



COMPANY NUMBER: 03923486
CHARITY NUMBER: 1079576

AVENUES SOUTH EAST

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

**AVENUES SOUTH EAST
YEAR ENDED 31 MARCH 2016**

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

BOARD OF TRUSTEES	Jennifer Simmons Clare Graham Fiona Spencer Joel Glover Mark Devlin Paul Wood Peter Snelling Stephen James	Chair (Executive Trustee) (Executive Trustee) (Executive Trustee)
KEY MANAGEMENT PERSONNEL	Stephen James Joanne Land Alan How Peter Snelling Paul Wood Dan Gower-Smith Lauren Osman	Group Chief Executive Group Deputy Chief Executive Group Director of Finance Group Chief Operating Officer Regional Director Regional Director Company Secretary
CHARITY REGISTRATION NUMBER	1079576	
COMPANY REGISTRATION NUMBER	03923486	
PRINCIPAL BANKERS	Barclays Bank 167 High Street Bromley Kent BR1 1NL	
REGISTERED OFFICE	River House 1 Maidstone Road Sidcup Kent DA14 5TA	
LEGAL ADVISERS	Hempsons Hempsons House 40 Villiers Street London WC2N 6NJ Doyle Clayton Level 10 One Canada Square London E14 5AA	
INDEPENDENT AUDITOR	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) 25 Farringdon Street London EC4A 4AB	

**AVENUES SOUTH 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 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

Avenues South East is a registered charity, which is constituted as a company limited by guarantee and was incorporated in England & Wales on 7th February 2000. 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 April 2013 Avenues South 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 change its board to a unitary structure enabling three executives to become trustees.

The names of the members of the Board of Avenues South East are listed on page 1. The members of the Board, who for the purposes of charity/company law are the trustees/directors of the charity, are appointed by the members of the company. All members of the company are approved by the parent company the Avenues Group.

Avenues South 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 South East is made up of one member of the Avenues Group, four independent trustees who have no connection with the Avenues Group and three 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
J Simmons	Not Connected
M Devlin	Not Connected
J Glover	Not Connected
C Graham	Trustee / Member
S James	Trustee / Group Chief Executive
F Spencer	Not Connected
P Snelling	Trustee / Group Director of Operations
P Wood	Trustee / Regional Director

No trustee had any beneficial interest in any contract with the charity during the year other than as disclosed in note 5 to the Financial Statements.

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Governance

The Board meets quarterly to review the work of Avenues South East, monitor progress and reports into The Avenues Group Board. The Avenues South 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 South 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. Both committees meet quarterly and trustees of subsidiaries can be co-opted and trustees 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 remuneration and reward. Each Sub Committee reports into the Group's Board and key decisions are ratified as required.

Avenues South 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.

Management

The trustees delegate the day to day running of Avenues South East to the two Regional Directors. 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.

Paul Wood, Regional Director of Avenues South East, is a member of the Avenues Group's Executive Management team along with the Group Chief Executive, the Group Deputy Chief Executive, the Group Director of Finance, and the Chief Operating Officer.

Corporate Governance

Internal controls and procedures for all forms of expenditure are under constant review to improve efficiency for the Group. Activities are monitored against performance targets and management information is provided and reviewed regularly by the Senior Management

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and the Board of Avenues South East. The Trustees are satisfied that relevant internal processes are in place and operating effectively.

Service Level Agreements operate between the central support functions and Avenues South East and are reviewed on a quarterly basis.

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

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

Risk Management

The trustees of Avenues South 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 Executives 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.

The principal risks that Avenues South East faces are;

- Loss of big contracts – We will mitigate the impact of this risk by ensuring we have good relationships with commissioners and we have an excellent understanding of the authorities, priorities. We will keep an up to date register of all contracts. We will also ensure that there is consistent good quality in all services and that we are able to evidence this in a quantifiable way.
- Lack of housing opportunities/voids – We will participate in developing a Group strategy on Housing and will continue to develop connections with housing organisations. We will continue to proactively market voids and ensure they are priority.
- Failure to grow the business – We will exploit the opportunities previously mentioned and ensure growth is in line with organisational strengths and vision.

Objectives and Activities

Objects

The charitable objects of Avenues South East for the public benefit are to support and promote the intellectual, emotional, physical and spiritual welfare of children, young people, elderly people and adults with learning disabilities, special needs, physical disabilities, sensory

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impairments, mental illness and mental health needs. This is achieved by providing professional, not-for-profit support services to people with complex or challenging needs, supporting them to enjoy their lives within their communities.

The governing instrument for Avenues South East is their Articles of Association.

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 'Vision, mission and values' and 'Achievements and performance' sections include further information as to how public benefit is achieved.

Vision, mission and values

Our Purpose: why we exist

To challenge and overcome the disadvantage people face through illness or disability.

Our Vision: what we want

To ensure that everyone has the opportunity and support to be actively engaged in their local communities

Our Values: driving everything we do

- Respect: we treat people how we would wish to be treated ourselves.
- Excellence: we don't settle for okay; we are determined to achieve more.
- Integrity: we do the right thing, not the easy thing – even if it takes more time and effort.
- Pride: the work that we do is something we want to tell others we are part of.

Our Ambition: to be the number one provider in social care

STRATEGIC REPORT

Achievements and Performance

In 2015/16 we continue to operate in a financially challenging environment whilst aiming to improve the support we provide to the people we support.

CQC, our regulators, have inspected a number of our services in line with the new inspecting regime and have rated our services in each of the 5 domains (Safe, Effective, Caring, Responsive and Well Lead), a high number of services have been given an overall rating of "Good" with some areas of learning which have been addressed. Avenues South East were rated as "Outstanding" in all 5 domains following the inspection of the supported living services, this is a first domiciliary service for adults in England to be awarded outstanding.

We have undertaken a review of our Business System and will be implementing a new system in all services/teams. This system will improve the level and efficiency of administrative duties required thereby enabling the managers to allocate more time to practice lead. This system will in addition improve the reporting of information to our stakeholders.

We have continued to extend our reach of services, both in the areas in which we are known and extending into new areas such as East Sussex. We have also been successful with two framework tenders, Medway and Surrey Dementia services.

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The Pines reopened following two years of site redevelopment. The site was developed with KCC and the housing provider.

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. 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.

We recognise that to provide high quality support to vulnerable people, our employees need to be feeling well and healthy and so we place emphasis on supporting them to remain fit and able to carry out their roles. As part of our programme of employee wellbeing, this year we have been rolling out Mindfulness training across the group. Mindfulness is a form of mental training and meditation that has been proven to have positive effects for mental health and wellbeing and has been shown to have beneficial effects where employees work in challenging or stressful situations. This is part of our strategy to support our employees who provide support to people whose behaviour can challenge the service.

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.

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FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Review of the activities

Total incoming resources for 2015/16 were £14.5m (2015: £14.0m), and total resources expended were £14.0m (2015: £13.9m), resulting in net incoming resources of £561k (2015: incoming £353k). The impact of voids was an improvement of £55k over the previous year but the most significant change in income arose because existing services were expanded. This incremental approach has seen the income increase as individuals were added to the range of services offered by the charity, rather than any new business from tendered services.

The focus on costs and maintenance of tight cash flow controls is a necessary part of any charity. This is even more so in a social care charity where tight margins are squeezed to extremely low levels in many services. The number of staff has remained the same as a consequence of rationalisation of staffing across the services. The review of staff terms and conditions and the resultant remuneration packages with effect from April 2015 has boosted the basic pay level of majority of the staff. Overall salary cost is lower due to reduction in enhancement pay. Other costs for Avenues South East saw reductions from the previous year as supplier costs were renegotiated and savings were achieved.

The charitable activities have continued in the same vein as the previous years – the focus is on services to adults, who represent 81% of the income and 79% of the charitable activities. This section of the charity's work is also the profitable section, as the areas covering young people and older people have a net cost of £43k and £90k respectively.

The company balance sheet continues to be the strongest in the Group and we provide support to other members of the group. Cash flow is operated and controlled by the Avenues Group and the intercompany account is used to record the change in financial position with the Group charity. The speed of payment by local authorities is very variable with some paying well and to terms while others are slow to resolve outstanding items. However, we are improving relations with the local authorities to reduce inefficiencies and ensure that the money they provide and we spend delivers high quality support.

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future and to support the Group overall and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Accounting changes

The accounting changes following the introduction of the new standard - FRS 102 - have significantly affected the presentation of Avenues South East's 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 South 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

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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 £525,000 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 South East covering the repayments in future years.

Reserves policy and position

Free reserves available for use by Avenues South East are deemed to be those that are readily realisable, less funds whose uses are restricted or else designated for particular purposes.

The trustees have examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. The trustees agree that the target for free reserves should be held at a level appropriate to cover any exceptional operating losses or potential void losses that may occur in any one financial year. The policy will be further reviewed in line with the Strategic Plan for 2015 -2018.

The total level of reserves held as at 31 March 2016 was £1,576k. This figure includes £5k for restricted funds, and after the reduction for the pension element within reserves (£525k). The free reserves make a further allowance for funds tied up in fixed assets of £264k, leaving free reserves at £1,306k. There were no designated reserves held as at 31 March 2016.

While the reserves of Avenues South East are at an appropriate level, the Trustees 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 £310k 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.

Investment Policy and Performance

In 2015/16 Avenues South East utilised the bank accounts held by The Avenues Group. The charity keeps under constant review its cash flow requirement and banking arrangements for working capital purposes in conjunction with the rest of the group companies.

FUTURE PLANS

In Surrey we are one of their six preferred providers for the transforming care group and the proposal of developing a 10 X 10 project has been adopted by the group.

We continue to develop the enhanced Dementia service in Surrey that specialises in the delivery of substantial packages of care. We will avoid becoming a home care provider of short 30 minute visits to support with personal care as this is not an area in which we intend to operate.

We have targets to grow in all areas of our Outreach and Young Person Services across the subsidiary.

We will continue to monitor the tender portals and consider opportunities as they arise. We would be especially eager to develop into neighbouring geographical areas.

We will continue to roll out the "My Plan" tool across the subsidiary.

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The residential services in East Kent (Coleman Stairs Road, Westbrook Avenue, Smock Acre and Beresford Gardens) and Hempstead Road are currently subject to a proposed sale from A2 Dominon to BeST Housing. This planned transfer has been underway for some considerable time and we will work closely with the new housing provider once the sale has completed.

Where local authorities have the appetite, we will re-configure our existing services to ensure the people we support have a range of housing solutions that can meet their needs in the long term.

Recruitment continues to be challenge for us and many social care providers. We will continue to work closely with our colleagues in Human Resources to develop a robust short and long term recruitment strategy for each area.

We have undertaken a succession planning exercise and will be implementing a learning and development programme to ensure we have appropriately experience groups of employees to progress within Avenues. Our plan will be rolled out across the whole subsidiary and will evidence the outcomes for the people we support.

We will work with First Wessex Housing provider with the proposed disposal of the services at Westhall Park and Chelsham Lodge with the view to provide a housing solution to the people we support now and in the future. We intend to continually review all services for their financial viability and take appropriate action to ensure they are sustainable in the future. We need to protect the business we currently have by ensuring we can meet commissioner's needs for cost effective delivery of services within the agreed contract price, but also maintaining our relationships by ensuring we can work with commissioners to deliver efficiency savings where possible.

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TRUSTEES' ANNUAL REPORT
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 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.

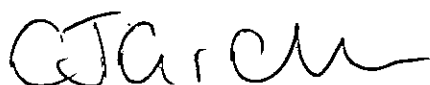
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

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

The Trustees' Annual Report (incorporating the Strategic Report) was approved by the Board of Trustees (who are also directors of Avenues South East for the purposes of approval of the Strategic Report) on 20th July 2016 and signed on their behalf by

C Graham
Member of the Board



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

We have audited the financial statements of Avenues South East for the year ended 31 March 2016 on pages 12 to 25. 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 FRS102 "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 10), 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 Trustees' Report and the incorporated Strategic 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 Stadden 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 SOUTH EAST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income & Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Unrestricted General Funds £	Unrestricted Pensions Reserve £	Restricted Funds £	Total 2016 £	Total 2015 £
INCOME						
Donations and Legacies						
Donations		-	-	5,000	5,000	6,373
Grants		-	-	-	-	9,688
Charitable activities						
Provision of care to young people		1,833,844	-	-	1,833,844	1,873,147
Services to adults		11,744,990	-	-	11,744,990	11,205,515
Services to older people		889,594	-	-	889,594	799,598
Other Income	3	35,377	-	-	35,377	68,890
Total		14,503,804	-	5,000	14,508,804	13,963,212
EXPENDITURE						
Charitable activities:						
Provision of care to young people	2	1,857,446	-	7,404	1,864,850	2,201,688
Services to Adults	2	10,973,834	-	-	10,973,834	10,688,703
Services to Older People	2	971,759	-	-	971,759	962,630
Remeasurement of pension of scheme	14	-	137,000	-	137,000	(10,000)
Total		13,803,038	137,000	7,404	13,947,442	13,843,020
Net Income/(expenditure)		700,766	(137,000)	(2,404)	561,362	120,192
Pension scheme gains and losses						
Pension scheme actuarial loss on cessation of scheme		-	-	-	-	(488,000)
		-	-	-	-	(488,000)
Net movement in funds		700,766	(137,000)	(2,404)	561,362	(367,808)
Fund balances brought forward	11	1,394,744	(388,000)	7,404	1,014,148	1,381,956
Fund balances carried forward	11	2,095,510	(525,000)	5,000	1,575,510	1,014,148

The notes on pages 15 to 25 form part of these financial statements
The Statement of Financial Activities includes all gains and losses recognised in the year.
All Income and expenditure derives from continuing activities.

**AVENUES SOUTH EAST
BALANCE SHEET
AS AT 31 MARCH 2016
COMPANY NUMBER: 3923486**

	Notes	2016	2015
FIXED ASSETS			
Tangible assets	7	264,197	323,688
CURRENT ASSETS			
Debtors	8	2,906,828	2,202,641
Cash at bank and in hand		51,099	66,727
		<u>2,957,928</u>	<u>2,269,368</u>
CREDITORS falling due within one year	9	(956,615)	(970,330)
		<u>2,001,313</u>	<u>1,299,038</u>
NET CURRENT ASSETS			
CREDITORS falling due in more than one year		(165,000)	(220,578)
NET ASSETS EXCLUDING PENSION (LIABILITY)			
		<u>2,100,510</u>	<u>1,402,148</u>
Pension scheme liability	14	(525,000)	(388,000)
NET ASSETS INCLUDING PENSION (LIABILITY)			
		<u>1,575,510</u>	<u>1,014,148</u>
FUNDS			
Unrestricted funds:			
General funds	10	2,095,510	1,394,744
Pension scheme funding reserve		(525,000)	(388,000)
		<u>1,570,510</u>	<u>1,006,744</u>
Restricted funds		5,000	7,404
TOTAL FUNDS			
		<u>1,575,510</u>	<u>1,014,148</u>

The financial statements were approved and authorised for Issue by the Board of Trustees on 20th July 2016 and were signed on its behalf by:



C Graham
Member of the Board

The notes on pages 15 to 25 form part of these financial statements

**AVENUES SOUTH EAST
STATEMENT OF CASHFLOWS
For The Year Ended 31 MARCH 2016**

	2016 £	2015 £
Cashflow from operating activities		
Net cash provided by (used in) operating activities	90,379	93,928
Cashflow from Investing activities:		
Purchase of tangible fixed assets	(59,967)	(69,335)
Net cash provided by (used in) Investing activities	(59,967)	(69,335)
Financing		
Repayments against unsecured loans	(13,040)	(12,293)
Payment of KCC loan	(33,000)	-
Net cash outflow from financing	(46,040)	(12,293)
Increase in cash in the year	(15,628)	12,300
Change in cash and cash equivalents in the reporting period	(15,628)	12,300
Cash and cash equivalents at the beginning of the reporting period	66,727	54,427
Cash and cash equivalents at the end of the reporting period	51,099	66,727

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

	2016 £	2015 £
Net incoming resources	561,362	120,192
Pension premium/remeasurement	137,000	(36,000)
Depreciation charges	119,458	160,588
Decrease/(Increase) in debtors	(704,186)	58,683
(Decrease)/Increase in creditors	(23,254)	(209,535)
Net cash inflow from operating activities	90,379	93,928

**(b) Analysis of cash and cash equivalents:
Overdraft facility repayable on demand**

	51,099	66,727
Total cash and cash equivalents	51,099	66,727

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 MARCH 2016**

1. 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 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 Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Avenues South 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 £398,000, a gain of £10,000 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 group funds and balances	01-Apr-14	31-Mar-15
	£	£
Fund balance as previously stated	1,779,956	1,004,148
FRS102 Pension scheme adjustments	<u>(398,000)</u>	<u>10,000</u>
Fund balance as restated	1,381,956	1,014,148

In accordance with the requirements of FRS102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investments gains/(losses) as a component of reported income.

Reconciliation of reported net income

	2015
	£
Net income as previously stated	110,192
Adjustment for movement in pension provision	10,000
Adjustment for movement in provision for short term absences	<u>-</u>
2015 net income as restated	120,192

b) Preparation of accounts on a going concern basis

Avenues Group has an overdraft facility to £1.5m, which allows the group to operate as a going concern as it is able to respond to fluctuations in cashflows as they arise. Avenues South East has sufficient reserves for its own use, but also provides support to other group charities.

c) Income

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 (Note 8)

d) Donated services and facilities

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 SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 MARCH 2016**

1. 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:

Furniture and Equipment	15% - 25% per annum on cost
-------------------------	-----------------------------

Depreciation of an asset commences a month after acquisition or from the point when the asset is brought into use, whichever is later.

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

f) Pension Costs

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

Avenues South East also 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.

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

Avenues South East has employees who are members of the Kent County Council defined benefit pension scheme. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees' working lives with the group.

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) 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 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. 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 2.

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.

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 MARCH 2016**

1. Accounting Policies (Continued)

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 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.

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) Transitions to FRS 102

The opening fund balances at the date of transition have been restated (see page 15) due to a liability for pension schemes 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 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.

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

2. EXPENDITURE

Charitable activities:	Direct costs	Support costs	2016 Total	2015 Total
Provision of care to young people	1,636,056	228,794	1,864,850	2,201,688
Services to Adults	9,710,201	1,263,632	10,973,834	10,688,703
Services to Older People	859,806	111,952	971,759	962,630
Total charitable activities	12,206,064	1,604,378	13,810,442	13,853,020

The charitable activities provided by the Avenues South 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 recharged is given below;

Analysis of Expenditure

	Provision of care to young people	Services to Adults	Services to older people	Total
Support costs	225,364	1,244,692	110,274	1,580,331
Governance	3,429	18,940	1,678	24,048
	228,794	1,263,632	111,952	1,604,378

Expenditure on charitable activities was £13,810,442 (2015: £13,853,020) of which £13,803,038 was unrestricted (2015: £13,850,736) and £7,404 was restricted (2015: £2,284). These balances does include the pension remeasurement adjustments of £137,100 (2015: (£10,000)).

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 the basis of salary costs for each activity. Refer to the table below for the analysis of support and governance costs.

	General Support	Governance	Total
	£	£	£
Analysis of Support costs:			
Chief Executive	176,672	-	176,672
Strategic Development and Communications	64,921	-	64,921
Finance	252,794	24,048	276,842
Human resources	254,897	-	254,897
IT	182,687	-	182,687
Legal	38,059	-	38,059
Office Management	260,810	-	260,810
Organisation development	65,419	-	65,419
Payroll	55,091	-	55,091
Practice Development and Assurance	228,980	-	228,980
	1,580,331	24,048	1,604,378

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

3. OTHER INCOME	2016	2015
Other incoming resources:		
Pension funding receivable from purchasers	35,377	68,890
	35,377	68,890
 4. Net Income/(expenditure) are stated after charging:		
	£	£
Depreciation of tangible fixed assets on owned assets	80,367	160,589
Internal Audit Fees	9,167	14,841
External Audit Fees	14,881	20,228
Operating lease charges for motor vehicles and equipment	163,888	148,281
Operating lease charges for land and buildings	592,187	636,369

Income from Donations and Legacies was £5,000 (2015: £16,061) of which £nil was unrestricted (2015: £6,373) and £5,000 was restricted (2015: £9,688). Income from Charitable activities was £14,503,804 (2015: 13,953,524) of which £14,503,804 was unrestricted (2015: £13,953,524) and £nil was restricted (2015: £nil).

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

5. TRUSTEES' REMUNERATION

The trustees are the directors of the company. No remuneration or pension contributions were paid to the trustees. During 2015/16 no trustees (2015: 1) were reimbursed expenses of £nil (2015: £1,320) for travel expenses in roles as trustees.

S James, Group Chief Executive, is also a trustee of Avenues South East. During the year S James received £119,400 (2015: £119,400) in remuneration including £10,400 of pension contributions (2015: £10,400) 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 Director of Operations, is also a trustee of Avenues South East. During the 2015/16 financial year he received £87,853 (2015: £87,853) in remuneration including £3,379 of pension contributions (2015: £3,379) 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.

P Wood, Managing Director of Avenues South East, is also a trustee of Avenues South East. During the year 2015/16 P Wood received remuneration of £68,074 (2015: £66,710) including pension contributions of £3,600 (2015: £3,600) from Avenues South East in respect of his role as Managing Director of Avenues South East. No remuneration or pension contributions were paid in relation to his 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 Article of Association. A further payment is made in the year of £3,286 which is a collective premium to cover Trustees Liability.

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

6. STAFF COSTS AND KEY MANAGEMENT PERSONNEL

	2016	2015
The number of employees whose emoluments exceeded £60,000 were:		
£60,001 - £70,000	1	1
The pension contributions paid to employees whose remuneration exceeds £60,000 were:	2016	2015
	£	£
£60,001 - £70,000	3,600	3,600
The actual monthly headcount was 629 staff (2015: 673 staff) and the average monthly number of full time equivalent was:	FTE	FTE
Office staff	8	12
Care staff	237	239
Part-time support staff	98	101
Bank contract staff	108	113
TOTAL	451	465
	2016	2015
Staff costs	£	£
Wages and salaries	9,083,771	8,937,926
Social security costs	694,106	691,091
Pension costs	143,494	182,975
Agency staff	419,599	396,615
	10,340,970	10,208,606

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.

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

7. TANGIBLE FIXED ASSETS

	Furniture & equipment £
Cost	
At 1 April 2015	1,458,892
Additions	59,967
Disposals	<u>(39,092)</u>
At 31 MARCH 2016	<u>1,479,768</u>
Depreciation	
At 1 April 2015	1,135,204
Charge for year	119,458
Disposals	<u>(39,092)</u>
At 31 MARCH 2016	<u>1,215,571</u>
Net book value	
At 31 MARCH 2016	<u>264,197</u>
At 31 March 2015	<u>323,688</u>

8. DEBTORS

	2016	2015
	£	£
Contract fees receivable	1,175,825	1,266,920
Other debtors	27,975	20,662
Prepayments and accrued income	284,618	254,345
Amounts owed by other Group undertakings	1,418,411	660,715
	<u>2,906,828</u>	<u>2,202,642</u>

9. CREDITORS

	2016	2015
	£	£
Amounts falling due within one year:		
Future Builders loan	21,131	11,592
Trade creditors	200,347	298,230
Other taxation and social security	160,545	184,775
Other creditors	222,485	316,197
Accrued expenditure and deferred income	308,869	159,536
Amounts owed to other Group undertakings	43,237	-
	<u>956,615</u>	<u>970,330</u>

Included in other creditors are amounts totalling to £7,334 (2015: £6,958) in respect of outstanding pension contributions.

Amounts falling due in more than one year:

	2016	2015
	£	£
Total loans	219,131	265,170

The Future Builders loan is repayable as follows:

Due within one year	54,131	44,592
Between one and two years	33,000	44,592
Between two and five years	132,000	165,000
Total	<u>219,131</u>	<u>254,184</u>

Less: due within one year

	<u>(54,131)</u>	<u>(44,592)</u>
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Amount due after one year

	<u>165,000</u>	<u>220,578</u>
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The loan from Future Builders was for £90,000 and provided for the Young Person's service of an interest rate of 6% for a term of 8 years and 6 months with a six month repayment holiday with interest rolled up during this period.

	2016	2015
	£	£
Movements in deferred income:		
Deferred income at the beginning of the year	90,592	339,649
Income recognised in the year	(90,592)	(339,649)
Income deferred in the current year	228,603	90,592
Income deferred at the year end	<u>228,603</u>	<u>90,592</u>

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

10. STATEMENT OF FUNDS

	1 April 2015	Income	Expenditure	31 March 2016
	£	£	£	£
Unrestricted funds:				
General reserve	1,394,744	14,503,804	13,803,038	2,095,510
Pension reserve	(388,000)	-	137,000	(525,000)
Restricted funds				
Streets Ahead	7,404	-	7,404	-
Garden Fund		5,000	-	5,000
TOTAL FUNDS OF THE CHARITY	1,014,148	14,508,804	13,947,442	1,575,510

The general reserve represents the free 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.

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Fund	Unrestricted Funds	Unrestricted Pension Fund	2016 Total	2015 Total
	£	£	£	£	£
Fund balances at 31 March 2016 are represented by:					
Tangible fixed assets	-	264,197	-	264,197	323,688
Current assets	5,000	2,952,928	-	2,957,928	2,269,369
Current liabilities	-	(956,615)	-	(956,615)	(970,330)
Long term liabilities	-	(165,000)	-	(165,000)	(220,578)
TOTAL FUNDS BEFORE PENSION LIABILITY	5,000	2,095,510	-	2,100,510	1,402,148
Pension scheme funding reserve	-	-	(525,000)	(525,000)	(388,000)
TOTAL FUNDS OF THE CHARITY INCLUDING PENSION SCHEME RESERVE	5,000	1,570,510	(525,000)	1,575,510	1,014,148

12. OPERATING LEASE COMMITMENTS

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

	2016	2015
	£	£
Land and Buildings		
Expiry date:		
Within one year	122,248	-
Between one and five years	384,466	543,011
Over five years	944,598	1,067,976
Vehicles and equipment		
Expiry date:		
Within one year	9,932	18,190
Between one and five years	132,365	43,338

13. INVESTMENT POLICY AND POSITION

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

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

14. PENSION OBLIGATIONS

Avenues South East make contributions to four schemes on behalf of its employees. Details of these are set out below.

	2015/16	2014/15	2015/16	2014/15
	£	£	No.	No.
Pensions Trust SHPS	114,159	81,498	327	325
NHS Pension	7,074	26,486	3	17
Standard Life	-	23,282	-	115
Pensions Trust SHPS Closed scheme	22,261	-	6	-
Kent County Council	-	23,444	-	6
	143,494	154,710		

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

Avenues South 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.

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 with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1		£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
	From 1 April 2016 to 30 September 2020:	
Tier 2		£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
	From 1 April 2016 to 30 September 2023:	
Tier 3		£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
	From 1 April 2016 to 30 September 2026:	
Tier 4		£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
	From 1 April 2016 to 30 September 2026:	

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

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

14. PENSION OBLIGATIONS (CONTINUED)

PRESENT VALUES OF PROVISION	31-Mar-16	31-Mar-15	31-Mar-14
	(£000s)	(£000s)	(£000s)
Present value of provision	525	388	398

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31-Mar-16 (£000s)	Period Ending 31-Mar-15 (£000s)
Provision at start of period	388	398
Unwinding of the discount factor (Interest expense)	7	11
Deficit contribution paid	(42)	(40)
Remeasurements - impact of any change in assumptions	(3)	19
Remeasurements - amendments to the contribution schedule	175	-
Provision at end of period	525	388

SOFA IMPACT

	Period Ending 31-Mar-16 (£000s)	Period Ending 31-Mar-15 (£000s)
Interest expense	7	11
Remeasurements – Impact of any change in assumptions	(3)	19
Remeasurements – amendments to the contribution schedule	175	-

ASSUMPTIONS

	31-Mar-16	31-Mar-15	31-Mar-14
	% per annum	% per annum	% 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.

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.

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

14. 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.

Defined Contribution Scheme

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.

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.

15. 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 the central costs based ratio of the salary costs of Avenues South East against the total salary costs of the group.

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.

	£
Balance due at 31 March 2015	660,715
Share of Support costs	1,604,378
Net movement in the year (excluding support costs)	<u>(889,920)</u>
Balance due at 31 March 2016	<u>1,375,174</u>

16. 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.

