avenue Services (NW) Limited**

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**Avenue Services (NW) Limited**

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**Directors and advisors**

**Directors**

Hugh Evans  
Raymond Shaw  
Gordon Cairns  
Brendan Doyle  
Reginald Jones  
Judith Stainthorp

**Company Secretary**

Sophie Atkinson

**Bankers**

Lloyds TSB Bank plc  
25 Gresham Street  
London  
EC2V 7HN

**Legal advisors**

Wragge Lawrence Graham & Co LLP  
55 Colmore Row  
Birmingham  
B3 2AS

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

**Internal auditors**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Registered office**

Sanctuary House  
Chamber Court  
Castle Street  
Worcester  
WR1 3ZQ

**Registration number**

Company Number: 08002607

**Avenue Services (NW) Limited**

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**Report of the Directors for the year ended 31 March 2014**

The Board of Directors (the Board) submit their Annual Report and the audited financial statements for the year ended 31 March 2014.

**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 providing a wide range of services and social facilities to the residents of Blacon and the wider borough of Cheshire West and Chester.

The Company has two members, namely Chester & District Housing Trust Limited (the Trust) and Cheshire West and Chester Council (the Council).

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**

This is the second full year that the Company has provided estate and housing management services to Blacon and other areas of Chester. This year has seen some landmarks as the regeneration of the Parade in Blacon has commenced and £2.8 million of funding has been secured for the project; £1.4m from the European Regional Development Fund and a matching amount from the Group.

During the year negotiations have been undertaken between the Group and the Council regarding asset transfers into the Company. Such transfers will occur during 2014/2015. The asset transfers and service level agreement will enable the Company to achieve its long term aims of:

- combining and harnessing local assets to generate future income streams to support services designed to meet the needs of local residents; and
- strive to become a leading social enterprise within the West Cheshire region working with partners to provide a cost effective, integrated service.

**Results**

The results of the Company for the year ended 31 March 2014 are set out on page 8.

**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 2013/2014 are:

- Delivering the outputs required for the service specifications;
- Customer satisfaction and engagement with the community of Blacon;
- Preparing for the transfer of assets and further service transfers; and
- Demonstrating value for money and value added within Blacon

**Avenue Services (NW) Limited**


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**Report of the Directors for the year ended 31 March 2014 continued**
**Directors and their interests**

The Board of Directors includes two community members to ensure 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:

Hugh Evans	(Chair)
Raymond Shaw	(Vice Chair)
Gordon Cairns	
Brendan Doyle	
Reginald Jones	
Judith Stainthorp	
Neil Sullivan	(appointed 22/07/2013, resigned 18/10/2013)
Eleanor Johnson	(resigned 31/05/2013)

**Company Secretary**

Sophie Atkinson	(appointed 17/07/14)
Craig Moule	(appointed 29/05/2013, resigned 17/07/14)
Su Bramley	(resigned 29/05/2013)

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Report of the Directors 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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he/she has taken all the steps that he ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**Report of the Directors for the year ended 31 March 2014 continued**

**Independent Auditors**

A resolution concerning the appointment of auditors 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.



Hugh Evans  
Chair  
17 July 2014

## **Independent auditors' report to members of Avenue Services (NW) Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by Avenue Services (NW) Limited, comprise:

- the Profit and Loss Account for the year ended 31 March 2014;
- the Balance Sheet as at 31 March 2014;
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to members of Avenue Services (NW) Limited continued**

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Andrew Hammond (Senior Statutory Auditor)  
for and behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
30 July 2014



**Profit and Loss Account for the year ended 31 March 2014**

	Notes	Year end 31 March 2014 £	Period end 31 March 2013 £
<b>Turnover</b>	1	1,860,841	1,840,667
Cost of sales		(1,537,676)	(1,470,950)
<b>Gross profit</b>		<u>323,165</u>	<u>369,717</u>
Operating expenses		(204,085)	(202,515)
<b>Profit on ordinary activities before taxation</b>	2	<u>119,080</u>	<u>167,202</u>
Tax on profit on ordinary activities	5	(60,510)	(33,440)
<b>Profit for the financial year/period</b>	9	<u><u>58,570</u></u>	<u><u>133,762</u></u>

The profit for the current year and prior period relate wholly to continuing activities.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year/period 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 Total Recognised Gains and Losses has been presented.

The notes on pages 10 to 13 form part of these financial statements.

**Balance Sheet as at 31 March 2014**

	Notes	2014 £	2013 £
<b>Current assets</b>			
Debtors	6	322,502	163,828
Cash at bank and in hand		102,519	236,171
		<u>425,021</u>	<u>399,999</u>
<b>Creditors: amounts falling due within one year</b>	7	(232,689)	(266,237)
		<u>192,332</u>	<u>133,762</u>
<b>Net current assets</b>			
		<u>192,332</u>	<u>133,762</u>
<b>Net assets</b>			
		<u>192,332</u>	<u>133,762</u>
<b>Capital and reserves</b>			
Profit and loss account	9	192,332	133,762
		<u>192,332</u>	<u>133,762</u>
<b>Total shareholders' funds</b>		<u>192,332</u>	<u>133,762</u>

The financial statements were approved and authorised by the Board of Directors on 17 July 2014 and signed on its behalf by:



Hugh Evans  
 Chair

The notes on pages 10 to 13 form part of these financial statements.

**Notes to the Financial Statements for the year ended 31 March 2014**

**1. Principal accounting policies**

The Company's financial statements have been prepared in accordance with applicable Financial Reporting Standards in the United Kingdom and the Companies Act 2006. The principal accounting policies are set out below.

**Basis of accounting**

The financial statements have been prepared on the historical cost and going concern basis of accounting. There have been no changes to the principal accounting policies during the year and they have been applied consistently.

**Cash flow statement**

Under the Companies Act 2006, the Company qualifies as a small company and as such is entitled to certain exemptions regarding financial statement disclosure. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) Cash Flow Statements.

**Turnover**

Turnover represents services completed and the provision of facilities for the Council, Trust and the population of Blacon. Turnover is shown net of any applicable VAT and is recognised as it falls due, either daily, weekly or monthly. Where charges are billed in advance these are recorded as deferred income.

**Value Added Tax (VAT)**

The majority of the Company's turnover is exempt from VAT; however certain activities are subject to VAT and give rise to a small amount of VAT recovery. Where appropriate costs are stated including irrecoverable VAT.

**Going concern**

The Company is viewed as a going concern by the Directors as it 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.

**Corporation tax**

Where applicable the tax expense for the year comprises current tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in equity. In this case the tax is recognised in equity.

**Community funding received**

Any funding received by the Company which is restricted in its application is accounted for under SSAP 4 – Accounting for government grants. The funding is matched against any applicable expenditure as it is incurred within the Profit and Loss Account.

**2. Profit on ordinary activities before taxation**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- for audit services	3,000	7,500
- for non-audit services	-	-
	<u>          </u>	<u>          </u>

**Notes to the Financial Statements for the year ended 31 March 2014 continued**
**3. Directors' emoluments**

The Directors (including the Chair and Vice Chair) received compensation for attending Board meetings and completing other business related activities as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Emoluments	8,750	8,125
	<u><b>8,750</b></u>	<u><b>8,125</b></u>

**4. Employee information**

There were no employees of the Company in the year.

Employees of the Trust perform services on behalf of the Company and the relevant costs are recharged to the Company. These costs include any social security and pension costs incurred for the staff used by the Company.

**5. Tax on profit on ordinary activities**

(a) Analysis of tax charge for the year/period:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax on profits of the year/period	53,993	33,440
Adjustments in respect of prior period	6,517	-
	<u><b>60,510</b></u>	<u><b>33,440</b></u>

The tax charge for the year is higher than the main rate of 23% (2013: the same as the small profits rate), the differences are explained below.

(b) Factors affecting the tax charge for the year/period:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	119,080	167,202
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 23% (2013: small profits rate of 20%)	27,388	33,440
Expenditure not tax deductible	26,605	-
Adjustments in respect of prior period	6,517	-
<b>Current tax charge for the year/period</b>	<u><b>60,510</b></u>	<u><b>33,440</b></u>

(c) Factors affecting future tax charge

As a result of changes that were substantively enacted on 2 July 2013, the main rate of corporation tax in the UK will reduce from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

Notes to the Financial Statements for the year ended 31 March 2014 continued

6. Debtors

	2014	2013
	£	£
Trade debtors	1,924	162,857
Amounts owed by fellow group undertakings	320,578	-
Prepayments	-	971
	<u>322,502</u>	<u>163,828</u>

Trade debtors includes £115,672 due from the Council offset by a provision for bad and doubtful debts to the sum of £115,672 (2013: nil).

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

7. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	7,666	33,870
Corporation tax	53,993	33,440
Other taxation and social security	-	54,089
Other creditors	63,181	20,160
Accruals and deferred income	107,849	124,678
	<u>232,689</u>	<u>266,237</u>

8. 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.

9. Profit and loss account

	Total
	£
At 1 April 2013	133,762
Profit for the year	58,570
<b>At 31 March 2014</b>	<u><b>192,332</b></u>

10. Related party transactions

During the year, the Company invoiced Chester & District Housing Trust Limited (the Trust) a total of £1,126,000 (2013: £953,854) and was recharged costs by the Trust totalling £1,507,307 (2013: £1,424,648), these recharges included £1,253,087 (2013: £1,210,036) of staff and contractor costs. At the year end the Trust owed the Company a sum of £320,578 (2013: the Company owed the Trust £33,870).

During the year the Company invoiced Cheshire West and Chester Council (the Council) £709,556 (2013: £812,280) for services provided to the local community. The Company also paid a total of £7,973 (2013: £13,968) to the Council in the year, relating to the rent and rates of the office used by the Company to carry out its operations. At the year end, the Council owed the Company £115,672, offset by a bad and doubtful debt provision for the same amount, (2013: the Council owed the Company £161,295).

**Notes to the Financial Statements for the year ended 31 March 2014 continued**

**11. Ultimate controlling party**

The Company has two members, namely Chester & District Housing Trust Limited (the Trust) 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 Trust shall be entitled to cast 51 votes

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

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 an Industrial and Provident Society (Number 19059R) and with the Homes and Communities Agency (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester, WR1 3ZQ.