



COMPANY NUMBER: 03326442
CHARITY NUMBER: 1061241

AVENUES EAST

(A Company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

AVENUES EAST
YEAR ENDED 31 MARCH 2016

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AVENUES EAST
REFERENCE AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

BOARD OF TRUSTEES	G Walker N Dodd A Hallander C Hindmarch S James P Nicholson H Pugh P Snelling D Taylor S Vaughan-Williams S Clenell C Tuohy	(Chair) (Resigned 18 May 2015) (Resigned 24 March 2015) (Executive Trustee) (Executive Trustee)
KEY MANAGEMENT PERSONNEL	Steve James Joanne Land Alan How Peter Snelling Lauren Osman	Group Chief Executive Group Deputy Chief Executive Group Director of Finance Chief Operating Officer Company Secretary
CHARITY REGISTRATION NUMBER:	1061241	
COMPANY REGISTRATION NUMBER:	03326442	
LEGAL ADVISERS	Hempsons Hempsons House 40 Villiers Street London WC2N 6NJ Doyle Clayton Level 10 One Canada Square London E14 5A	
PRINCIPAL BANKERS	Barclays Bank 167 High Street Bromley Kent BR1 1NL	
REGISTERED OFFICE	River House 1 Maidstone Road Sidcup Kent DA14 5TA	
INDEPENDENT AUDITOR	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) 25 Farringdon Street London EC4A 4AB	

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The Board is pleased to present its report and audited financial statements for the year ended 31 March 2016 which includes the information set out on page 1. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

The organisation is a charitable company limited by guarantee and was incorporated in England & Wales on the 3rd March 1997. The company was established under a Memorandum of Association which established the objects and powers of the charitable company which is governed under 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 March 2013 Avenues East was adopted as the new legal name of the organisation by its members. Members also adopted a new set of Articles which changed the objects to enable the organisation to support, promote, and to assist in the support and promotion of, the intellectual, emotional, physical and spiritual welfare of children, young people, elderly people and adults with learning disabilities, complex needs, physical disabilities, sensory impairments, autism, mental illness and mental health needs. It also enabled the organisation to change its board to a unitary structure enabling three executives to become trustees.

Avenues East is a wholly owned subsidiary of the Avenues Group which is a registered charity and constituted as a company limited by guarantee. The Board of Avenues East is made up of one member of The Avenues Group, six independent trustees who have no connection and 3 Executive Trustees. The members of the Board, who for the purposes of charity/company law are the trustees/directors of the charity, are approved by the parent company the Avenues Group.

The current trustees and their connection with The Avenues Group are as follows:

Name	Connection with the Avenues Group
S Clennell	Not Connected
A Hallander	Not Connected
S James	Trustee / Group Chief Executive
H Pugh	Not Connected
P Snelling	Trustee / Group Director of Operations
C Tuohy	Not Connected
G Walker	Trustee / Member
N Dodd	Not Connected
S Vaughan-Williams	Not Connected
P Nicholson	Not Connected
D Taylor	Not Connected

No trustee had any beneficial interest in any contract with the charity during the year other than as disclosed in note 7 to the Financial Statements.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Governance

The Board of Avenues East meets six times a year to review the services provided and monitor progress and reports to the Avenues Group Board. The Avenues East Business Plan is set by the trustees once every three to five years in conjunction with the business plan for the group and the trustees meet once a year to review the strategic plans and the overall performance of Avenues East.

The Avenues Group has an Audit Sub-Committee and a Remuneration Committee, both of which are made up of members from the Group Board. The Sub Committees meet quarterly and trustees of subsidiaries can be co-opted and are also able to attend as observers at any time.

The Sub Committees have specific terms of reference relating to the areas of operations that they represent each with responsibility for areas of internal control, legislative compliance, risk management and employee pay and reward. Each Sub Committee reports into the Group's Board and key decisions are ratified as required.

Avenues East and the Group takes an open and transparent approach to the recruitment of trustees and provide an extensive induction programme, together with on-going additional training as and when required, tailored to individual needs. All new trustees are invited to attend a series of meetings with the Chair, Managing Director and the Executive Management Team to familiarise themselves with the charity and the context within which it operates. These meetings cover the obligations of being a director, an overview of the services the company provides, the main documents which set out the operational framework for the charity, the financial position as set out in the latest published accounts and future plans and objectives.

The trustees review guidance from the Charity Commission, the auditors and the Care Quality Commission in managing risk, identifying areas of risk and implementing processes and controls to mitigate that risk.

Key Management Personnel

The trustees delegate the day to day running of Avenues East to the Group Director of Operations. Support for central services is provided by the parent company, the Avenues Group, overseen by three Group Directors, each with individual responsibilities for specific areas of the Group's central activity and joint responsibility for the implementation of strategic plans.

The Group Director of Operations is a member of the Avenues Group's Executive Management team along with the Group Chief Executive (note 7), the Group Directors, and the Managing Directors of other subsidiary companies.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Corporate Governance

Internal controls and procedures for all forms of expenditure are under constant review to improve efficiency of the charity. Activities are monitored against performance targets and management information is provided and reviewed regularly by the Executive Management team and the Board of Avenues East.

Service Level Agreements operate between the central support functions and Avenues East and are reviewed annually.

Systems are in place to provide an assurance against material misstatement or loss including:

- A business plan and annual budget with sensitivity analysis of key assumptions;
- Regular financial and management performance reporting; and
- Delegation of day to day management decision-making, segregation of duties and identification and management of risks.

Risk Management

The trustees of Avenues East 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. This process covers all subsidiaries within the Group and the group's amalgamated register is monitored by the Executive Management Team on a monthly basis and presented to the Audit Sub Committee on a quarterly basis.

A number of policies and procedures are in place, including the management of operational risks and Business Continuity and Disaster Recovery plans.

Key Risks

The key risk identified via the risk register that could adversely affect the financial position of Avenues East is shown below.

Loss of Contracts through re-tendering of Suffolk County Council

Discussions with Suffolk Council about the financial savings they would like to achieve have continued through 2014 into 2016. Suffolk CC (SCC) needs to make enormous financial savings and have indicated they are trying to reduce spend on current provision. The work carried out by Avenues East is well regarded, but savings will need to be made that accommodate SCC's perspective.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

OBJECTIVES AND ACTIVITIES

Avenues East campaigns for, and works with disabled people across the East of England and West Midlands in providing a range of services that enable and empower disabled people.

Avenues East provides a wide range of services for disabled people across Suffolk and beyond, including:

- Supported Living services for people with complex needs
- Supported Living services for people with physical disabilities
- Supported living for people with an acquired brain injury
- Home Support Services
- Residential Services
- Young People's Services
- Training
- Access Groups
- Advice and Advocacy
- Health & Leisure Services
- Community Transport Avenues East

Avenues East also represents disabled people on a wide range of voluntary and statutory committees, involving the planning, monitoring and provision of services for disabled people across Suffolk.

Avenues East works to provide disabled people with the opportunities to play an active part in the community and to help them recognise their equal right to take part in all aspects of everyday life.

Avenues East's mission is to empower people to be their best by challenging and overcoming the disadvantages they face through illness and disability.

In considering the 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. The 'Achievements and Performance' section includes further information as to how public benefit is achieved.

**STRATEGIC REPORT
ACHIEVEMENTS AND PERFORMANCE**

Avenues East has experienced a second challenging year because of funding reductions in the social care sector and how Suffolk County Council has responded to these. It is expected that the financial pressures in Suffolk will be intense for a number of years yet. We are confident that review and change we have responded positively to the cutbacks.

The discussions with Suffolk County Council that took place in 2014/15 have continued throughout the last year and the full impact of any financial changes are yet to be seen. Due to the robust management systems in place in Avenues East over the last year, the quality of support and work carried out has not been adversely affected by the reduction in funding of our core services. The removal of the Managing Director post has not had a negative impact on the subsidiary with the Chief Operating Officer and two Regional Managers taking responsibility for all activities.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

One of the major changes made during the last year was the closing of our Homecare Service, which historically had not been financially viable and had an adverse affect on the overall financial performance of Avenues East. In 2015 Suffolk County Council announced that they planned to re-tender the whole of the homecare delivery across the county, which gave us the opportunity to review our service and make a decision on where we placed ourselves in the future. Following a lengthy piece of work and further discussions, the decision was taken to close the service and remove Avenues East from the Homecare market in Suffolk. The service finished on 31st March 2016.

Local authorities continue to exert a downward pressure on fees whilst employment costs continue to rise. This means the margins on many of our services have reduced.

In the last year we stopped using the Optua UK name for the Acquired Brain Injury Services. There has been growth in the services in Suffolk in terms of clients moving on to independence and their tenancies attracting more complex clients who come with bigger funding packages.

Shropshire continues to look promising it. Achieved a good CQC rating across all five areas of inspection. Our Regional Manager developed excellent links with the Clinical Commissioning Group back in 2014 and this relationship has continued. There is huge potential in Shropshire but we have issues with management capacity and difficulties in recruiting employees in the region.

A number of grants and charitable donations were made to Avenues East during the year that have enabled some very innovative work around community activities and work opportunities for the people we support in Suffolk. Such work helps maintain the excellent reputation we have for service delivery in the County which in turn provides opportunities for growth.

Despite the financial challenges in Suffolk our services remain strong and of a good quality. We currently have no voids in any of the services

In Cambridgeshire we have two registered residential services for people with a learning disability that the County are keen for us to move to a supported living model. During 2016/17 we will progress this and expect to be able to develop additional services in the area.

Employees

Our employees are our most important asset. We take considerable care in the recruitment process to ensure we recruit high calibre people with the right attitude, approach and behaviours to deliver a high quality service to the people that we support. Looking ahead, the continued success and growth of the group is reliant upon the success of the individual relationships that our employees develop with the people that they support, their families and other professionals. To ensure that our employees are best placed to deliver this high quality and individualised service we invest significantly in the development and training of our employees. The Avenues Group is committed to the training, career development, coaching and promotion of all employees. An individual's career development is assessed through regular performance appraisal and supervision and tailored development is provided on either an individual or team basis to meet emerging needs, with the aim of developing employees for both their current and their future roles.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

This continues to be an area of strength with the Avenues Academy providing tailored and externally accredited management and leadership courses to managers throughout the organisation. Our City and Guilds registered qualifications centre continues to provide high quality services to employees reflected in the positive feedback and scoring as an excellent centre following City and Guilds compliance inspections.

In line with the vision of Avenues Group, we are committed to ensuring that all job applicants and employees are treated fairly. We value diversity and social inclusion across all our activities and our recruitment process ensures that all applicants have equality of opportunity, are treated with respect and dignity and are properly checked and screened to make sure that they are fit and suitable to work with vulnerable people.

Employee communication and engagement is key to the success of the group. Through our internal communications team we ensure that all employees are kept fully 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, group briefings and regular management conferences. All employees are encouraged to give their suggestions for improvement, ideas on new initiatives and views on performance and strategy.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Review of the activities

The Avenues Group provides the central support functions to Avenues East, including financial management, processing and reporting. Continued improvement in these areas supports the strengthening of corporate governance across Avenues East.

During the year Avenues East has continued to provide supported living and outreach support services across Suffolk, together with leisure and transport activities to many local people. At the beginning of the year the assets and liabilities of Optua UK were transferred to Avenues East. The net accumulated deficit of Optua UK was £569,749 and this has been shown separately on the Statement of Financial Activities. In addition, the introduction of FRS102 has changed the accounting treatment for the pension scheme. This is explained in more detail below.

The Statement of Financial Activities for this financial year includes some unusual items that disguises the underlying performance of Avenues East. The underlying position is that total income for 2015/16 was £5.2m (2015: £4.1m), and total resources expended were £5.1m (2015: £4.3m), resulting in net incoming resources of £43k (2015: outgoing £114k). The main changes were an underlying 3.8% reduction in costs whilst income remained static. The reduction in cost base was primarily due to the delayed or non-replacement of management and administrative staff. The underlying net deficit has reduced for the second consecutive year and the plans for 2016/17 should see further improvements. The main change between the years is the improved position of the charitable activities relating to adults, though this is still not covering its costs in the last financial year.

The additional unusual changes in 2015/16 include the Optua UK net liabilities and the pensions change, so after these are taken into account the net deficit for the year is £553,561.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Accounting changes

The accounting changes following the introduction of the new standard - FRS 102 - have significantly affected the presentation of Avenues East financial position. The underlying position has not changed, nor does the accounting change affect the strategy, cash flow or plans of Avenues South East.

The most dramatic change arises because of the pension scheme administered by The Pensions Trust. This relates to the SHPS scheme in Avenues East, where the defined benefit element of the pension scheme was revalued in September 2014, but the results were not determined until November 2015. The outcome was that the scheme deficit had increased and larger payments would be necessary from April 2016 to clear the deficit.

The pensions note (14) details the assumptions used in creating this schedule of future payments, which are anticipated to clear the deficit by 2027. This amounts to £91,000 and will be paid over the next 11 years. This arose because The Pensions Trust is now able to determine the share of the pension deficit for Avenues East covering the repayments in future years. In previous years the charge for the year was recorded but not the future payments as this was not advised by The Pensions Trust.

Going Concern

The Financial Statements have been prepared on a going concern basis due to the financial support from other group companies and the anticipated achievement of net incoming resources in the foreseeable future. The Trustees of Avenues East and the Group believe that the revised staffing structure, the success in winning new services and the potential for further development will result in the continued achievement of net incoming resources in the foreseeable future. Letters of support from other group companies provide assurance about the going concern status as well as the Group bank overdraft facility which means that payments can be made as they fall due. It is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Reserves policy and position

Free reserves available for use by Avenues East are deemed to be those that are readily realisable, less funds whose uses are restricted or else designated for particular purposes. The Trustees agree that the target for free reserves should be held at an appropriate level to cover any exceptional operating losses or potential void losses that may occur in any one financial year. There were no free reserves held as at 31 March 2016 and the Reserves policy will be reviewed in line with the Strategic Plan for 2015 - 2019.

The reserves of Avenues East are not at an appropriate level, but the Trustees of other group charities have agreed that letters of support are offered to the rest of the group, so the main criteria in assessing the reserves is the Group reserves position and its policy. The total group reserves are (£93k), of which £322k is restricted funds. The reserves policy for the group is to grow free reserves to £1m, which will only happen when there are sufficient profitable services across the group to achieve this and these surpluses are sufficient to clear negative reserves in some of the subsidiaries. The large reduction in group reserves arises this year because of the change in the way that the deficit in the defined benefit pension schemes was accounted for. The underlying result for the group excluding this unusual change was a surplus of £166k.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

INVESTMENT POLICY AND PERFORMANCE

In 2014/15 Avenues East held bank accounts with Lloyds TSB and utilised the bank account held by The Avenues Group. These were reviewed on a regular basis by The Avenues Group for working capital purposes in conjunction with the rest of the group companies.

FUTURE PLANS

Avenues East have embraced the Group Strategic Plan. We support the view that the group should maintain a focus on the following core areas:

1. People with learning disabilities and challenging behaviour and/or complex health needs
2. People with advanced dementia living at home
3. People with acquired brain injury

Whilst we are happy that this is the direction of the group and we are keen to contribute to growth for the first and last categories. We are not currently in a position locally to support people with advanced dementia who are living at home. That is not to say that this is not a possibility within the next three years.

We continue to establish a dynamic, responsive subsidiary that challenges the disadvantage faced by vulnerable people in the Eastern Region. In particular we are seeking opportunities to expand into neighbouring counties. We have two Regional Managers who focus on the development of new services and we have budgeted for an Area Manager for the acquired brain injury services who together with the existing Avenues East Area Manager will focus on the continuing improvement of standards across the range of services.

Whilst the core of our work is centred on learning disabilities and acquired brain injury, we will look to develop further Children and Young People services. Our plan is to also look at the opportunities to develop services around mental health issues and dementia support services in the future.

We will ensure the long term viability and robustness of the organisation through careful financial management and creative resource allocation however we will not compromise on the quality of our services.

Supported Living

Supported housing environments. This is an area of work where we feel we have a great deal of expertise and where on the whole we achieve successful outcomes for the people we work with. We would of course want to develop more of these services both in Suffolk and neighbouring counties as the need and opportunity arises. As hourly rates for generic work are pushed ever lower we will be looking at concentrating more on complex needs and looking for premium work in this area.

Acquired Brain Injury

We are planning to extend our case management and support services into other counties. Growth in the Suffolk region will be in the replacement of rehabilitated clients.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Shropshire

We expect growth in the Shropshire region to include support for people with complex Learning Disabilities. It may be an option to work with our property providers in the future to provide supported living properties so that we can assist the CCG in the wider footprint of the Transforming Care Agenda.

Children & Young People's Services (YPS)

Our Children and Young People's Service in Cambridgeshire has now grown as much as we would have liked in the last 12 months, with the ability to recruit staff a major factor in this. Our relationship with Cambridgeshire Council remains strong and we are receiving referrals on a regular basis. We are planning to implement a change to the management structure in Cambridgeshire in 2016/17, with a focus on growing this aspect of our service delivery.

Outreach and Community Support

One of our major successes of the last 12 months has been the growth of our Personal Support Service in Suffolk. The community based support service is being increasingly used by individuals for blocks of support of 3 hours or more. It is envisaged that the growth of this service will continue during 2016/17.

We will also be looking at developing this and our other outreach services across Suffolk and tailoring parts of the service to working specifically with people with complex needs and with enablement needs, both of which are high on the agenda of CCGs.

In addition to the growth opportunities in Avenues East, we will also continue to streamline the business to ensure that we remain financially viable for the longer term. In June 2016 our Community Transport Service will close and all staff will transfer to a new provider. Similarly to the Homecare Service, Rural Transport in Suffolk has gone through a re-tender process, which after review, Avenues East decided it would not be something we would pursue in the future.

**AVENUES EAST
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Avenues 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 charitable 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 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 charitable 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

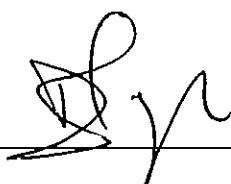
AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to be reappointed as statutory auditor.

The Trustees' Report has been prepared taking advantage of the exemptions available to small companies under the Companies Act 2006.

Approved by the Board of Trustees on 18 July 2016 and signed on their behalf by

David Taylor
Member of the Board



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES EAST

We have audited the financial statements of Avenues East for the year ended 31 March 2016 on pages 13 to 27. 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) including FRS 102 "the Financial Reporting Standard applicable in the UK and the Republic of Ireland".

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, 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.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 2016 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 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' 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:

- the charitable company has not kept adequate accounting records, 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.



Nicholas Sladden FCA DChA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 22 August 2016

AVENUES EAST
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted General Funds	Unrestricted Pension reserve	Restricted Funds	Total 2016	Total 2015
		£		£	£	£
INCOME AND ENDOWMENT FROM;						
Donations and Legacies						
Donations	3	9,483	-	3,799	13,282	-
Grants	3	10,500	-	212,014	222,514	319,361
Charitable Activities:						
Provision of care to young people		48,782	-		48,782	73,141
Services to Adults		4,739,333	-		4,739,333	3,606,175
Services to Older People		140,532	-	-	140,532	148,139
Total		4,948,630	-	215,813	5,164,443	4,146,815
Expenditure on:						
Raising funds	4	15,675	-	-	15,675	31,915
Charitable activities:						
Provision of care to young people	4	47,300	-	-	47,300	110,069
Services to Adults	4	4,681,821	-	213,603	4,895,425	3,965,035
Services to Older People	4	162,317	-	-	162,317	153,660
Net loss on assumption of Optua	17	569,749	-		569,749	-
UK Liabilities						
Remeasurement of Pension	14	-	27,539	-	27,539	(3,039)
scheme costs						
		5,461,187	27,539	213,603	5,702,329	4,225,726
Total		5,476,862	27,539	213,603	5,718,004	4,257,641
Net Income/(expenditure)		(528,232)	(27,539)	2,210	(553,561)	(110,825)
Fund balances brought forward		(314,341)	(63,243)	169,658	(207,926)	(97,100)
Fund balances carried forward		(842,572)	(90,782)	171,868	(761,487)	(207,926)

All income and expenditure relates to continuing operations. There were no recognised gains or losses other than those stated above.

The notes on pages 16 to 26 form part of these financial statements

**AVENUES EAST
BALANCE SHEET
AS AT 31 MARCH 2016
COMPANY NUMBER: 063226442**

	Notes	2016	2015
FIXED ASSETS			
Tangible assets	8	10,389	12,587
CURRENT ASSETS			
Debtors	9	520,446	470,194
Cash at bank and in hand		<u>67,909</u>	<u>1,040</u>
		588,355	471,234
CREDITORS falling due within one year	10	1,269,449	628,504
NET CURRENT (LIABILITIES)		<u>(681,094)</u>	<u>(157,270)</u>
Pension scheme liability	14	(90,782)	(63,243)
NET LIABILITIES		<u>(761,487)</u>	<u>(207,926)</u>
FUNDS			
Unrestricted funds:			
General funds		(842,572)	(314,341)
Restricted funds	12	171,868	169,658
Pension scheme reserve	12	(90,782)	(63,243)
TOTAL FUNDS		<u>(761,487)</u>	<u>(207,926)</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 18th July 2016 and were signed on its behalf by:



David Taylor
Member of the Board

The notes on pages 16 to 26 form part of these financial statements

AVENUES EAST
STATEMENT OF CASHFLOW
For The Year Ended 31 MARCH 2016

	2016 £	2015 £
Cashflow from operating activities		
Net cash provided by (used in) operating activities	67,195	3,434
Cashflow from investing activities:		
Purchase of tangible fixed assets	(326)	(5,985)
Net cash provided by (used in) investing activities	(326)	(5,985)
Increase in cash in the year	66,869	(2,551)
Change in cash and cash equivalents in the reporting period	66,869	(2,551)
Cash and cash equivalents at the beginning of the reporting period	1,040	3,591
Cash and cash equivalents at the end of the reporting period	67,909	1,040

(a) Reconciliation of changes in resources to net cash inflow from operating activities:

	2016 £	2015 £
Net Income	(553,561)	(110,825)
Pension provision/remeasurement	27,539	(3,039)
Depreciation charges	2,524	1,775
Decrease/(Increase) in debtors	(50,252)	690,403
(Decrease)/Increase in creditors	640,945	(574,880)
Net cash inflow from operating activities	67,195	3,434

(b) Analysis of cash and cash equivalents:

Cash in hand	67,909	1,040
Total cash and cash equivalents	67,909	1,040

The notes on pages 16 to 26 form part of these financial statements

**AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Accounting Policies

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

a) Basis of preparation

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Avenues East meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from long term pension scheme deficits, a liability has been recognised in respect of the expected future cashflows of the charity, discounted back to present value.

The initial liability recognised at the date of transition was for £66,282, a gain of £3,039 was then recognised in respect of this liability in the year ended 31 March 2015. No other restatements were required. In accordance with the requirement of FRS 102 a reconciliation of opening balances is provided:

Reconciliation of Avenues East funds and balances

	01-Apr-14	31-Mar-15
	£	£
Fund balance as previously stated	(30,818)	(210,965)
FRS 102 Pension scheme adjustments	(66,282)	3,039
Fund balance as restated	(97,100)	(207,926)

Reconciliation of reported net income

	2015
	£
Net income as previously stated	(113,865)
Adjustment for movement in pension provision	3,039
2015 net income as restated	(110,826)

b) Preparation of accounts on a going concern basis

Whilst Avenues East has net liabilities, these is largely due to the assumption of the Optua liabilities at the beginning of the year. The underlying business is sound, generating an operating surplus of £44k for the year. Furthermore The Avenues Trust Group has indicated its willingness to provide further support to ensure Avenues East continues as a going concern.

c) Income

Income is recognised when the Avenues East has entitlement to the resource and it can be measured with reasonable certainty. Income under core service agreements, rental income, management and consultancy fees are accounted for in the year in which the service is provided. Income received for specified future periods is deferred.

Income is recognised when the charity has entitlement to the funds, any performance 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' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and not deferred.

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

d) Donated goods and services

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP FRS 102]

**AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Accounting Policies (continued)

On receipts, donated professional services and donated facilities are recognised on the basis of the value of the gift to Avenues 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) Fixed Assets and Depreciation

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

Office equipment	15% - 25% per annum on cost
Furniture and Equipment	15% - 25% per annum on cost
Motor Vehicles	25% per annum on cost

Depreciation of an asset commences when the asset is brought into use.

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

f) Pension Costs

Avenues 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 scheme administrator, are charged to the Statement of Financial Activities as they fall due.

The charity contributes to the Pensions Trust, a multi-employer defined contribution scheme for certain Avenues East employees. Contributions are charged to the Statement of Financial Activities in the period to which they relate.

Avenues East also has a defined contribution pension scheme and the contributions paid to this scheme by the group are charged to the Statement of Financial Activities as they fall due.

g) Operating leases

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

h) Expenditure

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 charity.

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. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which these have been allocated have been set out in note X.

**AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Accounting Policies (Continued)

j) Costs of raising funds

Costs of raising funds are costs incurred in raising donations and grants to enable the charity in the delivery of the charity's activities and services for its users and beneficiaries. It includes mainly direct costs and support costs.

k) 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 charity 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.

l) 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.

m) 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 due.

n) Cash at bank and in hand

Cash at bank and in hand includes cash 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.

o) 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.

p) Financial Instruments

The Trust only has financial assets and financial liabilities of a kind that qualifies 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 costs using effective interest method.

q) Transition to FRS 102

The opening fund balances at the date of transition have been restated (see page x) due to a liability for holiday pay but no subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2014.

r) Management judgements and estimations

In the process of applying its accounting policies, the group is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

2 Net Income/(expenditure)

	2016 £	2015 £
Net income/(expenditure) for the year is stated after charging		
Depreciation of tangible fixed assets	2,524	1,775
Operating lease charges for land and buildings	66,942	66,942
Operating lease charges for equipment	3,000	3,000
Internal Audit	484	4,190
External Audit	18,006	12,332

Income from Legacies and Donations was £235,796 (2015: £319,361) of which £19,983 was unrestricted (2015: £36,226) and £215,813 was restricted (2015: £283,135). Income from charitable activities was £4,929,147 (2015: £3,878,544) all of which was unrestricted in both years.

3. Grants and donations

	2016 £	2015 £
Activities Unlimited	81,871	91,100
Anton Jurgens	-	4,000
Big Local	-	4,991
Eastern Counties Educational Trust	5,500	4,500
Equitable Charitable Trust	5,000	7,500
Learning Disability Partnership Involvement Project	-	9,564
Mid Suffolk District Council	3,500	3,500
National/Big Lottery Funding	57,403	56,096
ONE Haverhill	3,706	-
Other grants and donations	17,371	36,589
PJK Charitable Trust	5,000	5,000
Saffron Housing Trust	2,000	-
Sport England	40,000	40,000
St Edmunds Trust	1,000	-
Strangwards	1,000	-
Suffolk Community Foundation	5,945	-
Suffolk County Council	-	1,000
Suffolk Foundation	-	1,000
The Sobel Foundation	5,500	3,431
Woodbridge Shufflers Running Club	1,000	-
	235,796	268,271

4. Total resources expended

	Direct costs	Support Costs	2016 Total	2015
Cost of generating voluntary income	15,675	-	15,675	31,915
Charitable Activities				
Provision of care to young people (Young People's Services)	40,608	6,692	47,300	110,069
Services to Adults	4,293,776	601,648	4,895,425	3,965,036
Services to Older People	145,396	16,921	162,317	153,660
Total Charitable Activities	4,479,780	625,262	5,105,041	4,228,765
Total resources expended	4,495,455	625,262	5,120,716	4,260,680

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Analysis of governance and support costs

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

The costs sharing relate to the cost of group functions and central costs. The charges for group functions have been allocated to subsidiary companies based on the level of staff costs for that subsidiary. An analysis of the costs recharges is given below.

Analysis of Expenditure

	Provision of care to young people	Services to Adults	Services to Older People	Total
	£	£	£	£
Support costs	5,563	579,437	16,296	601,296
Governance	1,130	22,211	625	23,966
Total	6,692	601,648	16,921	625,262

Expenditure on charitable activities was £5,120,716 (2015: £4,228,766) of which £4,907,113 was unrestricted (2015: £4,048,412) and £213,603 was restricted (2015: £162,680).

Summary analysis of expenditure and related income for charitable activities

	Provision of care to young people	Services to Adults	Services to Older People	Total
	£	£	£	£
Income	48,782	4,739,333	140,532	4,928,647
Costs	(47,300)	(4,895,425)	(162,317)	(5,105,041)
Total	1,481	(156,091)	(21,784)	(176,394)

Analysis of governance and support costs

The 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 note 4) in the year. Support costs is allocated on the basis of salary costs for each activity. Refer to the table below for the analysis of support and governance costs.

	General support	Governance function	Total
	£	£	£
Chief executive	67,206	916	68,123
ER & Comms	24,696	-	24,696
Finance	96,163	23,049	119,212
Human resources	96,963	-	96,963
IT	69,494	-	69,494
Legal	14,478	-	14,478
Office Management	99,212	-	99,212
Organisation development	24,885	-	24,885
Payroll	20,957	-	20,957
Practice Development & Assurance	87,242	-	87,242
Total	601,296	23,966	625,262

Governance Costs

	2016	2015
	£	£
Internal audit	5,184	4,190
External audit	17,866	12,332
Trustees meeting	916	750
Total	23,966	17,272

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

6. STAFF COSTS AND KEY MANAGEMENT PERSONNEL

The were no employees whose emoluments exceeded £60,000

	2016	2015
	No.	No.
The average monthly headcount was 295 staff (2015: 268 staff) and the average monthly number of full time equivalent was:		
Office staff	20	13
Care staff	28	27
Full time equivalent number of part-time support staff	91	74
Bank contract staff	45	44
Total	184	158

	2016	2015
	£	£
Staff costs		
Wages and salaries	3,463,259	2,932,974
Social security costs	233,329	198,992
Pension costs	64,100	43,271
Agencies	120,600	28,089
	3,881,288	3,203,326

The key management personnel of the Group comprise the trustees, the Group Chief Executive, Deputy Chief Executive, Group Director of Finance, Group Chief Operating Officer. The total employee benefits of the key management personnel were £384,379 (2015: £381,845).

7. TRUSTEES' REMUNERATION

The trustees are the directors of the company. During the year 2 (2015: 2) member of the Board has been reimbursed for travelling expenses £916 (2015: £750) in respect of roles as trustees.

S James, Group Chief Executive, is also a trustee of Avenues East. During the 2015/2016 financial year S James received remuneration (including pension contributions) of £119,400 (2015: £119,400), 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 Chief Operating Officer, is also a trustee of Avenues East. During the 2015/2016 financial year he received remuneration (including pension contributions), of £87,853 (2015: £87,853) from The Avenues Trust Group in respect of his role as Group Chief Operating Officer. No remuneration or pension contributions were paid in relation to his role as a trustee.

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

8. TANGIBLE FIXED ASSETS

	Furniture and Equipment £	Office equipment	Motor Vehicles	Total £
Cost				
At 1 April 2015	92,697	137,553	2,706	232,956
Additions	326	-	-	326
 At 31 MARCH 2016	 93,023	 137,553	 2,706	 233,282
Depreciation				
At 1 April 2015	81,463	137,553	1,353	220,369
Charge for year	1,848	-	676	2,524
 At 31 MARCH 2016	 83,311	 137,553	 2,029	 222,893
Net book value				
At 31 MARCH 2016	9,712	-	677	10,389
<i>At 31 March 2015</i>	<i>11,234</i>	<i>-</i>	<i>1,353</i>	<i>12,587</i>

9. DEBTORS

	2016 £	2015 £
Contract fees receivable	318,884	208,230
Prepayments and accrued income	201,562	128,821
Amounts owed by other Group undertakings	-	133,143
	520,446	470,194

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loan	-	1,344
Trade creditors	22,591	24,174
Tax and social security	53,349	32,378
Other creditors	9,041	6,556
Accruals & deferred income	180,816	135,290
Amount due to Group undertaking	1,003,652	428,762
	1,269,449	628,504

Included in the creditors are amounts totalling to £1,915 (2015: £nil) in respect of outstanding pension contributions.

The original Bank loan of £35,525 was taken out in 2009 for working capital. Interest rate is applied at Base Rate plus 4.85% for a term of 5 years. The loan is now fully repaid in this financial year.

11. Movements in deferred income:

	2016 £	2015 £
Deferred income at the beginning of the year	131,603	177,114
Income recognised in the year	(131,603)	(177,114)
Income deferred in the current year	56,115	131,603
Income deferred at the year end	56,115	131,603

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. Restricted funds

	Balance at 31 March 2015	Income	Expenditure	Balance at 31 March 2016
	£	£	£	£
1 Partnership Working	9,031	-	269	8,762
2 Disability Forum for Suffolk	3,654	-	-	3,654
3 Disability Involvement Day	3,888	2,640	1,460	5,068
4 Disability Sport Project	20,374	40,000	37,372	23,002
5 Hope House Holiday Fund	3,739	-	-	3,739
6 Leisure - RHS Games	-	5,945	5,904	41
7 Leisure - Swimming	40,139	12,115	17,731	34,523
8 Learning Through Leisure	275	-	-	275
9 Teaming Up	68,590	81,871	86,615	63,846
10 Share	-	8,925	8,925	-
11 Big Lottery	9,605	55,537	51,387	13,755
12 Employment Service	10,362	5,500	916	14,946
Other grants	-	3,279	3,023	256
	169,657	215,812	213,602	171,867

- 1 The Partnership Working fund is restricted to supporting the costs of user involvement in multi-agency working to promote the inclusion of disabled people in county and local initiatives.
- 3 Disability Forum for Suffolk fund is for work relating to representing and consulting with disabled people in Suffolk, as well as for organising events to bring disabled people in Suffolk together.
- 4 Disability Involvement Day fund is restricted to supporting the costs of organising the forum to meet representatives from disability organisations and statutory organisations across Suffolk.
- 5 Disability Sport Project. The fund is to provide sport and physical activities for young people and adults with disabilities.
- 6 The Hope House Holiday fund represents a fund raised towards the provision of an annual holiday for the residents.
- 7 The "Leisure" funds are restricted to the various Leisure Activities services. The Learning through Leisure fund is restricted to this service.
- 8 The Teaming Up fund is restricted to various Teaming Up activities.
- 9 The Share fund is restricted to initiate Share events. These events are designed to encourage disabled people to take part in arts activities.
- 10 The Big Lottery fund is restricted to supporting disabled people during the transitional period of their lives enabling them to access volunteer and work experience opportunities within their local community.
- 11 The Employment Service fund is restricted to helping young people to gain work experience or volunteering enabling them to gain valuable life skills
- 12 Other restricted grants are comprised of a number of individually immaterial funds.

**AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

13. ANALYSIS OF NET ASSETS/LIABILITIES BETWEEN FUNDS

	Restricted Funds	Unrestricted Funds	Unrestricted Pension Fund	2016 Total	2015 Total
Fund balances at 31 March 2016 are represented by:	£	£	£	£	£
Tangible Assets	-	10,389	-	10,389	12,587
Net current liabilities	171,867	(852,961)	(90,782)	(771,876)	(220,513)
TOTAL	171,868	(842,572)	(90,782)	(761,487)	(207,926)

14. PENSION COSTS

The table below summarises the pension cost and number of participants in each scheme.

	2015/16 £	2014/15 £	2015/16 No.	2014/15 No.
Pensions Trust Closed scheme	29,510	19,427	26	22
Standard Life	-	476	-	3
Pensions Trust SHPS	34,590	23,367	151	133
	64,100	43,270		

Defined Contribution Schemes

Pensions Trust Closed scheme

The charity participates in a multi-employer defined contribution scheme. The scheme is closed to new members and is administered by The Pensions Trust.

Standard Life

Standard Life administers a defined contribution scheme. This represents a contribution for part of the year. The Standard Life pension scheme is stakeholder compliant. Contributions to the scheme were ended on 1st August 2014 and employees were offered the opportunity to join the Pensions Trust Social Housing Pension scheme.

The Social Housing Pension (SHPS)

The Social Housing Pension (SHPS) defined contribution scheme (also referred to as 'Pensions Trust') is an ongoing scheme.

The Pension Trust – Social Housing Pension Scheme (Closed Scheme)

Avenues East participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

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

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

**AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2013 to 31 March 2023:	£13.9m per annum (payable monthly and increasing by 3% each on 1st April)
-------------------------------------	------------------------------------------------------------------------------

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

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

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14. PENSION OBLIGATIONS (contd.)

PRESENT VALUES OF PROVISION	Mar-16	Mar-15
	£	£
Present value of provision	90,782	63,243

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending Mar-16	Period Ending Mar-15
	£	£
Provision at start of period	63,243	£
Unwinding of the discount factor (interest expense)	1,034	1,757
Deficit contribution paid	(7,629)	(7,407)
Remeasurements - impact of any change in assumptions	(1,419)	2,611
Remeasurements - amendments to the contribution schedule	35,553	-
Provision at end of period	<u>90,782</u>	<u>63,243</u>

SOFA IMPACT

	Period Ending Mar-16	Period Ending Mar-15
	£000s	£000s
Interest expense	1	1
Remeasurements - impact of any change in assumptions	(1)	3
Remeasurements - amendments to the contribution schedule	36	-

*Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	Mar-16 % per annum	Mar-15 % per annum	Mar-14 % per annum
Rate of discount	2.06	1.92	3.02

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

**AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. Operating Lease Commitments

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

	2016	2015
	£	£

Land and Buildings

Amounts due:

Between one and five years	71,524	121,087
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Equipment

Amounts due:

Within one year	-	3,000
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16. Related Party Transactions

As a member of the Avenues Trust Group, Avenues East uses central services to carry out its operations. The group makes a charge for the central costs based ratio of the salary costs of Avenues East against the total salary costs of the group.

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

	£
Balance owed at 31 March 2015	(295,619)
Net movement in the year	(708,033)
Balance owed at 31 March 2016	(1,003,652)

17. Ultimate Parent Undertaking

The charity is consolidated into its ultimate parent undertaking, The Avenues Group, a charitable company, limited by guarantee, incorporated in the UK. The consolidated financial statements of The Avenues Group can be obtained by writing to The Avenues Group, River House, 1 Maidstone Road, Sldcup, Kent, DA14 5TA.

17. Assumption of Optua UK

During the year, the decision was taken by the board of trustees in regards to the separate Group subsidiary, Optua UK, to close the subsidiary and formally transfer its assets and liabilities to Avenues East. This decision was formally ratified and become effective on 1 April 2015.

