

Avante Partnership Limited  
Company No. 2565021

Annual Report of the Trustees  
&  
Financial Statements

for the Year Ended 31 March 2014

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## **Chairman's Introduction**

In introducing the Annual Report of Trustees for 2013/2014 I would like to start with where we are now having reviewed our strategy and our structure in the first half of the current year. The significant work that we have undertaken since 1<sup>st</sup> April 2014 has resulted in us having a sound footing from which to progress. Our quality compliance has improved and we have a detailed strategy and financial forecast giving us a plan to take us forward over the medium term.

This year has seen a huge amount of change, resulting largely from the need to take action on receiving the reports on Honeyfield care home in Hextable from the Care Quality Commission, which led to the decision to close the home.

The resulting fall out has been very significant for Avante and the Board has faced some new challenges this year which have tested our decision making and our resolve.

The Chief Executive, Cedric Frederick left us in April 2014 and I want to pay tribute to his commitment to the organisation and to his achievements for us over the past five or so years.

Subsequently we restructured our management arrangements, appointed Mark Lloyd as Managing Director, supported by the Executive Management Team.

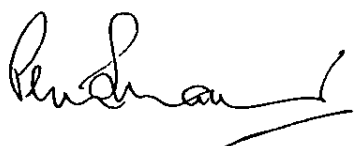
Mark, and Debbie Pert, Finance Director and Deputy MD, have taken up the reins with a vengeance, beginning to reshape our services and renegotiate our banking arrangements, both of which were absolutely necessary given the pressures resulting from the Honeyfield closure, and in my view have done a superb job of it.

The outcomes will become clearer as the next couple of years progress, but I have no doubt that we are heading in a more stable and clearer direction now.

I want to thank my colleague Trustees too, for all of their efforts over the past year. It's easy to forget that they all give their time, freely and willingly, and I am most grateful to them all for their calm consideration of some really complex issues and of course for their support to me.

I hope next year is somewhat calmer, although in this business you never know (!) and most importantly my thanks to all of the staff, for their untiring efforts in caring for increasingly frail and vulnerable service users, whether in their own homes or in ours.

I'm sure their families would wish to join me in expressing our thanks for your continued commitment.



**Peter Smallridge**  
**Chairman of the Board of Trustees**

**25 November 2014**

# **Avante Partnership Limited**

## **Report of the Board of Trustees**

### **for the year ended 31 March 2014**

#### **1 Reference & Administration Details**

Avante Partnership was formed in 1990 and is a registered charity and company limited by guarantee

##### **Board of Trustees<sup>1</sup>**

Mr Peter Smallridge (Sep 2011)	Chairman (Jan 2012)
Mr Philip Harland (2007)	Vice Chairman
Mr Giles Craven (Jan 2012)	Chairman of Finance & Resources Committee (Mar 2014)
Mr Robert Bushell (1994)	Chairman of Care & Support Operating Board
Mrs Jane Loudon (2001)	Chairman of Stepahead Support Operating Board
Mr Brian Munday (2006)	Chairman of Community Support Operating Board (Mar 2013)
Mr Richard Bond (2010–Nov 2014)	Chairman of Finance & Resources Committee (Oct'11-Mar 2014)
Mrs A Leigh-Pemberton (2006)	
Mr Adrian Adams (2007)	
Ms Michelle Gardener (2010)	
Mr Robert Perkins (May 2011)	
Mrs Sandra Hendry (Oct 2011)	
Mrs Elaine Rose (2011–Sept 2014)	

##### **Patron**

The Lady Northbourne (1990–Jul 2014)

##### **Registered Office**

Avante Partnership  
De Gelsey House  
1 Jubilee Way  
Faversham  
Kent ME13 8GD

##### **Auditors**

Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London

##### **Bankers**

Barclays Bank Plc, Churchill Place, London

##### **Solicitors**

Thompson Snell & Passmore, 3 Lonsdale Gardens, Tunbridge Wells, Kent

##### **Company Number**

2565021

##### **Charity Number**

1002727

##### **Appointment of Auditors**

A resolution will be proposed at the Annual General Meeting on 25 November 2014 that Crowe Clark Whitehill LLP be re-appointed Auditors of Avante Partnership for the year ending 31 March 2015

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<sup>1</sup> Date of Appointment is shown in brackets

## **2 Governance, Structure & Management**

### **2.1 Governance**

The Board presents the report and financial statements of Avante Partnership for the year ended 31 March 2014. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). The report and statements also comply with the Companies Act 2006 as Avante Partnership is a Company limited by guarantee. The Trustees' Report is also a Directors' Report for the purposes of Company Law. The Strategic Report is included at item 5 within this report. Avante Partnership has no share capital and is a registered charity. The guarantee of each member is limited to £1. The governing document is the Articles of Association of the company, which were revised in September 2009 and members of the Board of Trustees are the non-executive Directors of the Company.

#### **2.1.1 Statement of Trustees' responsibilities**

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

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees 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 charitable company and of its net incoming or outgoing resources for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **2.1.2 Disclosure of Information to Auditors**

Insofar as each of the Trustees of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **2.2 Structure**

The Articles of Association provide for a minimum of 6 and a maximum of 18 Trustees. Appointment is by election at the Annual General Meeting, which takes place in September, and postal ballots are conducted where necessary. Each year one third of the Trustees are subject to retirement by rotation. The Board continually keeps under review its membership and the breadth of skills and expertise to ensure proper governance.

During the year the Board of Trustees met on 4 occasions and took part in 2 Away Days with senior managers which provided more time for members to have detailed discussions on strategy review and development and policy

The Board is supported in its work by the

- Finance & Resources Committee which met on 8 occasions
- Avante Care and Support Operating Board which met on 4 occasions
- Stepahead Operating Board which met on 4 occasions
- Avante Community Support Operating Board which met on 1 occasion
- Chairman's Group which met on 4 occasions

It is through the Board of Trustees and these Committees and Operating Boards that the activities of Avante Partnership are controlled. Each Committee and Operating Board has its own Terms of Reference and their reports and minutes of meetings are a standing agenda item for the full Board meetings

When new Trustees are appointed each Trustee is provided with a Trustee Handbook which contains information, including the organisation's Standing Orders, a number of principal policies and procedures and Charity Commission Guidance. New Trustees meet with the Chairman and Chief Executive and are invited to visit our offices and services. According to their skills and interests, they take responsibility for at least one activity area by appointment to one of the operating boards and committees. Trustees' training needs are assessed and met through attendance at workshops and conferences as well as through the provision of regular briefings and policy documents

Day-to-day responsibility for the management of the organisation's business is delegated to the Chief Executive who is the principal adviser to the Board of Trustees, reporting to them on the organisation's performance against the Strategic and Operational plans approved by the Board

## **2.3 Management & Staffing**

### **2.3.1 Executive Management Team**

The Executive Management Team is collectively responsible for delivering the organisation's Mission and performance in every area of activity

There have been some changes to the team since 31 March 2014. The Chief Executive, Cedric Frederick left in April 2014 and the Business Development Director, Michelle Ford, left in May 2014. The members of the Executive Management Team are now as follows -

- The Managing Director, Mark Lloyd, who joined Avante in September 2013 as Chief Operating Officer and was appointed as Managing Director in April 2014. Mark is responsible to the Board, supported by the members of the Executive Team, for the strategy and leadership of the organisation and the delivery and quality of the services provided
- The Finance Director, Deputy Managing Director and Company Secretary, Debbie Pert, who is responsible for Financial Accounting, Planning and Control, Information and Communication Technology, Property and Marketing services as well as providing support to and deputising for the Managing Director
- The Human Resources Director, Derek Lindars, who is responsible for all staff-related matters including learning and development, workforce development and Health and Safety

- The Director of Quality Standards & Compliance, Jacqui Morris, who is responsible for the provision of a range of internal consultancy and support services to our operational business units as well as leading on Quality Standards, Compliance and management information

Each member of the Executive Management Team is responsible for ensuring that they employ staff with the necessary skills and qualifications to carry out the required roles within the organisation and uphold the aims and values of Avante Partnership

### **2 3 2 Disabled Persons**

Avante Partnership is committed to equality of employment and its policies reflect a disregard of factors such as disability in the selection and development of employees

### **2 3 3 Volunteers**

Avante benefits from volunteers who support our services mainly in our care homes

It is estimated that the economic value of the time given by volunteers in 2013/14 was in excess of £37k (c £43k 2012/13)

Our services benefited immensely from approximately 15 regular volunteers in 2013/14. Volunteers give freely of their time to support us in a number of ways including helping with activities and gardening in our care homes and providing befriender support to young people. Trustees are extremely grateful to all those volunteers who support us in delivering a valued and important service and making such a positive contribution to the lives of our residents and service users.

### **2 3 4 Statement of Public Benefit**

Under the Charities Act 2011, charities are required to demonstrate that their aims are for the public benefit. The two key principles which must be met in this context are, first, that there must be an identifiable benefit or benefits, and, secondly, that the benefit must be to the public, or a section of the public. Charity Trustees must ensure that they carry out their charity's aims for the public benefit, must have regard to the Charity Commission's guidance, and must report on public benefit in their Annual Report.

Avante's Board of Trustees regularly monitors and reviews the success of the organisation in meeting its mission, aims and objectives which are supported by the business plan. The Trustees confirm, in the light of the guidance, that this mission fully meets the public benefit test and that all the activities of the charity are undertaken in pursuit of its mission.

## **3 Objectives**

The objects for which the Company is established are the relief of persons permanently or temporarily resident, or for the time being resident in England, "who are of necessitous circumstances, or suffer or are recovering or convalescing from some physical or mental illness or disability, or are elderly people, or are younger people, adolescents or children"

### **Our Strategic Objectives are to**

- be the provider of choice
- be a great company to work for
- improve our financial strength

#### **4 Activities**

Avante provides three main services, Avante Care & Support, Avante Community Support and Stepahead Support details of which are explained below -

**4.1 Avante Care and Support** - Caring for and supporting older people, many of whom have dementia, through our registered care homes, providing residential care, respite care and day care services

We provide care and support for 840 older people, often with a dementia, in our 14 Care Homes together with further additional service users receiving Respite Care and Day Care. Over 50% of our residents have high dependency needs resulting from dementia and Alzheimer's. The demand for our services continues to remain high. Occupancies for the year ended 31 March 2014 were at 90.6% (89.4% during 2012/13).

The majority of our service users are funded by Social Services Departments which continue to face unprecedented financial pressures. This means that the average fee increase received during the year was less than the real increase in the costs of providing these services which in turn has continued to place pressure on Avante Partnership's finances. During the year 36% (37% during 2012/13) of our service users were privately funded.

We have continued to redevelop our care homes portfolio with the development of a new 62 bed care home in Greenwich which opened in January 2014 with the inclusion of Avante's first nursing unit.

Avante Partnership remains a preferred provider for the care of older people with Kent County Council, Medway Council, the London Borough of Bexley and the Royal Borough of Greenwich. In addition, we are commissioned by a variety of other Local Authorities to provide services to individual residents.

**4.2 Avante Community Support** - Supporting older people through a range of domiciliary and homecare services as well as people with learning disabilities and other support needs in the community.

Our domiciliary care service continues to support more than 854 people (1,044 in 2012/13) in their own homes who are frail and vulnerable or may have dementia, a physical disability or may require care after a period in hospital. These services include personal care, assistance with meals, getting up and going to bed, domestic support and shopping. A total of 265,895 hours of care or support were provided in the year to 31 March 2014 (302,763 hours in 2012/13).

Avante Community Support is one of the leading suppliers of care services in the London Borough of Bexley under the Local Authority personalisation agenda and retains spot and block contract work as an accredited supplier of care service with Kent County Council and is a framework provider in the Royal Borough of Greenwich. Avante Community Support also provides intermediate and continuing care to NHS patients. A growing proportion of the service is delivered to private customers.

Our New Outlooks service in Kent and Medway provided 9,689 hours of community support (14,368 hours in the year to 31 March 2013) to a small number of adults with learning disabilities and other specialist needs such as autism, mental health and brain injury.

On 27<sup>th</sup> March 2014 Avante Community Support were awarded a new contract as one of 23 preferred providers with Kent County Council with an expected increase of 400,000 hours in the new financial year.

**4.3 Stepahead Support** - Supporting children and young people in the community through family support services, independent living and emotional health and wellbeing support.



Stepahead provides support for young people to provide them with opportunities and choices to lift self esteem and promote inclusion. Stepahead also provides early intervention, preventative mediation services providing support and empowerment for young people aged 8 to 16 and their families through one-to-one support, family mediation, school drop-ins and clinics, parenting and youth groups and workshops.

During 2013/14 Stepahead closed its younger persons' supported housing scheme Ethelbert Crescent due to a contract coming to an end. The service supported the residents in their moves to alternative accommodation.

New tenders for youth outreach and housing support are being explored.

#### **4.4 Facts and Figures about our Services**

<b>As at 31/3/14</b>	<b>Income £</b>	<b>No. of clients/service users/customers</b>	<b>Staff Employed</b>
<b>Avante Care &amp; Support</b>	25,064,641	881	1,336
<b>Avante Community Support</b>	3,734,580	854	309
<b>Stepahead Support</b>	759,682	918	27

Note: Staff Employed figures above are different from those contained in Note 16 of the accounts as the figures in the note are average monthly persons employed. The figures shown above are as at 31 March 2014 and exclude corporate support functions.

### **5 Strategic Report**

#### **5.1 Achievements and Performance**

2013/14 has been an extremely challenging year with the closure of one of the care homes, Honeyfield in Hextable. The home no longer met the needs of the service users and a closure programme was implemented to identify new placements for the residents. This was successfully achieved.

Perrygrove care home in Greenwich was closed in line with our development programme with the transfer of service users to our new 62 bedded care home, Puddingstone Grange in Plumstead.

The closure of Honeyfield resulted in a management review and adoption of a back to basics strategy for all of our care homes for immediate implementation. The focus on our back to basics strategy will continue in the forthcoming year.

#### **5.2 Financial Review**

The financial statements for 2013/14 show net income before revaluation adjustments of £785,811 which is 2.6% of operational turnover for the year (2012/13 surplus £1,494,143, 5% of turnover). This result includes the absorption of lost revenue and additional costs amounting to £600k relating to the closure of Honeyfield care home in February 2014.

The freehold properties were revalued at July 2014 and these values have been taken into the accounts at March 2014. Although the value of the portfolio has increased overall, 2 properties for

which no revaluation reserve was held have reduced in value and these unrealised falls in valuation, amounting to £1 22 million, which in our view are not permanent, have been shown separately under net outgoing resources

Of the total resources expended, 76% (2012/13 76%) of expenditure was on staff costs including training and recruitment. Trustees aim to keep costs as low as reasonably possible to ensure that maximum resources can be expended on service provision without compromising on central resources required to manage and develop the organisation

Under FRS17 there is a requirement to recognise defined benefit pension scheme surpluses or deficits in the balance sheet. According to the actuarial valuations under FRS17/IAS19 as at 31 March 2014, Avante has local government pension scheme net liabilities of £4 13 million (2013 £6 2 million) and these are shown under long-term liabilities with a corresponding reduction in revenue reserves. Compared to the valuation for March 2013, there has been a deficit reduction of £2 07 million during the year made up of an actuarial gain of £1 807 million and positive revenue account adjustments of £263k (see note 17)

There is also a contingent liability with The Social Housing Pension Scheme of £4 102 million as at 30 September 2013 compared to £3 904 million in 2012

Avante Partnership is committed to continually enhancing and developing its services, and the greater part of the operating surplus has been invested, over the year, in improving property, enhancing existing services and developing the organisation. It should be noted that a certain level of surpluses are required in order to meet the organisation's bank loan covenants. Due to the above issues, the organisation had challenges in meeting its covenants in the year and Avante is now working closely with Barclays Bank. The bank is being very supportive and is working with Avante to restructure the loan portfolio, which is now being finalised

### **5 2 1 Investment Policy**

Avante does not have sufficient funds available to invest on a long term basis. Funds held as working capital, however, are invested overnight or for periods of up to 3 months with Barclays Treasury to ensure that maximum benefit is achieved by earning interest on balances held

### **5 2 2 Reserves Policy**

The cash reserves policy is considered each year, bearing in mind that as a charitable organisation, our primary stakeholders are our beneficiaries and our financial objectives are to maximise the value to those beneficiaries. Due to the current uncertain financial climate and the related changes in access to funding and income stability, a full review of the policy was carried out during 2012/13. The review included assessing the current policy and performance, analysing funds held, sources of income and a review of risk areas, committed expenditure and effects on beneficiaries. Within the review Trustees and Management also considered working capital requirements and future plans and commitments

Avante needs to ensure that it has adequate reserves in order that it can continue to care for and support service users in unforeseen circumstances should funding from any source temporarily cease. Free reserves are also necessary to meet working capital requirements as well as to allow for the development of new initiatives (where we would incur expenditure in advance of anticipated income). Having considered income variability and risks relating to income as well as financial obligations and their flexibility, the current policy is to hold reserves of one month's expenditure which, based on the 2014/15 budget would equate to £2 3 million

The Charity SORP definition of reserves excludes amounts which could only be realised on disposal of assets used by the Charity to carry out its activities. Using this definition, at the end of the year the charity holds cash reserves of £1 58 million (2012/13 £2 10m), which is a shortfall of £720k (2012/13 £360k) against the agreed policy level of 1 month's expenditure (2014/15 Budget £2 3m). The five year financial strategy refers to the need to improve the charity's reserves position but comments that although the policy level is the desired amount to aim for, it is acknowledged that reserves will fluctuate

based on performance and if they are called upon. There may be occasions, due to exceptional circumstances, when Trustees may agree to override the required level for a temporary period.

### **5.2.3 Land and Buildings**

The land and buildings are held at valuations, the latest valuation having been performed on 31 July 2014. The valuers have confirmed that in their opinion the values reported would have been similar (or the same) had they been reported as at 31 March 2014.

### **5.2.4 Going Concern**

Accounting standards require the Trustees to consider the appropriateness on the going concern basis when preparing the financial statements. The Trustees have had due regard to the Financial Reporting Council Guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', which requires the reasons for this decision to be explained.

The charity has adequate resources to continue in operational existence for the foreseeable future. There are cash reserves and whilst the charity has significant loan financing, this is secured against the fixed assets of the charity which have a greater value than the loan financing. The Trustees are in the process of renegotiating their bank finance agreements to ensure the long term financial viability of the charity. They are confident that these renegotiations will be successful and on that basis have concluded that it is appropriate to prepare the accounts on a going concern basis.

### **5.3 Plans for future periods**

A new Business Plan taking Avante to 2017 has been developed. This sets out a restructure of the charity, taking into account the challenging external factors relating to fees, staffing and continued economic pressures within the health and social care sectors. This business plan is being validated with our bankers, Barclays, and provides a robust strategic and financial framework for Avante to work with.

Alongside the restructuring of the organisation, the Trustees are reviewing the governance structure with a view to ensuring that all Trustees have the most appropriate key information to enable them to fulfil their duties whilst streamlining the meeting structure for greater efficiency and effectiveness.

Through the restructuring of the business and the new loan funding arrangements there is a plan to invest significantly in some of the older care homes to improve facilities and ensure the buildings remain fit for purpose in the coming years.

Re-branding of the business as *Avante Care & Support* will be implemented to enable the business to position itself in the social care market focusing on developing the core operational activities. The adoption of a new website and publicity material will improve the profile of the business with the public. Stepahead Support will be marketed through a standalone website acknowledging the strong brand within young peoples' services.

A review of the Management Team will see the combining of the professional and operational teams to work together in implementing a back to basics strategy focused on moving all care homes and community support services to 100% CQC compliance. Part of this process will be a review of Philosophy of Care and focus on further improving the delivery of dementia care.

Opportunity exists with the winning of the Kent County Council domiciliary tender to grow our community support business which will be progressed in 2014/15 starting with a recruitment campaign and improving terms and conditions for domiciliary carers to promote care as an attractive career option.

#### 5.4 Principal Risks & Uncertainties

A new Risk Management Policy was introduced in December 2012 following work carried out by a Trustee-led working party. An Organisational Risk Committee, made up from Avante's Executive Management Team, meets quarterly to review the Corporate Risk Register and reports to the Finance & Resources Committee who, in turn, report to the Board of Trustees at each board meeting.

In order to mitigate risks, Avante Partnership has measures and controls in place and these are reviewed quarterly in line with the review of risk.

The top risks identified as well as the actions taken or to be taken are, in no particular order, as follows:

Loss of or reduction in Income – actions include price and compliance monitoring, development of end of life nursing care, development of Complex Care reassessment and fee reviews and targeted marketing of our services.

Failure to adapt to changing market requirements – actions include being aware of market changes such as the Care Bill to be introduced in 2016 and raising Avante's profile.

Increase in pension contribution costs – this is somewhat out of Avante's control as members of multi-employer SHPS and LGPS schemes. However, actions that can be taken and are in place include regular reviews, ensuring prudent assumptions in budgets and forecasts and ensuring knowledge is kept up to date.

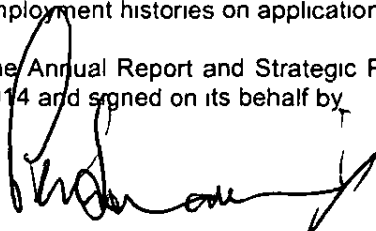
Damage to reputation – measures to help prevent this include Quality Management Procedures, KPI's and compliance and quality standards auditing and monitoring, whistle blowing policy, comprehensive staff training, DBS checks and staff supervision and appraisal.

As an organisation which provides care and support to vulnerable people, Avante Partnership has policies in place to ensure the protection of children, young people and vulnerable adults against abuse. The policies are included in Avante Partnership's written Health and Safety policy and ISO 9001 Quality Manuals which comply with the guidelines in the Home Office Code of Practice "Safe from Harm".

As a provider of care home services and care in the community, Avante is subject to regulation and inspection by the Care Quality Commission and has detailed policies, procedures and internal audit functions to ensure the required standards are met.

Avante Partnership uses an Enhanced Disclosure & Barring Service check for staff, with the inclusion of a Barred List check for those working in a Regulated Activity as one part of a range of safeguarding tools for assessing the suitability of preferred candidates and volunteers and the continued employment of those in specific roles which require re-checking. Other tools include thoroughly confirming identity, qualifications, taking up and verifying references and examining dates of employment histories on application forms.

The Annual Report and Strategic Report were approved by the Board of Trustees on 25<sup>th</sup> November 2014 and signed on its behalf by:



**Peter Smallridge**  
Chairman of the Board of Trustees

## **Independent Auditor's Report to the Members of Avante Partnership Limited**

We have audited the financial statements of Avante Partnership Limited for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 17

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)

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

### **Scope of the audit of the financial statements**

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 charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' 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 financial statements**

In our opinion the financial statements

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

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

In our opinion the information given in the Strategic report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

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, or
- the 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

*N. Hashemi*

Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

London *12/12/14*

**AVANTE PARTNERSHIP**  
**COMPANY LIMITED BY GUARANTEE - NO 2565021**  
**REGISTERED CHARITY NO 1002727**

**FINANCIAL STATEMENTS**  
**FOR THE**  
**YEAR ENDED 31st MARCH 2014**

**REGISTERED OFFICE**

**De Gelsey House  
1 Jubilee Way  
Euro Business Centre  
Kent ME13 8GD**

Adopted at the Annual General  
Meeting - 25 November 2014

AVANTE PARTNERSHIP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2014	2013
		£	£	£	£
<b>Incoming resources</b>					
<i>Incoming resources from charitable activities</i>	2	29,558,904	-	29,558,904	29,597,913
<i>Incoming resources from generated funds</i>		66,852	-	66,852	47,951
<i>Other incoming resources</i>					
Voluntary income & grants		-	129,932	129,932	105,980
Big Lottery funding	3	-	-	-	131,294
Other income		103,231	-	103,231	50,713
Profit on sale of freehold property		117,027		117,027	-
<b>Total incoming resources</b>		<u>29,846,014</u>	<u>129,932</u>	<u>29,975,946</u>	<u>29,933,851</u>
<b>Resources expended</b>					
<i>Cost of generating funds</i>		175,666	-	175,666	162,165
<i>Charitable activities</i>					
Residential home services		23,576,639	120,752	23,697,391	22,671,202
Community Support services		3,949,625	-	3,949,625	4,162,434
Stepahead Support services		718,967	7,700	726,667	908,048
		<u>28,245,231</u>	<u>128,452</u>	<u>28,373,683</u>	<u>27,739,684</u>
<i>Governance</i>		640,786	-	640,786	537,859
<b>Total resources expended</b>	4	<u>29,061,683</u>	<u>128,452</u>	<u>29,190,135</u>	<u>28,439,708</u>
<b>Net income before revaluation adjustments</b>		<b>784,331</b>	<b>1,480</b>	<b>785,811</b>	<b>1,494,143</b>
Reduction in valuation - freehold properties	7	1,221,544	-	1,221,544	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(437,213)</b>	<b>1,480</b>	<b>(435,733)</b>	<b>1,494,143</b>
<b>Other recognised gains/losses</b>					
Unrealised gain arising on revaluation of freehold properties as at 31 March 2014	15	3,635,136	-	3,635,136	
Actuarial gain/(loss) on pension liability	17	1,807,000	-	1,807,000	(1,415,000)
<b>Net movement in funds</b>		<u>5,004,923</u>	<u>1,480</u>	<u>5,006,403</u>	<u>79,143</u>
<b>Balance brought forward at 1 April 2013</b>		<u>29,895,209</u>	<u>48,146</u>	<u>29,943,355</u>	<u>29,864,212</u>
<b>Balance carried forward at 31 March 2014</b>		<u>34,900,132</u>	<u>49,626</u>	<u>34,949,758</u>	<u>29,943,355</u>

All amounts relate to continuing activities

All recognised and unrecognised gains and losses are included in the Statement of Financial Activities

This statement is an Income & Expenditure Statement for the purposes of the Companies Act

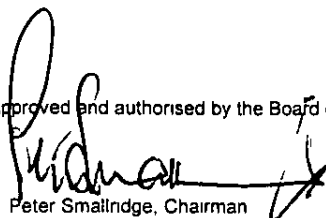
Adopted at the Annual General Meeting - 25 November 2014



**AVANTE PARTNERSHIP**  
**COMPANY LIMITED BY GUARANTEE - NO 2565021**  
**BALANCE SHEET AS AT 31ST MARCH 2014**

	Note	2014		2013	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	7a		58,470,718		55,950,730
<b>Current Assets</b>					
Debtors	8	1,615,818		1,927,470	
Short term deposits		3,531,306		1,884,416	
Cash at bank and In hand		58,308		57,488	
		<u>5,205,432</u>		<u>3,869,374</u>	
<b>Creditors amounts falling due within one year</b>					
Creditors falling due within one year	9	3,281,349		4,568,112	
Capital repayments due within one year on long-term loans	11a	1,388,090		1,132,641	
		<u>4,669,439</u>		<u>5,700,753</u>	
<b>Net current assets/(liabilities)</b>	11b		535,993		(1,831,379)
<b>Total assets less current liabilities</b>			59,006,711		54,119,351
<b>Creditors amounts falling due after more than one year</b>					
Bank loan accounts	11a		(19,926,953)		(17,975,996)
<b>Net assets excluding pension liability</b>			<u>39,079,758</u>		<u>36,143,355</u>
<b>Pension liability</b>	17		<u>(4,130,000)</u>		<u>(6,200,000)</u>
			<u>34,949,758</u>		<u>29,943,355</u>
<b>Represented by Funds</b>					
Unrestricted funds excluding pension liability	15	20,893,414		18,101,264	
Pension liability	17	(4,130,000)		(6,200,000)	
Revaluation reserve	15	<u>18,136,718</u>		<u>17,993,945</u>	
<b>Total unrestricted funds</b>			34,900,132		29,895,209
<b>Restricted funds</b>	15		49,626		48,146
			<u>34,949,758</u>		<u>29,943,355</u>

Approved and authorised by the Board of Trustees on 25 November 2014 and signed on its behalf by

  
Peter Smalldge, Chairman

Adopted at the Annual General Meeting - 25 November 2014

**AVANTE PARTNERSHIP**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

Net Cash Inflow from Operating Activities	2014	2013	
	£	£	
(Deficit)/surplus on ordinary activities	(435,733)	1,494,143	
Pension contribution less current service and finance cost	(263,000)	(109,000)	
Interest paid	856,595	910,270	
Reduction in valuation - freehold properties	1,221,544	-	
Depreciation charge	1,144,710	1,101,676	
(Profit) on sale of fixed assets	(117,025)	-	
Loss on disposal of fixed assets	35,714	-	
Decrease/(increase) in debtors	311,652	(73,211)	
(Decrease)/increase in creditors	(1,334,980)	642,876	
	<u>1,419,477</u>	<u>3,966,754</u>	
<b>Financing costs</b>			
Interest paid on long-term loans	(856,595)	(910,270)	
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(2,609,795)	(5,085,533)	
Receipts on disposal of tangible fixed assets	<u>1,440,000</u>	<u>274,619</u>	
<b>Net Cash (outflow)/inflow before financing</b>	<u>(606,913)</u>	<u>(1,754,430)</u>	
<b>Financing</b>			
Loans received	3,348,000	1,000,000	
Loans (repaid)	(1,141,594)	(1,214,218)	
	<u>1,599,493</u>	<u>(1,968,648)</u>	
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash	1,599,493	(1,968,648)	
Cash inflow from change in debt	(2,206,406)	214,218	
(Increase) in net debt from cash flows	<u>(606,913)</u>	<u>(1,754,430)</u>	
Net debt at 1 4 2013	<u>(17,324,275)</u>	<u>(15,569,845)</u>	
Net debt at 31 3 2014	<u>(17,931,188)</u>	<u>(17,324,275)</u>	
<b>Analysis of Net Debt</b>	<b>At 1 4 13</b>	<b>Cash flow</b>	<b>At 31 3 14</b>
Short term deposits	1,884,416	1,646,890	3,531,306
Cash at bank and in hand	57,488	820	58,308
Bank overdraft	(157,542)	(48,217)	(205,759)
Net cash	<u>1,784,362</u>	<u>1,599,493</u>	<u>3,383,855</u>
Changes in debt bank loan	<u>(19,108,637)</u>	<u>(2,206,406)</u>	<u>(21,315,043)</u>
Changes in net debt	<u>(17,324,275)</u>	<u>(606,913)</u>	<u>(17,931,188)</u>

Adopted at the Annual General  
Meeting - 25 November 2014

**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**Note**

**1 Statement of accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements

**a) Basis of preparation of accounts**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed assets, and in accordance with applicable accounting standards, and comply with the requirements of SORP, "Accounting and Reporting by Charities" published in March 2005

**b) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes

Restricted funds are funds which must be used in accordance with the specific instructions imposed by the donor or funding body or which have been raised by the charity for particular purposes

**c) Incoming resources**

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No amounts are included in the financial statements for services donated by volunteers

Residential and community care income and all other income is accounted for on an accruals basis and therefore includes income paid in arrears, but excludes income received in advance

**d) Resources expended**

Resources expended are included in the SOFA on an accruals basis, inclusive of any VAT which cannot be recovered. All direct expenditure is directly incurred in respect of the relevant activity. Costs attributable to staff working on more than one project or activity are allocated on the basis of time spent. Where costs cannot be directly attributable to particular activities they have been allocated on a basis consistent with use of resources

Governance costs, separately identified, relate to the general running of the charity as opposed to costs of fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities

All support costs are allocated on the basis of staff costs charged directly to activities, with the exception of staff and support costs allocated to Governance, which have been estimated on the basis of preparation for and attendance at committee and board meetings, and as appropriate to job role

**e) Operating leases**

Rentals under operating leases are charged to the SOFA on a straight line basis over the lease term

Benefits received or receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

**f) Fixed assets**

Items of equipment costing less than £300 are not treated as fixed assets, but are fully written off in the year of purchase

**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**Note**

**1f)** Depreciation is provided from the date of purchase on a straight line basis on cost as follows -  
**cont'd**

Leasehold Improvements	Remaining period of Lease
Computer Equipment	25% per annum
Fixtures and Fittings	20% per annum
Motor Vehicles	20% per annum

The freehold properties have been revalued on an existing use basis. Depreciation has been provided for at the rate of 2% per annum on the buildings element contained within the revalued amount.

Impairment reviews of property, plant and equipment are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

Obsolescence reviews of computer equipment and fixtures and fittings are undertaken for assets fully depreciated for more than a financial year beyond full write down, and are treated as disposals in all but exceptional circumstances.

**g) Current liabilities**

Liabilities are recognised when the charity has an obligation to make payment to a third party. Capital repayments due on long-term loans, relating to instalments due in the next twelve months, are treated as current liabilities.

**h) Tax status**

Avante Partnership is a registered charity and is exempt from taxation on its income and gains to the extent that they are applied in pursuance of the charitable purposes.

**i) Going concern**

Accounting standards require the Trustees to consider the appropriateness on the going concern basis when preparing the financial statements. The Trustees have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', which requires the reasons for this decision to be explained.

The charity has adequate resources to continue in operational existence for the foreseeable future. There are considerable cash reserves and whilst the charity has significant loan financing this is secured against the fixed assets of the charity which have a greater value than the loan financing. The Trustees are in the process of renegotiating their bank finance agreements to ensure the long term viability of the charity. They are confident that these renegotiations will be successful and on that basis have concluded that it is appropriate to prepare the accounts on a going concern basis.

**AVANTE PARTNERSHIP**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note**

**2 Incoming resources**

	<b>Total 2014</b>	<b>Total 2013</b>
	<b>£</b>	<b>£</b>
<b>Charitable activities</b>		
Residential homes	25,064,642	24,703,809
Community Support	3,734,580	4,098,644
Stepahead Support	759,682	795,460
	<u>29,558,904</u>	<u>29,597,913</u>

**3 Big Lottery funding**

Big Lottery funding of £nil (2013 £131,294) was received from the Community Fund towards the Community Impact Centre in Thanet, as the funding period for the project had reached completion

**4 Resources expended**

**a) Analysis of total resources expended**

	<b>Staff Costs</b>	<b>Other Direct Costs</b>	<b>Support Costs</b>	<b>Total 2014</b>	<b>Total 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost of generating funds</b>	-	28,298	147,368	175,666	162,165
<b>Charitable activities</b>					
Residential homes	16,099,541	5,664,728	1,933,122	23,697,391	22,671,202
Community Support	3,152,001	425,236	372,388	3,949,625	4,162,434
Stepahead Support	569,298	90,110	67,259	726,667	906,048
<b>Governance</b>	25,299	2,530	612,957	640,786	537,859
<b>Total resources expended</b>	<u>19,846,139</u>	<u>6,210,902</u>	<u>3,133,094</u>	<u>29,190,135</u>	<u>28,439,708</u>

**4b) Analysis of support costs**

	<b>Gene- rating funds £</b>	<b>Resid- ential homes £</b>	<b>Comm- unity Support £</b>	<b>Stepahead Support £</b>	<b>Govern- ance £</b>	<b>Total 2014 £</b>	<b>Total 2013 £</b>
Staff costs	-	1,448,779	279,086	50,407	416,113	2,194,385	1,901,474
Premises	-	22,002	4,238	766	-	27,006	14,412
Operating costs	147,368	330,711	63,707	11,506	196,844	750,136	747,540
Depreciation	-	131,630	25,357	4,580	-	161,567	144,698
<b>Total support costs</b>	<u>147,368</u>	<u>1,933,122</u>	<u>372,388</u>	<u>67,259</u>	<u>612,957</u>	<u>3,133,094</u>	<u>2,808,124</u>

**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note**

<b>4c) Analysis of governance costs</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Auditors remuneration	39,700	36,084
Valuation fees	11,492	12,052
Trustees expenses	5,663	6,277
Apportionment of staff and support costs	583,931	483,446
<b>Total governance costs</b>	<b>640,786</b>	<b>537,859</b>
<b>5 Interest payable</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	856,595	910,270
<b>6 Operating leases</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
There are commitments for operating leases during the coming year in respect of leases terminating		
Under 1 year		
Land & buildings	-	10,500
Others	3,603	10,748
Within 2 to 5 years		
Land & buildings	45,300	37,800
Others	53,257	27,742
Over 5 years		
Land & buildings	-	-
Others	-	31,607
	<b>102,160</b>	<b>118,397</b>

**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**AS AT 31ST MARCH 2014**

Note

**7 Tangible fixed assets**

a) Analysis of movement of fixed assets	Freehold property	Leasehold improvements	Computer equipment	Fixtures & fittings	Motor vehicles	Payments on account and assets under construction	TOTAL
	£	£	£	£	£	£	£
<b>Cost/valuation</b>							
At 1 4 13	55,024,176	437,880	678,614	2,098,500	311,644	5,439,162	63,989,976
Additions	2,083,055	-	160,016	253,714	-	113,010	2,609,795
Disposals	(1,525,212)	(437,880)	(40,669)	(414,510)	-	-	(2,418,271)
Revaluations	3,635,136	-	-	-	-	-	3,635,136
Transfers	5,247,168	-	-	-	-	(5,247,168)	-
At 31 3 14	64,464,323	-	797,961	1,937,704	311,644	305,004	67,816,636
<b>Depreciation</b>							
At 1 4 13	5,584,453	422,797	451,378	1,303,000	277,618	-	8,039,246
Disposals	(221,066)	(437,880)	(45,662)	(354,974)	-	-	(1,059,582)
Reduction in valuation	1,221,544	-	-	-	-	-	1,221,544
Charge for year	697,901	15,083	132,594	287,122	12,010	-	1,144,710
At 31 3 14	7,282,832	-	538,310	1,235,148	289,628	-	9,345,918
<b>Net book value</b>							
At 31 3 14	57,181,491	0	259,651	702,556	22,016	305,004	58,470,718
At 31 3 13	49,439,723	15,083	227,236	795,500	34,026	5,439,162	55,950,730

**b) Disposals of fixed assets**

The above disposals of leasehold improvements represent the removal from the register of all fully depreciated assets following the closure or redevelopment of all leasehold premises during the year

Disposals of computer equipment and fixtures & fittings partly represent the removal from the register of old, obsolete, and fully depreciated assets (see note 1f))

In addition, there were disposals of assets arising from the closure of Honeyfield resulting in a write-off of net book value of £35,714 as the assets could not be redeployed

**c) Reduction in valuation**

Following the revaluation of the property portfolio (see note 15), there were exceptional depreciation charges arising on Puddingstone Lodge and De Gelsey House of £802,319 and £419,225 respectively

**d) Comparable historic cost**

If the freehold and long leasehold property had not been included at valuation they would have been included under the historical cost convention as follows

	2014 £	2013 £
Cost	50,542,127	49,962,679
Accumulated depreciation	(5,274,821)	(5,109,039)
Net book value	45,267,306	44,853,640

**e) Capital commitments**

Capital expenditure contracted for, unpaid at the year end and not provided for in the financial statements - £nil (2013 £1,760,512)

Capital expenditure authorised by the Trustees but not contracted for at 31 March 2014- £nil (2013 £nil)

**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**AS AT 31ST MARCH 2014**

**Note**

<b>8 Current debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,073,972	1,469,273
Other debtors	22,478	30,162
Prepayments	296,811	277,340
Accrued income	<u>222,557</u>	<u>150,695</u>
	<b><u>1,615,818</u></b>	<b><u>1,927,470</u></b>

<b>9 Current creditors and accruals</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank overdraft	205,759	157,542
Trade creditors	433,621	692,110
Other taxes and social security	281,501	318,225
Other creditors	979,341	1,463,462
Accruals	793,955	1,074,592
Deferred income (note 10)	<u>587,172</u>	<u>862,181</u>
	<b><u>3,281,349</u></b>	<b><u>4,568,112</u></b>

Our policy for the payment of creditors is month end following date of invoice. The average number of days between receipt and payment of purchase invoices is 25 days.

<b>10 Deferred income accruals</b>	<b>Residential care fees</b>	<b>Stepahead grants</b>	<b>Cash in advance</b>	<b>Others</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Brought forward at 1 4 13	439,131	57,456	349,015	16,579	862,181
Released in current year	(169,600)	(57,456)	(349,015)	(12,205)	(588,276)
Ansing at 31 3 14	<u>201,207</u>	<u>208</u>	<u>107,882</u>	<u>3,970</u>	<u>313,267</u>
	<b><u>470,738</u></b>	<b><u>208</u></b>	<b><u>107,882</u></b>	<b><u>8,344</u></b>	<b><u>587,172</u></b>

All deferred income at 31 3 14 is in respect of fees or grants invoiced prior to 31 3 14 but relating to periods after 31 3 14, or payments in advance, pending invoicing or contract reconciliation.

<b>11a Creditors Amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans	<u>19,926,953</u>	<u>17,975,996</u>
The total bank loans are repayable as follows		
Within one year	1,388,090	1,132,641
Between one and two years	1,350,960	1,394,162
Between two and five years	3,548,069	4,025,745
After five years	<u>15,027,924</u>	<u>12,556,089</u>
	<b><u>21,315,043</u></b>	<b><u>19,108,637</u></b>

All loans and overdrafts are secured by a fixed and floating charge over the freehold property of the charity, the net book value of the properties charged being £57,181,491 (2013 £49,439,723).

The remaining term of the bank loans are between 4 and 20 years and comprise fixed and variable interest rate elements. The charity has attempted to mitigate the risk posed from movements in interest rates, by entering into swap agreements with the bank to fix interest rates attached to some of the loans. The bank has valued the interest rate swaps at £1,348,009.



**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**AS AT 31ST MARCH 2014**

**Note**

<b>8 Current debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	1 073 972	1,469,273
Other debtors	22,478	30 162
Prepayments	296 811	277 340
Accrued income	222,557	150 695
	<u>1,615 818</u>	<u>1,927,470</u>

<b>9 Current creditors and accruals</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank overdraft	205,759	157 542
Trade creditors	433 621	692 110
Other taxes and social security	281,501	318,225
Other creditors	979 341	1,463,462
Accruals	793 955	1,074,592
Deferred income (note 10)	587,172	862,181
	<u>3 281 349</u>	<u>4 568 112</u>

Our policy for the payment of creditors is month end following date of invoice. The average number of days between receipt and payment of purchase invoices is 25 days.

<b>10 Deferred income accruals</b>	<b>Residential care fees</b>	<b>Stepahead grants</b>	<b>Cash in advance</b>	<b>Others</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Brought forward at 1 4 13	439,131	57,456	349 015	16,579	862 181
Released in current year	(169 600)	(57,456)	(349 015)	(12 205)	(588,276)
Ansing at 31 3 14	201 207	208	107,882	3 970	313 267
	<u>470,738</u>	<u>208</u>	<u>107,882</u>	<u>8,344</u>	<u>587 172</u>

All deferred income at 31 3 14 is in respect of fees or grants invoiced prior to 31 3 14 but relating to periods after 31 3 14, or payments in advance, pending invoicing or contract reconciliation.

<b>11a Creditors Amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans	<u>19 926,953</u>	<u>17,975,996</u>
The total bank loans are repayable as follows		
Within one year	1 388 090	1 132,641
Between one and two years	1,350 960	1 394 162
Between two and five years	3,548 069	4 025 745
After five years	15,027 824	12 556 089
	<u>21,315,043</u>	<u>19 108 637</u>

All loans and overdrafts are secured by a fixed and floating charge over the freehold property of the charity. The net book value of the properties charged being £57,181 491 (2013 £49,439 723).

The remaining term of the bank loans are between 4 and 20 years and comprise fixed and variable interest rate elements. The charity has attempted to mitigate the risk posed from movements in interest rates by entering into swap agreements with the bank to fix interest rates attached to some of the loans. The bank has valued the interest rate swaps at £1 348,009.

# AVANTE PARTNERSHIP

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2014

### Note

#### 11b Net current liabilities

There has been a movement in the year from net current liabilities of £1,831k at March 2013 to net current assets of £536k at March 2014. This is due to the final drawdown of loan funding of £3,348k against capital expenditure on the development of a new care home, the majority of which was incurred as capital works-in-progress in the previous financial year (as noted in the financial statements for the year ended 31 March 2013).

#### 12 Residents' bank accounts

The Charity administers holding bank accounts on behalf of residents for the receipt and payment of the residents' personal allowances. These accounts have not been reflected in these financial statements as an asset or liability. The value held at 31 3 14 was £13,906 (2013 £13,632).

#### 13 Contingent liabilities

There is a contingent liability arising from the Social Housing Pension Scheme which is detailed under Note 17. This is an estimated figure based on the position of the scheme as at 30 September 2008, and, in accordance with FRS17, is reported as contingent as there has been no event at the balance sheet date causing the liability to crystallise.

There are no known contingent liabilities arising from contracted disputes (2013 £nil).

#### 14 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Represented by			
Tangible fixed assets	58,470,718	-	58,470,718
Net current assets (excluding bank loans)	1,874,457	49,626	1,924,083
Bank loans	(21,315,043)	-	(21,315,043)
Pension liabilities	(4,130,000)	-	(4,130,000)
	<u>34,900,132</u>	<u>49,626</u>	<u>34,949,758</u>

#### 15 Movement on reserves

	Unrestricted funds * £	Revaluation reserve £	Restricted funds £	Total £
Brought forward at 1 4 13	11,901,264	17,993,945	48,146	29,943,355
Net incoming resources for the year before transfers	(437,213)	-	1,480	(435,733)
Net increase on revaluation of freehold property in year	-	3,635,136	-	3,635,136
Realised gain on disposal of Perrygrove	20,307	(20,307)	-	-
Realised gains on prior year disposals	3,472,056	(3,472,056)	-	-
Actuarial gain on pension liability	1,807,000	-	-	1,807,000
Carried forward at 31 3 14	<u>16,763,414</u>	<u>18,136,718</u>	<u>49,626</u>	<u>34,949,758</u>

The revaluation reserve is the revaluation surplus on the freehold property. The freehold properties were revalued by GVA, surveyors and valuers, on an existing use basis in July 2014, with the valuation considered valid as at 31 March 2014. Previous valuations were carried out on 31 March 2010, 31 March 2005, 31 March 2000 and 26 June 1997.

The transfer of £3,472,056 and the transfer of £20,307 on disposal of Perrygrove from the revaluation reserve to unrestricted funds reflects revaluation gains from previous years on properties which have subsequently been disposed.

The movement on restricted funds represents the net transactions for the year through amenity fund cash and bank accounts for 15 homes. The funds, which are generated from fundraising activities for and by the individual homes, are therefore treated as restricted funds for use by the individual homes concerned.

\* Unrestricted funds are shown above after deduction of the FRS 17 pensions deficits.

**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note**

**16 Trustee and employee information**

**a) Trustee information**

No remuneration was paid to the Trustees during the year (2013 £nil) Travel and training expenses of £5,663 in total were paid to nine trustees during the year (2013 £5,248, eight trustees), and costs of £nil (2013 £1,029) were incurred on a Trustees away-day

A payment of £1,860 was made in the year in respect of directors and officers indemnity insurance

**b) Employee information**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<u>Employee costs during the year were</u>		
Salaries and wages	20,257,509	19,600,864
Staff recruitment and training	431,895	434,245
Employer's social security costs	1,036,499	1,072,030
Employer's pension costs	314,621	409,130
	<u>22,040,524</u>	<u>21,516,269</u>
<u>Analysed as</u>		
Cost of generating funds	-	-
Charitable activities	19,820,820	19,569,485
Support costs	1,778,272	1,557,201
Governance costs	441,432	389,583
	<u>22,040,524</u>	<u>21,516,269</u>

Senior management

The number of employees whose emoluments for the year fell within each band of £10,000 from £60,000 upwards was as follows -

<u>Emoluments</u>	<u>No of employees</u>	<u>No of employees</u>
£60,000 to £70,000	3	2
£70,000 to £80,000	1	2
£80,000 to £90,000	3	2
£100,000 to £110,000	1	-
£110,000 to £120,000	-	1
£130,000 to £140,000	1	-
£150,000 to £160,000	1	1

Retirement benefits are accruing for 9 of the above staff under defined benefits schemes, no benefits are accruing in respect of money purchase schemes

Number of employees

	<b>2014</b>	<b>2013</b>
The average monthly number of persons employed during the year was		
Residential	1,433	1,424
Community Support	332	372
Stepahead Support	30	34
	<u>1,795</u>	<u>1,830</u>

The average monthly number of full time equivalents employed during the year was

Residential	956	936
Community Support	141	206
Stepahead Support	25	28
	<u>1,122</u>	<u>1,170</u>

**AVANTE PARTNERSHIP**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note**

**17 Pension commitments and FRS 17 disclosures**

Avante Partnership participates in the pension schemes which are named below. The costs are charged to the Statement of Financial Activities as and when they are paid on a monthly basis. The pension cost charge for the period is stated in Note 16 of the financial statements and is detailed below. There are no outstanding or prepaid contributions at the balance sheet date. FRS 17 is fully effective and the following disclosures are required -

Pension liability

The liabilities of the three local government pension schemes are shown on the balance sheet under long-term liabilities. The breakdown of the deficits is as follows -

	2013 £	Other movements £	Actuarial gain £	2014 £
Kent County Council	2,949,000	(115,000)	-	2,834,000
London Borough of Bexley	2,635,000	(146,000)	(1,552,000)	937,000
Royal Borough of Greenwich	616,000	(2,000)	(255,000)	359,000
<b>Total</b>	<b>6,200,000</b>	<b>(263,000)</b>	<b>(1,807,000)</b>	<b>4,130,000</b>

<u>Pension scheme</u>	<u>Rate of contribution</u>		<u>2014 Cost</u>	<u>Employees in scheme at 31.3.14</u>
	<u>Employer's</u>	<u>Employee's</u>	<u>£</u>	
Social Housing Pension Scheme (SHPS)				
Final salary	11.0%	8.4%	167,276	14
Career Average Revalued Earnings	7.5%	6.5%	41,085	10
KCC pensions (LGPS)	43.0%	5.9% 6.5% & 6.8%	165,227	24
RBG pensions (LGPS)	16.0%	5.8% & 6.5%	5,070	1
LBB pensions (LGPS)	24.7%	5.8% 5.9% 6.5% & 6.8%	149,929	40
Aegon (GPP)	Up to 5.0%	Variable	29,149	52
FRP Auto-enrolment	1.0%	1.0%	19,183	621

**a) Defined contribution schemes**

Avante Partnership's defined contribution scheme is provided by Aegon (GPP).

Avante Partnership's auto-enrolment scheme is provided by Pensions Trust.

# AVANTE PARTNERSHIP

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

Note

17 Pension commitments and FRS 17 disclosures (continued)

17b) Defined benefit schemes

Avante Partnership participates in four defined benefit pension schemes all of which are detailed below -

### Social Housing Pension Scheme (SHPS)

The Scheme is funded and is contracted out of the State Pension scheme. Avante Partnership continues to offer membership of the scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS17 represents the employer contribution payable. The Trustee commissions an actuarial valuation of the scheme every 3 years. The main purpose of the valuation is to determine the financial position of the scheme in order to address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

The last formal valuation of the scheme was performed at 30 September 2011 by a professionally qualified actuary using the projected unit method. The market value of the scheme's assets at the last valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

Avante has been notified by the Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Avante Partnership was £4.102 million (2012 £3.904 million).

### Local Government Pension Schemes

The following defined benefit schemes are Local Government Pension Schemes which are multi-employer schemes. The schemes are closed to new entrants which means that under the projected unit method, the current service cost will increase as the members of the schemes approach retirement.

#### Kent County Council

The last formal valuation of the scheme was performed at 31 March 2013 by a professionally qualified actuary. The valuation revealed a past service deficit of £784 million giving a funding level of 83% (compared to 77% as at 31 March 2010).

An actuarial valuation of Avante Partnership's share in the scheme was carried out by a qualified independent actuary as at 31 March 2014 using the "projected unit credit" method to calculate the service cost. To assess the value of the employer's liabilities the actuaries have rolled forward the value of the liabilities reported as at the latest formal valuation allowing for the different financial assumptions required under FRS17. The major assumptions used by the actuary were:

Financial assumptions	31 March 2014 % pa	31 March 2013 % pa	31 March 2012 % pa
RPI inflation rate	3.5	3.3	3.3
CPI inflation rate	2.7	2.5	2.5
Pension increase rate	2.7	2.5	2.5
Salary increases	4.7	4.7	4.7
Expected return on assets	4.4	5.8	5.8
Discount rate	4.4	4.0	4.6
Expected return on assets	Long term return % pa	Long term return % pa	Long term return % pa
Equities			6.3
Gilts			3.3
Other bonds			4.6
Property			4.3
Cash			3.0
Expected return on assets			5.8

Note: Expected return for 2013 and 2014 not disclosed by KCC.

AVANTE PARTNERSHIP

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

Note

17b Pension commitments and FRS 17 disclosures (continued)

Mortality

Life expectancy is based on the S1PA Heavy series tables with a 90% multiplier making allowance for future improvement factors in line with the medium cohort projection with a minimum improvement of 1% per annum. Based on these assumptions the average future life expectancies at age 65 are summarised below

	Males	Females
Current pensioners	22.7 years	25.1 years
Future pensioners	24.9 years	27.4 years

Balance sheet disclosures

Fair value of employer assets	31 Mar 2014	31 Mar 2013
	£'000s	£'000s
Equities	5,381	5,438
Gilts	76	-
Bonds	834	996
Property	758	613
Cash	227	306
Target return portfolio	303	306
<b>Total</b>	<b>7,679</b>	<b>7,659</b>

Balance sheet	£'000s	£'000s
Fair value of employer assets	7,679	7,659
Present value of funded liabilities	(10,413)	(10,608)
<b>Net asset/(liability)</b>	<b>(2,834)</b>	<b>(2,949)</b>

Revenue account costs

Revenue account recognition	Year to 31 March 2014	Year to 31 March 2013
	£'000s	£'000s
Current service cost	123	110
Net interest on the defined liability (asset)	115	117
Administration expenses	6	6
<b>Total</b>	<b>244</b>	<b>233</b>
Actual return on plan assets	616	1,052

Reconciliation of defined benefit obligation	Year to 31 March 2014	Year to 31 March 2013
	£'000s	£'000s
Opening defined benefit obligation	10,608	9,365
Current service cost	123	110
Interest cost	417	424
Contributions by members	25	26
Changes in financial assumptions	(401)	1,015
Change in demographic assumption	223	-
Experience loss/(gain) on defined benefit obligation	(190)	-
Estimated benefits paid	(392)	(332)
<b>Closing defined benefit obligation</b>	<b>10,413</b>	<b>10,608</b>

Reconciliation of fair value of employer assets	Year to 31 March 2014	Year to 31 March 2013
	£'000s	£'000s
Opening fair value of employer assets	7,659	6,741
Interest on assets	302	307
Return on assets less interest	313	745
Contributions by members	25	26
Contributions by employer	169	178
Other actuarial gain/(loss)	(491)	-
Benefits paid	(392)	(332)
Administration expenses	(6)	(8)
<b>Actuarial gain/(loss) recognised in SOFA</b>	<b>7,679</b>	<b>7,659</b>

AVANTE PARTNERSHIP

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

Note

17b Pension commitments and FRS 17 disclosures (continued)

Amounts for current and previous periods	Year to 31 March 2014 £'000s	Year to 31 March 2013 £'000s	Year to 31 March 2012 £'000s	Year to 31 March 2011 £'000s	Year to 31 March 2010 £'000s
Defined benefit obligation	(10 413)	(10 608)	(9 365)	(8 170)	(10 794)
Scheme assets	7 579	7 659	6 741	6 655	6 173
Surplus/deficit	(2 834)	(2 949)	(2 624)	(1 515)	(4 621)
Experience adjustments on scheme assets		661	(269)	156	1 307
Experience adjustments on scheme liabilities		-		1 293	
Cumulative actuarial gain (loss)		(1,423)	(1,069)	141	(2,115)

Projected expense for the year to	31 March 2015 £'000s
Service cost	126
Interest cost	121
Administration expenses	6
<b>Total</b>	<b>253</b>
Employer contributions	171

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost

	Year to 31 March 2014 £ 000s	
Adjustment to discount rate	+0.1%	(0.1%)
Present value of total obligation	10 258	10 570
Projected service cost	123	128

London Borough of Bexley

The last formal valuation of the scheme was performed at 31 March 2013 by a professionally qualified actuary using the "projected unit method". The valuation revealed a deficit of £82 million, giving a funding level of 87% (compared to 87% as at 31 March 2010).

An actuarial valuation of Avante Partnership's share in the scheme was carried out by a qualified independent actuary as at 31 March 2014 using the "projected unit credit" method to calculate the service cost. To assess the value of the employer's liabilities the actuaries have rolled forward the value of the liabilities reported as at the latest formal valuation allowing for the different financial assumptions required under FRS17. The major assumptions used by the actuary were:

Financial assumptions	31 March 2014 % pa	31 March 2013 % pa	31 March 2012 % pa	
RPI inflation rate	-	-	-	
CPI inflation rate	2.4	2.4	2.3	
Pension increase rate	2.4	2.4	2.3	
Salary increases	3.9	3.9	3.6	
Discount rate	4.3	3.7	4.6	
Expected return on assets	Long term return % pa	Long term return % pa	Long term return % pa	Split of assets %
Equities	7.0	7.0	7.0	66
Government Bonds	3.4	2.8	3.1	17
Other Bonds	4.3	3.9	4.1	
Property	6.2	5.7	6.0	
Cash/Liquidity	5	0.5	0.5	9
Other	7.0	7.0	7.0	8
<b>Expected return on assets</b>	<b>6.2</b>	<b>6.1</b>	<b>6.1</b>	<b>8</b>

Mortality

Life expectancy is based on the S1PA CM1 2009 (1%) tables (100% Males, 94% Females) for non retired members and current pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	23.0 years	25.4 years
Future pensioners	25.3 years	28.3 years

AVANTE PARTNERSHIP

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

Note  
17b Pension commitments and FR5 17 disclosures (continued)

Balance sheet disclosures

Fair value of employer assets	Year to 31 March 2014	Year to 31 March 2013
	£'000s	£'000s
Equities	6 379	5 749
Government bonds		
Other bonds	943	1 028
Property	973	600
Cash/liquidity	150	124
Other	1,585	2,018
Total	10,030	9,519

Balance sheet	£ 000s	£ 000s
Fair value of employer assets	10 030	9 519
Present value of funded liabilities	(10,967)	(12,154)
Net asset/liability	(937)	(2,635)

Revenue account costs for the year to 31 March 2014

Revenue account recognition	Year to 31 March 2014	Year to 31 March 2013
	£ 000s	£ 000s
Current service cost	129	112
Interest cost	444	466
Expected return on employer assets	(572)	(508)
Total	1	70

Reconciliation of defined benefit obligation	Year to 31 March 2014	Year to 31 March 2013
	£ 000	£ 000
Opening defined benefit obligation	12 154	10 245
Current service cost	129	112
Interest cost	444	466
Contributions by members	29	33
Actuarial losses/(gains)	(1 355)	1 687
Estimated benefits paid	(434)	(389)
Closing defined benefit obligation	10,967	12,154

Reconciliation of fair value of employer assets	Year to 31 March 2014	Year to 31 March 2013
	£ 000s	£ 000s
Opening fair value of employer assets	9,519	8,445
Expected return on assets	572	508
Contributions by members	29	33
Contributions by employer	147	161
Actuarial gain/(loss)	197	761
Benefits paid	(434)	(389)
Actuarial gain/(loss) recognised in SOFA	10,030	9 519

Amounts for current and previous periods	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2010
	£ 000s	£ 000s	£ 000s	£'000s	£ 000s
Defined benefit obligation	(10 967)	(12 154)	(10 245)	(8 653)	(10 619)
Scheme assets	10 030	9 519	8 445	8 677	8 202
Surplus/deficit	(937)	(2 635)	(1 800)	(976)	(2 417)
Experience adjustments on scheme assets	197	761	(496)	67	1 858
Experience adjustments on scheme liabilities	246			799	

Projected expense for the year to	31 March 2015
	£ 000s
Projected current service cost	120
Interest cost	465
Expected return on plan assets	(612)
Normal employer contributions	169

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost

	Year to 31 March 2014	
	£ 000s	
Adjustment to discount rate	+0.1%	(0.1%)
Present value of total obligation	10,812	11,123
Projected service cost	117	123



**AVANTE PARTNERSHIP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

Note

**17b Pension commitments and FRS 17 disclosures (continued)**

**Royal Borough of Greenwich**

The last formal valuation of the Scheme was performed at 31 March 2013 by a qualified actuary. The valuation revealed a deficit of £141.5 million, giving a funding level of 86% (compared to 85% as at 31 March 2010).

An actuarial valuation of Avante Partnership's share in the scheme was carried out by a qualified independent actuary as at 31 March 2014 using the "projected unit credit" method to calculate the service cost. To assess the value of the employer's liabilities, the actuaries have rolled forward the value of the liabilities reported as at the latest formal valuation allowing for the different financial assumptions required under FRS17. The major assumptions used by the actuary were:

Financial assumptions	31 March 2014	31 March 2013	31 March 2012	
	% pa	% pa	% pa	
RPI inflation rate	3.4	3.2	3.3	
CPI inflation rate	2.6	2.4	2.5	
Pension increase rate	2.6	2.4	2.5	
Salary increases	4.1	4.6	4.7	
Discount rate	4.2	3.5	4.6	
Expected return on assets	Long term return	Long term return	Long term return	Split of assets
	% pa	% pa	% pa	%
Equities			6.3	66
Gilts			3.3	
Other bonds			4.6	17
Property			4.3	9
Cash			3.0	
Expected return on assets			5.8	8

**Mortality**

Life expectancy is based on the S1PA Heavy series tables with a 125% multiplier, making allowance for future improvement factors in line with the medium cohort projection with an underpin of 1% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Retiring today	23.6 years	24.7 years
Retiring in 20 years	25.8 years	27.0 years

**Balance sheet disclosures**

Estimated asset allocation for Avante Partnership	31 Mar 2014 £'000s	31 Mar 2013 £'000s
Equities	30	505
Overseas equities	256	-
Other bonds	271	228
Property	121	72
Cash	15	24
Alternative assets	45	373
Unutilised insurance policies	361	-
UK & Overseas Unit Trusts	407	-
<b>Total</b>	<b>1,506</b>	<b>1,202</b>

Balance sheet	£'000s	£'000s
Fair value of employer assets	1,506	1,202
Present value of funded liabilities	(1,865)	(1,818)
<b>Net asset</b>	<b>(359)</b>	<b>(616)</b>

**Revenue account costs**

Revenue account recognition	Year to 31 March 2014 £'000s	Year to 31 March 2013 £'000s
Current service cost	9	7
Net interest on defined liability (asset)	22	22
Administration expenses	1	1
<b>Total</b>	<b>32</b>	<b>30</b>
Actual return on fund assets	70	146

AVANTE PARTNERSHIP

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

Note

17b Pension commitments and FRS 17 disclosures (continued)

Reconciliation of defined benefit obligation	Year to 31 March 2014 £'000	Year to 31 March 2013 £'000
Opening defined benefit obligation	1 818	1 584
Current service cost	9	7
Interest cost	62	71
Change in financial assumptions	(164)	217
Change in demographic assumptions	202	-
Experience loss/(gain) on defined benefits obligation	5	-
Estimated benefits paid net of transfers in	(69)	(63)
Contributions by scheme participants	2	2
Closing defined benefit obligation	1,865	1,818

Reconciliation of fair value of employer assets	Year to 31 March 2014 £ 000s	Year to 31 March 2013 £ 000s
Opening fair value of employer assets	1,202	1,114
Interest on assets	41	50
Return on assets less interest	29	96
Other actuarial gains/(losses)	297	-
Administration expenses	(1)	(1)
Contributions by employer including unfunded	5	5
Contributions by scheme participants	2	2
Estimated benefits paid plus unfunded net of transfers in	(69)	(64)
Actuarial gain/(loss) recognised in SOFA	1,506	1,202

Amounts for current and previous periods	Year to 31 March 2014 £'000s	Year to 31 March 2013 £ 000s	Year to 31 March 2012 £'000s	Year to 31 March 2011 £'000s	Year to 31 March 2010 £ 000s
Defined benefit obligation	(1 865)	(1 818)	(1 584)	(1 439)	(1 999)
Scheme assets	1 506	1 202	1 114	1 140	1 107
Surplus/deficit	(359)	(616)	(470)	(299)	(892)
Experience adjustments on scheme assets	-	82	(49)	20	254
Experience adjustments on scheme liabilities	-	-	-	274	-
Cumulative actuarial gain (loss)	-	(152)	(17)	149	(319)

Projected expense for the year to	31 March 2015 £ 000s
Service cost	11
Interest cost	15
Administration expenses	1
Total	27
Employer contributions	6

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost

	Year to 31 March 2014 £ 000s	
Adjustment to discount rate	+0.1%	(0.1%)
Present value of total obligation	1841	1890
Projected service cost	11	11

## **Annual Report of the Trustees & Financial Statements**

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A company limited by Guarantee Registration No 2565021  
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community support

**Stepahead**  
support