

AVENUES SOUTH EAST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Charity Registration Number: 1079576

Company Registration Number: 03923486

AVENUES SOUTH EAST

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AVENUES SOUTH EAST

BOARD MEMBERS AND MANAGEMENT PERSONNEL

FOR THE YEAR ENDED 31 MARCH 2020

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

Board Members

Chairman: Andrew Bruce Calderwood (Member of The Avenues Trust Group) (To February 2020)
Terry Rich (Chairman from February 2020)

All Trustees are Members of the overlapping Group Boards for Avenues Trust Group and all committees are held on a Group basis.

Non-Executive Trustees:

Paul Newton (Member of the Finance Committee)
Alistair Oag (Chair of the Audit and Risk Committee and Finance Committee)
Terry Rich (From February 2020)
Evlynne Gilvarry (From February 2020)
(Member of the Audit and Risk Committee)
Lynne Holmes (From February 2020 to August 2020)
(Chair of HR and Nominations Committee)
Mark Pittaway (From February 2020)
(Member of the Finance Committee)
Andrew Bruce Calderwood (To February 2020)
(Member of HR and Nominations Committee and Quality Committee)

Executive Trustees:

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

Key Management Personnel:

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

CHARITY REGISTRATION NUMBER 1079576

COMPANY REGISTRATION NUMBER 03923486

AVENUES SOUTH EAST

BOARD MEMBERS AND MANAGEMENT PERSONNEL

FOR THE YEAR ENDED 31 MARCH 2020

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

Advisors

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

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

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

AVENUES SOUTH EAST

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Introduction

The Avenues South East accounts for 2020 and the 2019 comparative figures are constructed in line with best practice, as set out above. Compliance with best practice extends to the need to address the "public benefit" provided by Avenues South East.

"Avenues"/"Avenues Group" means the Avenues Trust Group Limited and its subsidiaries of which Avenues South East is one.

Structure, Governance and Management

CEO Appointment

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

Board Structure

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

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

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

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

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Structure

Avenues South East is a Charitable Company limited by guarantee and was incorporated in England and Wales on 7 February 2000. The Company was established under a Memorandum of Association which established the objects and powers of the Charitable Company, which is governed by its Articles of Association. In the event of the Company being wound up, members are required to contribute an amount not exceeding £1.

Following a group restructure in April 2013, Avenues South East was adopted as the new legal name of the Company by its Members. Members also adopted a new set of Articles which changed the Objects to enable the organisation to change its Board to a unitary structure, enabling three executives to become Trustees.

Avenues South East is a subsidiary of The Avenues Trust Group, which is a registered charity and constituted as a company limited by guarantee. Prior to the governance changes outlined over the Board of Avenues South East included two members of The Avenues Trust Group, one independent trustee and three Executive Trustees. Since the review this has changed and the majority of the board are core trustees that sit on boards across the group, up to two independent trustees and two executive trustees.

Membership

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

Since implementation of the review this has changed and The Avenues Trust Group is now the sole member of Avenues South East. This change was affected in consultation and agreement with the previous members and agreed at an Extraordinary General Meeting held in May 2020 where the Avenues East's constitution was updated to reflect the changes. All the old members have now resigned.

Governance

The Board members are set out on Page 1.

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

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

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

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

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

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

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

Avenues South East has made qualifying third party indemnity provisions for the benefit of its trustees.

The Charity Governance Code

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

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

All of our trustees are selected in a manner consistent with the organisation's recruitment, diversity and equality policies, ensuring that the selection process is both time and cost effective. Our trustees serve a period of four years, with an option to extend for a further four years. In addition to making direct approaches to suitable candidates Avenues may advertise for trustees through notice boards, network recruitment or in the media.

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When a recruitment need is identified the Company Secretary will work with the board or committee to carry out a skills audit before a recruitment campaign begins. Policies and procedures are in place for the induction and training of new trustees. Training needs are continuously identified through board/committee discussions and surveys and board and trustee appraisals. When a training need is identified we organise externally facilitated training sessions. We have recently identified the need for the following training; Charities operating strategically following CV19, Financial Governance and Code of Good Governance and these sessions are being externally facilitated from September 2020 to February 2021.

GDPR Compliance

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

Public Benefit

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

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

Avenues South East now supports more than 170 people to enjoy community-based life, and employ more than 370 staff.

We have maintained our ongoing commitment to the cohort of people previously identified by the Government's national Transforming Care strategy, as we seek to support them to leave assessment and treatment units (ATUs) and move back to their local areas, and into their own homes. For example we finalised a multi-million pound partnership project in Haringey in August 20 to bring four people back into the community.

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

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

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

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

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

Strategy

The strategic direction of Avenues South East is set within the context of the overall Avenues Group strategy as a whole. The focus of the 3 year strategic plan starting in 2018/19 is on providing high-quality, and consistently improving services to everyone it supports, throughout their lives. This will be achieved locally by full commitment to Active Support and Positive Behavioural Support practices, with these as the foundation of each individual service. This operational activity will be consolidated at strategic management level by work to reduce the use of agency staff, and improved recruitment and retention, to improve the consistency of services to the people we support.

Risk Management

The Boards of the Avenues Group operate a formal risk management process and risk register, which involves continuous review of the risks identified and those emerging, their potential impact and means of mitigation. The risk register is reviewed by all of the Boards of the Avenues Group and by the Audit Committee. The key risks identified for 2019/20 were the coronavirus pandemic impact which arose towards the end of the financial year. The national issue on "sleep-ins" affects the Avenues Group as a whole: actions have been taken to mitigate the risks as far as possible, reflecting best professional advice at this time.

Principal risks and uncertainties - Coronavirus

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

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

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

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

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

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

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

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

The group also had oversight of the management of PPE and set the target of 3 months stock of all PPE items and this was achieved and continues to be maintained across the organisation. We have a number of key suppliers and stock levels are maintained by regular orders.

We recognised early on that regular testing was required, not only to ensure our operational teams were not spreading the virus but also enable us to manage any outbreaks. We requested weekly testing of all staff ahead of the Government advice where such facilities were available. Testing for people we support, has been a challenge and Avenues follow the Government advice for each setting. The size of our individual services is such that where we had outbreaks, they could be contained more easily to minimise the spread and impact.

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

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

See Going Concern on page 11 for financial risk assessment.

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FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT

Objectives and Activities

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

In considering the organisation's objectives and activities, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Achievements and Performance

Avenues South East operates a balanced scorecard which is completed on a monthly basis. Within this are Key Performance Indicators for each strand of the Strategic plan as follows:

Better Lives

The first priority of the plan is to ensure that the lives of the people we support continually improve. A good indicator of this is the number of services rated as "Good" or "Outstanding" by CQC. Sadly two services were rated at Requires Improvement in February 2020. However, the domain of "Caring" was rated as Good. This outcome was disappointing but we have put clear improvement plans in place to address the areas identified.

We continue to work with the Group's Positive Behavioural Support and Active Support Leads to enhance the support services offered where required. This relationship has blossomed and has been key to the achievement of positive outcomes for the people we support across the region.

We recognise the need to continuously develop our staff teams and as such we ensure that we train our employees in a range of additional courses that are above the statutory courses for adult social care.

Better Jobs

Our second priority is to continually improve the experience of working for us. We have a target of 85% of employees to be retained. For the year ended 31 March 2020 this target was met at 85%. Both sickness and vacancy rates have improved compared to March 2019. Sickness rates were at or below our 4% target for Q1, Q2 and Q3 but rates grew in relation to Covid-19 in Q4. Vacancy rates remained around 22% for the full year (target of 20%).

Better Business

The final strand of our Strategic Plan is Better Business. This is being measured by the percentage of services which are making a deficit before central costs. The target for this is less than 5%, however during the year ended March 2020 this was 14% (21% in 2019).

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TRUSTEES' REPORT AND STRATEGIC REPORT

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We have reduced the level of voids over the course of the year, reduced the number of vacancies and reduced the number of times we needed to employ relief staff. This will have a positive impact on loss making services.

We have appointed a new Regional Director for Avenues South East who joined the organisation in May 2020.

Our Employees

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

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

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

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

Financial results for the year ended 31 March 2020

Total income has increased by 6.1% to £16.2m; however, this included £0.28m in relation to debt equalisation and without this the increase was 4.2% which was partially offset by an increase in expenditure. Therefore the operating deficit for the year was £0.14m excluding debt equalisation, compared to a loss of £0.258m in the prior year. As a consequence, of the debt equalisation and in year performance, the accumulated funds are now shown at £0.32m.

See Going Concern on page 11 for debt equalisation explanation.

Investment Policy

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

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FOR THE YEAR ENDED 31 MARCH 2020

Reserves Policy

The Reserves policy is established at a Group level and is used to ensure that Avenues Group reserves should be sufficient to mitigate against any significant organisational risks and as such the board have concluded a target for Group free reserves of £1.5m. Following the debt equalisation process and an improvement in operating performance, Avenues South East will now start to build its own reserves.

Reserves were as follows at March 2020:	£000
- General funds	416
- Designated funds	75
- Restricted funds	10
- Pension scheme funding	(181)
TOTAL	320

Going Concern

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the group. Working capital requirements are covered at a group level. The pension scheme deficit is for the long term, so has no significant bearing on the going concern assessment for Avenues South East.

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

As part of the going concern assessment, we have considered the ongoing financial impact of coronavirus in terms of operating performance and cashflow. We believe the funding support from Government coupled with the measures taken by the organisation in response to the coronavirus pandemic mean that the negative financial impact of the virus is mitigated and at this time does not represent a financial or going concern risk. (See Principal Risks and uncertainties Page 8).

During the year, the Avenues Group Boards approved a process of debt equalisation across the Group to ensure that all entities are in a positive net asset position going forward. In order to achieve this, Welmede (Avenues Trust Group subsidiary) has gifted an amount of £197k to Avenues South East and the parent entity has written off debt due from Avenues South East of £83k. The net asset position of Avenues South East after this change was £100k (excluding the 2019/20 operating result).

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

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Future Plans

Our operational priorities going forward are as follows:

To ensure that we continue to navigate through the coronavirus pandemic proactively and safely for the people we support and our teams.

Our new Regional Director will lead the development and implementation of a new plan to meet our strategy from 2021.

To continue to support employees working in services that support individuals with behaviours that challenge, with the opportunity to complete formal qualifications in Positive Behaviour Support.

To continue to manage and develop further the positive relationships we have developed with our LAs and CCG commissioners to ensure our services are sustainable and aligned with the strategies of local commissioners. Ensuring that our properties and support models are aligned with needs of people we support as they grow older will be in the forefront of the service development strategy.

To strengthen our financial performance reduce the use of relief staff. This will run alongside the work we will continue with our recruitment team to improve our vacancy rates and offer local people local jobs.

To continue to recruit the best possible people as well as continue to train our existing workforce and ensure the organisation is supported by a robust succession plan.

To continue to seek opportunities in Counties where we do not currently work to promote the work of Avenues.

To continue to provide consistent, high-quality services to everyone we support.

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



Terry Rich
Chairman

Date: 9th December 2020

AVENUES SOUTH EAST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

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

In so far as the trustees are aware:

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

Auditor

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

AVENUES SOUTH EAST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES SOUTH EAST

Opinion

We have audited the financial statements of Avenues South East (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities (Including income and expenditure account), the Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

AVENUES SOUTH EAST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES SOUTH EAST

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES SOUTH EAST

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street, London, EC4A 4AB
Date **11 December 2020**

AVENUES SOUTH EAST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted General Funds £000s	Unrestricted Pensions Reserve £000s	Restricted Funds £000s	Total 2020 £000s	Total 2019 £000s
INCOME						
Grants & Donations						
Donations	2	280	-	-	280	-
		280	-	-	280	-
Charitable activities						
Provision of care to young people	2	1,342	-	-	1,342	1,393
Services to adults	2	13,662	-	-	13,662	13,001
Services to older people	2	802	-	-	802	788
Other income	2	64	-	-	64	42
		15,870	-	-	15,870	15,224
Total		16,150	-	-	16,150	15,224
EXPENDITURE						
Charitable activities						
Provision of care to young people	3	1,256	-	-	1,256	1,445
Services to Adults	3	13,962	-	-	13,962	13,260
Services to Older People	3	794	-	-	794	777
Total		16,012	-	-	16,012	15,482
Net income / (expenditure)		138	-	-	138	(258)
Transfer between funds		(68)	68	-	-	
Initial Recognition of the defined benefit pension scheme.	13	-	-	-	-	(86)
Remeasurement of defined benefit pension schemes	13	-	361	-	361	(76)
Net movement in funds		70	429	-	499	(420)
Reconciliation of funds:						
Fund balances brought forward	9	421	(610)	10	(179)	241
Fund balances carried forward	9	491	(181)	10	320	(179)

The notes on pages 19 to 35 form part of these financial statements

**AVENUES SOUTH EAST
BALANCE SHEET
AS AT 31 MARCH 2020
COMPANY NO :03923486**

	Notes	2020 £000s	2019 £000s
FIXED ASSETS			
Tangible assets	6	317	276
CURRENT ASSETS			
Debtors	7	2,226	1,585
Cash at bank and in hand		24	35
		<u>2,250</u>	<u>1,620</u>
CREDITORS falling due within one year	8	(2,033)	(1,399)
NET CURRENT ASSETS		<u>217</u>	<u>221</u>
CREDITORS falling due in more than one year	8	(33)	(66)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>501</u>	<u>431</u>
Pension scheme liability	13	(181)	(610)
NET ASSETS INCLUDING PENSION LIABILITY		<u><u>320</u></u>	<u><u>(179)</u></u>
FUNDS			
Unrestricted funds:			
General funds	10	416	346
Pension scheme funding reserve	10	(181)	(610)
Designated Funds	10	75	75
		<u>310</u>	<u>(189)</u>
Restricted funds	10	10	10
TOTAL FUNDS		<u><u>320</u></u>	<u><u>(179)</u></u>

The notes on pages 19 to 35 form part of these financial statements

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



Terry Rich
Chairman of the Board

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. Accounting Policies

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

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and

b) Preparation of accounts on a going concern basis

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the Group. Avenues South East is operating at a surplus, working capital requirements are covered at a Group level and the pension scheme deficit is for the long term, and therefore has no significant bearing on the going concern assessment for Avenues South East. The Avenues Group operates within a cross guarantee arrangement and cash is pooled across the group to services working capital requirements.

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

As part of the going concern assessment, we have considered the ongoing financial impact of coronavirus in terms of operating performance and cashflow. We believe the funding support from Government coupled with the measures taken by the organisation in response to the coronavirus pandemic mean that the negative financial impact of the virus is mitigated and at this time does not represent a going concern risk. (See Principal Risks and uncertainties Page 8).

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

c) Income

Income is recognised when Avenues South East has entitlement to the funds, any performance related conditions attached to the item(s) of income has been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' (except capital grants relating to social housing properties – see policy (e)) or 'revenue' grants, it is recognised when the charity has entitlement to the funds, any performance related conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably.

Income received in advance of a service is deferred until the criteria for income recognition are met (Note 8). Income is measured at the fair value of the consideration receivable.

Legacy income is recognised at the earlier of the charity being notified of a distribution or the probable receipt of a legacy.

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when received, provided the economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to Avenues South East which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market. A corresponding amount is then recognised in expenditure in the period of receipt.

e) Tangible Fixed Assets and Depreciation

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

Furniture and equipment	15-25% per annum on cost
Leasehold Additions	2% per annum on cost

Depreciation of an asset commences from the point the asset is brought into use.

The charity policy is to capitalise all assets over £500.

f) Pension Costs

The Social Housing Pension Scheme (SHPS), a defined contribution scheme (also referred to as 'Pensions Trust'), is an ongoing scheme. The contributions paid to this scheme are charged to the Statement of Financial Activities as they fall due.

Avenues South East participates in one multi-employer and one unfunded pension scheme operated by the National Health Service. Further details of these schemes are set out in the notes to the financial statements. The contributions to these schemes, as advised by the scheme administrator, are charged to the Statement of Financial Activities as they fall due.

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

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

g) Operating leases

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

h) Resources expended and the basis of apportioned costs

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

i) Allocation of support costs

Support costs are those functions that assist the work of Avenues but does not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll, IT and governance costs which supports Avenues charitable activities, please see note 3 for details on the basis of allocation.

j) Fund accounting

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

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

k) Taxation

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

l) Debtors

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

m) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

n) Creditors and provisions

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

o) Financial Instruments policy

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Management estimates and judgements

In the process of applying its accounting policies, Avenues South East is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented. There are no significant judgements or estimates made. The assumptions applied to the pension have the potential to materially impact the pension liability position and therefore have been reviewed with the Groups pensions advisors and management consider they are reasonable.

2. Income

Income from Charitable activities was £15,870k (2019; £15,224k) all of which is attributable to unrestricted funds.

	2020	2019
	£000s	£000s
Other incoming resources:		
Donations	280	-
Pension funding receivable from purchasers	64	42
	344	42
	344	42

3. Expenditure

	2020	2019
	£000s	£000s
Net income / (expenditure) is stated after charging:		
Depreciation of tangible fixed assets on owned assets	78	82
External Audit Fees	13	18
Operating lease charges for motor vehicles and equipment	54	104
Operating lease charges for land and buildings	350	354
Loan interest	3	3

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

3. Expenditure (continued)

	Direct costs	Support costs	2020 Total	2019 Total
Charitable activities:	£000s	£000s	£000s	£000s
Provision of care to young people	1,134	123	1,256	1,445
Services to Adults	12,654	1,307	13,962	13,260
Services to Older People	725	69	794	777
2020 Total	14,513	1,499	16,012	
2019 Total	13,996	1,486		15,482

The charitable activities provided by Avenues South East have been categorised to reflect the key services provided.

Summary analysis of expenditure and related income for charitable activities

	Provision of care to young people	Services to Adults	Services to Older People	Total
	£000s	£000s	£000s	£000s
Income	1,342	13,662	802	15,806
Costs	(1,256)	(13,962)	(794)	(16,012)
Total	86	(300)	8	(206)

Expenditure on charitable activities was £16,012k (2019: £15,482k) all of which is attributed to unrestricted funds. These balances do not include the pension re-measurement adjustments of £361k (2019: £76k).

Analysis of governance and support costs

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

3. Expenditure (continued)

Analysis of Expenditure

	General support	Governance function	Total
	£000s	£000s	£000s
EMT & Governance	222	-	222
Group Finance	451	13	464
Group HR	361	-	361
Group Office Management	282	-	282
Group Practice Development & Assurance	170	-	170
	1,486	13	1,499

Analysis of Expenditure

	Provision of care to young people	Services to Adults	Services to older people	Total
	£000s	£000s	£000s	£000s
Support costs	122	1,296	68	1,486
Governance	1	11	1	13
	123	1,307	69	1,499

4. Trustees' remuneration

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

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

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

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

4. Trustees' remuneration (continued)

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

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

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

5. Staff costs and key management personnel

The Directors of the company are remunerated by Avenues Group and therefore not included in the disclosure below.

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

	2020	2019
	No.	No.
£60k - £70k	-	1
£70k - £80k	1	-

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

	No.	No.	FTE	FTE
	2020	2019	2020	2019
Office staff	9	9	8	8
Care staff	256	263	261	263
Part-time support staff	108	158	108	105
TOTAL	373	430	377	376

	2020	2019
	£000s	£000s
Staff costs		
Wages and salaries	10,270	9,724
Social security costs	712	727
Pension costs (Note 13)	255	202
Agency staff	1,200	1,235
	12,437	11,888

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

5. Staff costs and key management personnel (continued)

Included in the costs above are the costs of staff on Bank contracts. The contracts of employment for Bank staff are held with The Avenues Group and the costs are charged to Avenues South East for work provided.

The key management personnel of the charity comprise the Group Chief Executive, Group Chief Operating Officer to October 2019, Group Director of Finance, Group Director of Housing and Development, Group Director of Quality, Group Operations Director and Interim Group Director of People.

	2020	2019
	£000s	£000s
Wages and salaries	277	222
Social security costs	30	28
Pension costs	17	16
Total	324	266

6. Tangible fixed assets

	Leasehold Additions	Furniture & equipment	Total
	£000s	£000s	£000s
Cost			
At 1 April 2019	-	1,727	1,727
Additions	56	62	119
Disposals			
At 31 MARCH 2020	56	1,789	1,846
Depreciation			
At 1 April 2019	-	1,451	1,451
Charge for year	2	76	78
Disposals			
At 31 MARCH 2020	2	1,527	1,529
Net book value			
At 31 MARCH 2020	54	262	317
At 31 March 2019	-	276	276

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

7. Debtors

	2020	2019
	£000s	£000s
Contract fees receivable	1,672	1,375
Other debtors	372	53
Prepayments and accrued income	182	157
	2,226	1,585
	2,226	1,585

8. Creditors

	2020	2019
	£000s	£000s
Amounts falling due within one year:		
Trade creditors	71	177
Other taxation and social security	260	280
Other creditors	151	120
Accrued expenditure and deferred income	1,355	739
Amounts owed to other Group undertakings	196	83
	2,033	1,399
	2,033	1,399

Amounts falling due in more than one year:

	2020	2019
	£000s	£000s
Total loans	66	99
The loan is repayable as follows:		
Due within one year	33	33
Between one and two years	33	66
Total	66	99
Less: due within one year	(33)	(33)
Amount due after one year	33	66

Avenues South East previously had employees who were members of the Kent County Council defined benefit pension scheme. The assets of the scheme are held separately from those of the group. Avenues South East officially withdrew from the scheme on 1 April 2015 and as such no further contributions are being made. The withdrawal from the scheme resulted in the crystallisation of a liability of £231,000. It was agreed to pay this over a period of 7 years, attracting interest of £23,000. This cost is being recognised in the statement of financial activities evenly over the seven year period.

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

8. Creditors (continued)

	2020	2019
	£000s	£000s
Movements in deferred income:		
Deferred income at the beginning of the year	417	34
Income recognised in the year	(417)	(34)
Income deferred in the current year	649	417
Income deferred at the year end	<u>649</u>	<u>417</u>

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

9. Analysis of net movement in funds

	1 April				31 March
	2019	Income	Expenditure	Transfer	2020
	£000s	£000s	£000s	£000s	£000s
Unrestricted funds:					
General reserve	346	16,150	(16,012)	(68)	416
Designated Fund - Chelsham Lodge	75	-	-	-	75
Pension reserve	(610)	361	-	68	(181)
Restricted funds					
Garden Fund	10	-	-	-	10
TOTAL FUNDS OF THE CHARITY	<u>(179)</u>	16,511	(16,012)	-	<u>320</u>

	1 April				31 March
	2018	Income	Expenditure	Transfer	2019
	£000s	£000s	£000s	£000s	£000s
Analysis of movements in funds - previous year					
Unrestricted funds:					
General reserve	584	15,224	(15,462)	-	346
Designated Fund - Chelsham Lodge	75	-	-	-	75
Pension reserve	(428)	-	(182)	-	(610)
Restricted funds					
Garden Fund	10	-	-	-	10
TOTAL FUNDS OF THE CHARITY	<u>241</u>	15,224	(15,644)	-	<u>(179)</u>

The general reserve represents the funds of the charity which are not designated for particular purposes.

The pension reserve represents the movements in respect of the defined benefit pension schemes in which the charity participates.

The restricted fund is comprised of the Garden Fund provided by Santander for the renovation of a Garden at Wilson Avenue.

The Chelsham Lodge designated fund is a legacy left to Avenues in relation to a person supported at Chelsham Lodge. The Trustees have decided that the legacy should be used for this service, as such a designated fund has been set up.

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

10. Analysis of net assets/(liabilities) between funds

	Restricted Fund £000s	Unrestricted Funds £000s	Unrestricted Pension Fund £000s	2020 Total £000s
Fund balances at 31 March 2020 are represented				
Tangible fixed assets	-	317	-	317
Current assets	10	2,240	-	2,250
Current liabilities	-	(2,033)	-	(2,033)
Long term liabilities	-	(33)	-	(33)
TOTAL FUNDS BEFORE PENSION LIABILITY	10	491	-	501
Pension scheme funding reserve	-	-	(181)	(181)
TOTAL FUNDS OF THE CHARITY INCLUDING PENSION SCHEME RESERVE	10	491	(181)	320
PRIOR YEAR BALANCES				
Fund balances at 31 March 2019 are represented				
Tangible fixed assets	-	276	-	276
Current assets	10	1,610	-	1,620
Current liabilities	-	(1,399)	-	(1,399)
Long term liabilities	-	(66)	-	(66)
TOTAL FUNDS BEFORE PENSION LIABILITY	10	421	-	431
Pension scheme funding reserve	-	-	(610)	(610)
TOTAL FUNDS OF THE CHARITY INCLUDING PENSION SCHEME RESERVE	10	421	(610)	(179)

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

11. Operating lease commitments

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

	2020	2019
	£000s	£000s
Land and Buildings		
Expiry date:		
Within one year	349	349
Between one and five years	785	996
Over five years	312	451
	1,446	1,796
Vehicles and equipment		
Expiry date:		
Within one year	54	84
Between one and five years	-	54
	54	138

12. Investment policy and position

The banking activities for Avenues South East are managed by The Avenues Group.

13. Pension obligations

Avenues South East has contributed to both defined benefit and defined contribution schemes during the year and defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 102 Section 25 'Employee benefits'. The total cost to the charity for the year ended 31 March 2019 in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate, are as follows:

	2019/20	2018/19	2019/20	2018/19
	£000s	£000s	No.	No.
Pensions Trust SHPS	251	174	336	371
NHS Pension	-	5	-	2
Pensions Trust SHPS Closed scheme	4	23	5	6
Per Note 5	255	202		

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020**

13. Pension obligations (continued)

National Health Service

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

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

The Pension Trust – Social Housing Pension Scheme : Defined Contribution

Social Housing Pension Scheme which is also referred to as 'The Pensions Trust', is a defined contribution scheme. This was introduced in the last financial year. The contributions paid to this scheme by the group are charged to the Statement of Financial Activities as they fall due.

The company participates in the scheme, a multi-employer scheme which provides benefits to some 900 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

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

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

	31-Mar-20	31-Mar-19
	£'000's	£'000's
Fair Value of plan assets	2,124	2,126
Present value of defined benefit obligation	2,305	2,736
Surplus (deficit) in plan	(181)	(610)
Unrecognised Surplus	-	-
Defined Benefit asset (liability) to be recognised	(181)	(610)

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

13. Pension obligations (continued)

Reconciliation of the Impact of the Asset Ceiling

	Period ended 31st March 2020 £'000's
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	Period ended 31st March 2020 £'000's
Defined benefit obligation at start of period	2,736
Current service cost	-
Expenses	2
Interest expense	62
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(146)
Actuarial losses (gains) due to changes in demographic assumptions	(23)
Actuarial losses (gains) due to changes in financial assumptions	(277)
Benefits paid and expenses	(49)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	2,305

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
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13. Pension obligations (continued)

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

	Period ended 31st March 2020 £'000's
Fair value of plan assets at start of period	2,126
Interest income	49
Experience on plan assets (excluding amounts included in interest income) - loss	(85)
Contributions by the employer	83
Contributions by plan participants	-
Benefits paid and expenses	(49)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	2,124

The actual return on the plan assets (including any changes in share of assets over the period ended 31 March 2020 was £36,000.

Defined Benefit Costs Recognised In Statement Of Comprehensive Income (SOCl)

	Period ended 31st March 2020 £'000's
Current service cost	-
Expenses	2
Net interest expense	13
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	15

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13. Pension obligations (continued)

Defined Benefit Costs Recognised In Other Comprehensive Income

	Period ended 31st March 2020 £'000's
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(85)
Experience gains and losses arising on the plan liabilities - gain (loss)	146
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	23
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	277
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	361
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	361

AVENUES SOUTH EAST
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13. Pension obligations (continued)

Assets	31-Mar-20	31-Mar-19
	£'000's	£'000's
Global Equity	311	358
Absolute Return	111	184
Distressed Opportunities	41	39
Credit Relative Value	58	39
Alternative Risk Premia	148	123
Fund of Hedge Funds	1	10
Emerging Markets Debt	64	73
Risk Sharing	72	64
Insurance-Linked Securities	65	61
Property	47	48
Infrastructure	158	111
Private Debt	43	29
Opportunistic Illiquid Credit	51	-
Corporate Bond Fund	121	99
Liquid Credit	1	-
Long Lease Property	37	31
Secured Income	81	76
Liability Driven Investment	705	777
Net Current Assets	9	4
Total assets	2,124	2,126

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by,

Key Assumptions

	31-Mar-20	31-Mar-19
	% per annum	% per annum
Discount Rate	2.39	2.28
Inflation (RPI)	2.65	3.30
Inflation (CPI)	1.65	2.30
Salary Growth	2.65	3.30
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

AVENUES SOUTH EAST
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13. Pension obligations (continued)

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

	<i>Life expectancy at age 65 (Years)</i>
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Kent County Council

Kent County Council operates a funded, defined benefit scheme. As Avenues South East withdrew from the scheme in 2014/15, there are no more contributions to be made.

On 1st April 2015, the employees were formally transferred out of this scheme, which triggered a cessation event. The cessation cost was calculated at £231,000. It has been agreed with the Trustees of the scheme that the payments can be made over seven years, attracting interest of £23,000. The total of £254,000 will be accounted for evenly over the seven period, though there is an option for earlier repayment, which would reduce the associated interest charge.

14. Related Party Transactions

As a member of The Avenues Trust Group, Avenues South East uses central services to carry out its operations. The group makes a charge for these central costs based on a blended ratio of group costs.

In addition, Avenues Group acts as the central banker for Avenues South East, paying salary costs and creditors and receiving cash from customers. There were no write offs during the year.

	2020	2019
	£000s	£000s
Balance due at 1 April	(83)	(158)
Payroll services provided by group companies	(11,313)	(10,571)
Receipts taken on behalf of group companies	15,833	15,780
Payments made on behalf of group companies	(3,160)	(3,665)
Recharges of head office costs	(1,487)	(1,469)
Debt Equalisation	83	-
Balance due at 31 March	<u>(127)</u>	<u>(83)</u>

AVENUES SOUTH EAST
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15. Ultimate parent undertaking

The entity is consolidated into its ultimate parent undertaking, The Avenues Trust Group, a charitable company (charity number 1130473, company number 03804617), limited by guarantee, incorporated in England and Wales. The Avenues Trust Group is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of The Avenues Trust Group can be obtained by writing to The Avenues Trust Group, River House, 1 Maidstone Road, Sidcup, Kent, DA14 5TA.

The principal activity of The Avenues Trust Group is the provision of professional, high quality, not-for-profit support services to people with complex or challenging needs. The Parent exercises control through the power of appointment and removal of trustees on subsidiary boards.