

AVENUES EAST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Charity Registration Number: 1061241

Company Registration Number: 03326442

AVENUES EAST

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BOARD MEMBERS AND EXECUTIVE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

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

Board Members

Chairman: Jeffrey Gritzman (Member of The Avenues Trust Group)
(Resigned August 2019)
Mark Pittaway (Acting Chairman from August 2019)

Independent Trustees:

Martin Owen	
Howard Pugh	(To November 2018)
Caroline Tuohy	(To October 2018)
Hunniya Waseem	(From January 2019)

Executive Trustees:

Steve James	Group Chief Executive (To May 2019)
Peter Snelling	Group Chief Operating Officer

Key Management Personnel:

Paul Attrill	Regional Director (From April 2018)
Joanne Land	Group Deputy Chief Executive (Interim Chief Executive from May 2019)
Nicola Ford	Group Director of Finance
Steven Parker	Group Director of Housing and Development (From February 2019)
Carol Jones	Group Director of Quality, Practice Development and Assurance (From August 2018)
Lauren Osman	Company Secretary

CHARITY REGISTRATION NUMBER	1061241
COMPANY REGISTRATION NUMBER	03326442

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

Advisors:

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

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

Solicitors: Hempsons, 40 Villiers Street, London WC2N 6NJ; Doyle Clayton, House Level 10, One Canada Square, London E14 4AB. Trowers & Hamlin, 3 Bunhill Row, London EC1Y 8YZ.

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Board presents herewith its Annual Report and the audited financial statements of Avenues East for the year ended 31 March 2019. The legal and administrative information set out on Page 1 forms part of this report. The Financial Statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) applicable in the UK and in the Republic of Ireland (effective January 2015).

Introduction

The Avenues East accounts for 2019 and the 2018 comparative figures are constructed in line with best practice, as set out above. Compliance with best practice extends to the need to address the "public benefit" provided by Avenues East.

Structure, Governance and Management

Structure

Avenues East is a charitable company limited by guarantee and was incorporated in England and Wales on 3 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 April 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 change its Board to a unitary structure, enabling two executives to become trustees.

Avenues East is a subsidiary of The Avenues Trust 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 Trust Group, four (formerly eight) independent trustees who have no connection with the Avenues Group and two 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 Trust Group.

Governance

The Board members are set out on Page 1.

The Group Board meets four to five times per year and more frequently if required and is responsible for determining the strategy of the organisation and for ensuring

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

successful operational performance, in line with the expectations of stakeholders. Avenues Group has four sub-committees which discuss the business of the whole group. Each sub-committee is made up of group board members plus subsidiary trustee representatives. The sub-committees are Audit, Finance, Remuneration and Board Appointments. Sub-committees report directly to the Group board and the subsidiary representative role is to feedback to the subsidiary boards.

The remuneration sub-committee oversee issues relating to the remuneration of staff with specific responsibility for making recommendations to the Board regarding the Group Remuneration policy and the Executive Management Team's remuneration. The committee also provides assurance that our overall approach supports the delivery of the Charity's strategic aims. The sub-committee meets twice a year. As a group, "Our aim is to pay in accordance with the mean salaries for operational job roles in the East, as advised by Skills for Care."

The Group recognises the importance of good governance and uses the Code of Good Governance to inform governance policies. All Trustees are made aware upon appointment of their responsibilities under the code.

Trustees are selected in a manner consistent with the organisation's recruitment, diversity and equality policies, ensuring that the selection process is both time and cost effective. Trustees serve a period of four years, with an option to extend for a further three years. In addition to making direct approaches to suitable candidates Avenues may advertise for trustees through notice boards, network recruitment or in the media. When a recruitment need is identified the Company Secretary will work with the relevant board or committee to carry out a skills audit before a recruitment campaign begins. Policies and procedures are in place for the induction and training of new trustees.

Over the last year the main focus of the Group board has been the search for a new Chief Executive following the announcement of the retirement of the founding CEO, Steve James. This search will continue into 2019/20. The Board also commenced a review of the Governance structure of the Group to ensure it is fit for purpose going forward and this is expected to conclude in 2019/20. Avenues East trustees have and continue to play an active part in this process.

We have endeavoured to ensure our compliance with the General Data Protection Regulation which came into force in May 2018. Avenues has always taken data protection seriously and we continue to strengthen our policies and procedures to ensure that the protection of people's information remains a high priority.

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Public Benefit

The Avenues Group specialises in complex support, most commonly working with people who have learning disabilities or autism and present challenging behaviour, as well as those with acquired brain injuries.

The majority of our work is commissioned by local government and the NHS, a process which is recognised to deliver better outcomes for people needing support than hospital care, and significant savings to the public purse.

We have an ongoing commitment to the cohort of people previously identified by the Government's national Transforming Care strategy, as we seek to support them to leave assessment and treatment units (ATUs) and move back to their local areas, and into their own homes. The leadership team works at a strategic level to help drive this work forward, enabling people's transition from assessment centres, and aims to develop examples of best practice in service development to be shared across the sector.

Quality is of paramount importance to Avenues, and is central to all our plans. This is made possible by employees' shared purpose of making a positive difference to the lives of people we support. Recruitment is based on aptitude - regardless of previous experience. Staff complete mandatory training, as well as specialist courses based on the needs of the people we provide services to.

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

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

Avenues retains Silver accreditation from Investors in People. Inspectors were particularly impressed by staff's energy and buy-in to the charity's values, and our vision that everyone should have the opportunity to be an active citizen – to engage and participate in the community where they live.

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Strategy

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

Risk Management

The Board operates a formal risk management process and risk register consistent with Group processes, which involves continuous review of the risks identified and those emerging, their potential impact and means of mitigation. The risk register is reviewed by all members of Avenues Group including the subsidiary Board and Audit Committee. There were no new key risks identified in 2018/19. The national issue on "sleep-ins" affects the Avenues Group as a whole: actions have been taken to mitigate the risks, reflecting best professional advice at this time.

Objectives and Activities

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

In considering the organisation's objectives and activities, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. This is reflected in the *Public Benefit* element in the previous section.

Achievements and Performance

Avenues East introduced a balanced scorecard for quarterly reporting from 1st April 2018 and this has been completed on a monthly basis for 2018/19. Within this are Key Performance Indicators for each strand of the Strategic plan as follows:

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Better Lives

One of our key areas for development over the last year was to ensure that all services across the east developed and used the same systems for support planning and recording ongoing service user information. This process has enabled a far more consistent level of information being available for all the people we support.

We have maintained a 100% good rating with CQC across the East, with Shropshire receiving a very positive report during the year.

Better jobs

One of our targets for the last 12 months was to reduce the percentage of absence from work due to sickness. During the year we continually reviewed the sickness absence process and saw a reduction in absence from a high of 8% to 3.9%, with a group target of 3.5%.

We recognise the importance of retaining staff from over 12 months, with a 90% target being set by the group. At the end of the last year, our retention level was 82%.

Better Business

With the reorganisation of the management structure coming into effect from April 1 2018, we have seen significant changes across our Suffolk, Cambridgeshire and Shropshire services

This was followed by six months of restructuring and aligning of services across Suffolk, leading to improvements in service delivery and a far more financially resilient group of services.

One of our targets for the year was to reduce the five voids in our supported living services across Suffolk and Cambridgeshire. At the close of the year, we had reduced that number to two, with the expectation that the fourth void will be filled early in 2019/20

Our two remaining residential services were deregistered in May 2018 and became supported living services. Following the successful deregistration, we were complimented by CQC regarding the quality of our application and the information provided to them within it.

Our Employees

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

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

We value diversity and social inclusion across all of our activities and our recruitment process ensures that all applicants have equality of opportunity, are treated with respect and with dignity and that all potential new staff have sufficient references and DBS checks to ensure that they are fit and suitable to work with vulnerable people.

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

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

Financial results for the year ended 31 March 2019

Total income increased by 2.3% to £5.1m, which was in line with the increase in expenditure and therefore, 2018/19 saw a surplus of £36k compared to £37k in the prior year. As a consequence, the accumulated deficit is now shown at £0.65m, being underwritten by inter-group funding of £0.83m (17/18:£0.96m).

Reserves Policy

The Reserves policy is established at a Group level and is used to ensure that Group reserves should be sufficient to mitigate against any significant organisational risks and as such the board have concluded a target for Group free reserves of £1.5m. The Group is content to underwrite the accumulated deficit on reserves, given that Avenues East continues to operate at a small surplus. Over the life of the 2018-21 strategic plan, Avenues East can expect to grow at a modest level, although it will be many years until the historic deficits on reserves will be cleared.

Reserves were as follows at March 2019:	£000
- General	(765)
- Restricted funds	177
- Pension scheme	(65)
TOTAL	(653)

Investment Policy

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

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Going Concern

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the Group. Avenues East continues to operate a small surplus, working capital requirements are covered at a Group level and the pension scheme deficit is for the long term and therefore has no significant bearing on the going concern assessment for Avenues East.

The wider group has embarked upon a significant strategic review, linked to strong growth with strong margins, in areas of market strength. Within that, Avenues East can expect to grow at a modest level, although it will be many years until the historic deficits on reserves will be cleared.

The impact of potential sleep-in payments on going concern has been considered following the Court of Appeal's decision in the Mencap case (*Royal Mencap Society v Tomlinson-Blake and Shannon v Rampersad (t/a Clifton House Residential Home)*) currently, as the law stands today (and will continue to be the case until the Supreme Court hears the appeal in February 2020) there is no liability for any back pay relating to sleep-in payments.

Avenues East has submitted a self-assessed nil return to the Social Care Compliance Scheme which has been accepted.

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward. See note 16.

Future Plans

To concentrate on the development of complex support packages over the coming year, with several opportunities already being discussed in Shropshire and Cambridgeshire.

To continue to manage and develop further the positive relationship we have formed with the CCGs in both Suffolk and Shropshire, both of who are keen to commission further work from us.

To restructure the management positions in the two Cambridgeshire supported living services, reducing management costs and bringing the structure in line with other services.

To continue talks with commissioners contacts in Counties where we don't currently work to promote the work of Avenues.

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

To work towards the targets and growth plans laid out in the Avenues East 2018/21 strategy and year two operational plan.

The charity has made qualifying third party indemnity provisions for the benefit of its trustees.

The Annual Report of the Trustees and Directors is approved by order of the Board as trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 9th October 2019 and signed on its behalf by

A handwritten signature in blue ink, appearing to read 'Mark Pittaway', with a stylized, sweeping flourish extending from the end.

Mark Pittaway

Acting Chairman

Date: 9th October 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2019

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 company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Auditor

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES EAST

Opinion

We have audited the financial statements of Avenues East (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES EAST

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board Members' Report or the Strategic Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES EAST

Responsibilities of trustees

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES EAST

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street, London, EC4A 4AB

Date *22 November 2019*

AVENUES EAST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted General Funds	Unrestricted Pension reserve	Restricted Funds	Total 2019 £000s	Total 2018 £000s
INCOME		£000s	£000s	£000s		
Donations and Grants						
Donations	3	-	-	-	-	2
Grants	3	-	-	4	4	87
		-	-	4	4	89
Charitable Activities:						
Provision of care to young people	2	31	-	-	31	28
Services to Adults	2	5,097	-	-	5,097	4,902
Services to Older People	2	-	-	-	-	-
		5,128	-	-	5,128	4,930
Total		5,128	-	4	5,132	5,019
Expenditure on:						
Charitable activities:						
Provision of care to young people	2	25	-	-	25	28
Services to Adults	2	5,077	(12)	4	5,069	4,952
Services to Older People	2	2	-	-	2	2
		5,104	(12)	4	5,096	4,982
Total		5,104	(12)	4	5,096	4,982
Net income/(expenditure)		24	12	-	36	37
Transfer between funds	10	(6)	-	6	-	-
Fund balances brought forward		(783)	(77)	171	(689)	(726)
Fund balances carried forward		(765)	(65)	177	(653)	(689)

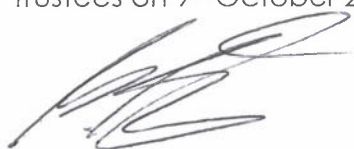
The notes on pages 17 to 32 form part of these financial statements

AVENUES EAST
BALANCE SHEET
as at 31 March 2019
COMPANY REGISTRATION NO : 03326442

	Notes	2019 £000s	2018 £000s
FIXED ASSETS			
Tangible assets	6	9	10
CURRENT ASSETS			
Debtors	7	595	554
Cash at bank and in hand		1	88
		<u>596</u>	<u>642</u>
CREDITORS falling due within one year	8	1,194	1,264
NET CURRENT (LIABILITIES)		<u>(598)</u>	<u>(622)</u>
Pension scheme liability	12	(64)	(77)
NET LIABILITIES		<u>(653)</u>	<u>(689)</u>
FUNDS			
Unrestricted funds:			
General funds	10	(765)	(783)
Restricted funds	10	177	171
Pension scheme reserve	10	(65)	(77)
TOTAL DEFICIT OF FUNDS		<u>(653)</u>	<u>(689)</u>

The notes on pages 17 to 32 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Trustees on 9th October 2019 and were signed on its behalf by:



Mark Pittaway
Acting

Chairman

of

the

Board

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. Accounting Policies

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

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral; loan defaults or breaches; details of hedges; hedging fair value changes recognised in profit or loss and in other comprehensive income.

b) Preparation of accounts on a going concern basis

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the Group. Avenues East continues to operate a small surplus, working capital requirements are covered at a Group level

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

and the pension scheme deficit is for the long term, and therefore has no significant bearing on the going concern assessment for Avenues East.

The wider group has embarked upon a significant strategic review, linked to strong growth with strong margins, in areas of market strength. Within that, Avenues East can expect to grow at a modest level, although it will be many years until the historic deficits on reserves will be cleared.

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward. See note 16.

c) Income

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

Income from government and other grants, whether 'capital' (except capital grants relating to social housing properties – see policy (f)) or 'revenue' grants, it is recognised when the charity has entitlement to the funds, any performance related conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and not deferred.

Income received in advance of a service is deferred until the criteria for income recognition are met (Note 9). Income is measured at the fair value of the consideration receivable.

d) Tangible Fixed Assets and Depreciation

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

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 from the point the asset is brought into use.

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

e) Pension Costs

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

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

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

The charity also contributes to the defined benefit Social Housing Pension Scheme (closed to future accrual), a multi-employer scheme for certain Avenues East employees. Contributions are charged to the Statement of Financial Activities in the period to which they relate. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis and therefore as required by section 28 of FRS102, accounts for it as if it were a defined contribution scheme.

The different pension schemes are disclosed in Note 12.

f) 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.

g) Resources expended and the basis of apportioned costs

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

h) Allocation of support costs

Support costs are those functions that assist the work of Avenues but does not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll, IT and governance costs which supports Avenues charitable activities, please see note 2 for details on the basis of allocation.

i) 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.

j) Taxation

The Company is a registered charity and as such its income and gains falling within Sections 466 to 493 of the Corporation Tax Act 2010 or Section 256 of the Taxation of

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Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

k) 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.

l) Cash and cash equivalents

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

m) 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.

n) Financial Instruments policy

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

o) Management estimates and judgements

In the process of applying its accounting policies, Avenues 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. There are no significant judgements or estimates made.

AVENUES EAST
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2. Expenditure

	2019 £000s	2018 £000s
Net income/(expenditure) for the year is stated after charging		
Depreciation of tangible fixed assets	2	2
Operating lease charges for land and buildings	48	69
External Audit	3	9
Internal Audit	-	2

	Direct costs £000s	Support Costs £000s	2019 Total £000s	2018 Total £000s
Charitable Activities				
Provision of care to young people (Young People's Services)	23	2	25	28
Services to Adults	4,453	616	5,069	4,952
Services to Older People	2	-	2	2
Total	4,478	618	5,096	4,982

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

Summary analysis of expenditure and related income for charitable activities

	Provision of care to young people £000s	Services to Adults £000s	Services to Older People £000s	Total £000s
Income	31	5,097	-	5,128
Costs	(25)	(5,069)	(2)	(5,096)
Total	6	28	(2)	32

Expenditure on charitable activities was £5,096k (2018: £4,982k) of which £5,096k was unrestricted (2018: £4,982k) and £nil was restricted (2018: £89k). These balances include the pension re-measurement adjustments of £12k (2018: £9k).

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 were allocated on the basis of salary costs for each activity in previous years, however from March 2018 these are now allocated on a blended percentage rate

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Analysis of governance and support costs (continued)

which provides fairer allocation of costs. Refer to the table below for the analysis of support and governance costs.

	Provision of care to young people	Services to Adults	Services to Older People	Total
	£000s	£000s	£000s	£000s
Support costs	2	612	-	614
Governance	-	4	-	4
	2	616	-	618

	General support	Governance function	Total
	£000s	£000s	£000s
EMT & Governance	126	-	126
Group Finance	193	4	197
Group HR	153	-	153
Group Office Management	85	-	85
Group Practice Development & Assurance	57	-	57
	614	4	618

3. Grants and donations

	2019 £000s	2018 £000s
Grants		
Activities Unlimited	-	75
National/Big Lottery Funding	-	8
Other grants and donations	4	4
	4	87
Other donations	-	2
Total Grants and Donations	4	89

Income from charitable activities was £5,128 (2018: £4,930k) all of which was unrestricted in both years. Included in grants and donations are £nil (2018: £2k) of unrestricted donations and £nil (2018: £nil) of restricted donations. Included in grants are £4k of restricted fund grants (2018: £78k) and £nil (2018: £nil) of unrestricted fund grants.

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4. Staff costs and key management personnel

There were no employees whose emoluments exceeded £60k. (2018: nil)

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

	2019	2018	2019	2018
	No.	No.	FTE	FTE
Office staff	3	17	3	15
Care staff	73	7	71	22
Part time Support staff	128	171	96	93
Bank contract staff	58	59	-	-
Total	262	254	170	130

	2019	2018
	£000s	£000s
Staff costs		
Wages and salaries	3,214	3,238
Social security costs	240	240
Pension costs (Note 12)	67	42
Agencies	605	499
	4,126	4,019

The key management personnel of the Avenues East comprise the trustees, the Group Chief Executive, Deputy Chief Executive, Group Director of Finance, Group Chief Operating Officer, Group Quality Director and Group Housing Director and the Group Company Secretary, the Avenues East share of these costs along with the cost of the Regional Director are shown below:

	2019	2018
	£000s	£000s
Wages and salaries	112	132
Social security costs	13	16
Pension costs	7	6
	132	154

In the prior year, the key management personnel consisted the Group Chief Executive, Deputy Chief Executive, Group Director of Finance and Group Chief Operating Officer and 2 Regional Directors. The entire cost to the Group is included in the comparative figures above.

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5. Trustees' remuneration

The trustees are the directors of the company. During the year 4 (2018: 4) members of the Board have been reimbursed for travelling expenses totalling £1k (2018: £1k).

S James, Group Chief Executive to May 2019, is also a Trustee of Avenues East. During the year S James received £134k (2018: £134k) in remuneration including £nil of pension contributions (2017: £nil) 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 East. During the 2018/19 financial year he received £114k (2018: £102k) in remuneration including £9k of pension contributions (2018: £3k) 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.

The Directors of the Charity are remunerated by the Avenues Trust Group only to the extent permitted by the Charity's Articles of Association. A further payment was made in the year of £3k (2018: £3k) which is a collective premium to cover Trustees Liability.

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

6. Tangible fixed assets

	Furniture and Equipment £000s	Office equipment £000s	Total £000s
Cost			
At 1 April 2018	97	137	234
Additions	1	-	1
At 31 MARCH 2019	98	137	235
Depreciation			
At 1 April 2018	87	137	224
Charge for year	2	-	2
At 31 MARCH 2019	89	137	226
Net book value			
At 31 MARCH 2019	9	-	9
<i>At 31 March 2018</i>	<i>10</i>	<i>-</i>	<i>10</i>

AVENUES EAST
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7. Debtors

	2019	2018
	£000s	£000s
Contract fees receivable	476	430
Prepayments and accrued income	25	37
Amounts due from group undertaking	94	87
	595	554

8. Creditors

	2019	2018
	£000s	£000s
Trade creditors	95	31
Tax and social security	54	53
Other creditors	3	4
Accruals & deferred income	213	218
Amount due to group undertaking	829	958
	1,194	1,264

Included within the creditors are amounts totalling £3k (2018: £7k) in respect of outstanding pension contributions.

9. Movements in deferred income

	2019	2018
	£000s	£000s
Deferred income at the beginning of the year	103	118
Income recognised in the year	(103)	(118)
Income deferred in the current year	117	103
Income deferred at the year end	117	103

AVENUES EAST
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For the year ended 31 March 2019

10. Analysis of movements in funds

	Balance at 31 March 2018	Income	Expenditure	Transfer between funds	Balance at 31 March 2019
	£000s	£000s	£000s	£000s	£000s
Unrestricted funds					
General reserve	(783)	5,128	(5,104)	(6)	(764)
Pension reserve	(77)		12		(65)
Restricted funds					
Partnership Working	9				9
Disability Forum for Suffolk	4				4
Disability Focus Day	11	4	(4)		11
Disability Sport Project	22				22
Hope House Holiday Fund	4				4
Leisure – RHS Games	3				3
Leisure - Swimming	35				35
Teaming Up	62				62
Share	(6)			6	-
Big Lottery	12				12
Employment Service	15				15
	171	4	(4)	6	177
Total Funds	(689)	5,133	(5,096)	-	(652)

Analysis of movements in funds (prior year)	Balance at 31 March 2017	Income	Expenditure	Balance at 31 March 2018
	£000s	£000s	£000s	£000s
Unrestricted funds				
General reserve	(813)	4,932	(4,902)	(783)
Pension Reserve	(86)	-	9	(77)
Restricted funds				
Partnership Working	9	-	-	9
Disability Forum for Suffolk	4	-	-	4
Disability Involvement Day	10	3	(2)	11
Disability Sport Project	23	-	-	22
Hope House Holiday Fund	4	-	-	4
Leisure – RHS Games	4	-	(1)	3
Leisure - Swimming	35	-	-	35
Teaming Up	62	75	(75)	62
Share	(4)	-	(2)	(6)
Big Lottery	12	9	(9)	12
Employment Service	15	-	-	15
	174	87	(89)	171
Total Funds	(725)	5,019	(4,982)	(689)

Designated Pension Reserve

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

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
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Restricted Funds (continued)

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.

2) 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.

3). Disability Focus Day fund is restricted to supporting the costs of organising the forum to meet representatives from disability organisations and statutory organisations across Suffolk.

4) Disability Sport Project is to provide sport and physical activities for young people and adults with disabilities.

5) The Hope House Holiday fund represents a fund raised towards the provision of an annual holiday for the residents.

6 +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. £6k of funds were transferred from General Reserves to remove deficit from previous years.

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.

AVENUES EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

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

	Restricted Funds	Unrestricted Funds	Unrestricted Pension Fund	2019 Total
	£000s	£000s	£000s	£000s
Fund balances at 31 March 2019 are represented by:				
Tangible Assets	-	9	-	9
Net current assets/(liabilities)	177	(773)	-	(596)
Long Term Liabilities	-	-	(65)	(65)
Total	177	(764)	(65)	(652)

Analysis of net assets/liabilities between funds - previous year

	Restricted Funds	Unrestricted Funds	Unrestricted Pension Fund	2018 Total
	£000s	£000s	£000s	£000s
Fund balances at 31 March 2018 are represented by:				
Tangible Assets	-	10	-	10
Net current assets/(liabilities)	171	(793)	-	(622)
Long Term Liabilities	-	-	(77)	(77)
Total	171	(783)	(77)	(689)

12. Pension costs

Avenues East has contributed to both defined benefit and defined contribution schemes during the year and defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 102 Section 28 'Employee benefits'. The total cost to the charity for the year ended 31 March 19 in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate, are as follows;

	2018/19 £000s	2017/18 £000s	2018/19 No.	2017/18 No.
Pensions Trust SHPS	58	22	129	109
Pensions Trust Closed scheme	9	20	11	15
Per Note 4	67	42		

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12. Pension costs (continued)

Defined Contribution Schemes

The Social Housing Pension (SHPS)

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

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.

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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. 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 2019 to 31 January 2025

£11,243,000 per annum
(payable monthly and increasing by 3%
each on 1st April)

AVENUES EAST
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12. Pension costs (continued)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of

30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. 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.

Present values of provision	Mar-19	Mar-18
	£000s	£000s
Present value of provision	64	77

Reconciliation of opening and closing provisions

	Year ending Mar-19	Year ending Mar-18
	£	£
Provision at start of period	77	86
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(10)	(9)
Remeasurements - impact of any change in assumptions	1	(1)
Remeasurements - amendments to the contribution schedule	(4)	-
Provision at end of period	65	77

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12. Pension costs (continued)

SOFA impact

	Year Ending Mar-19 £000s	Year Ending Mar-18 £000s
Interest expense	1	1
Remeasurements – impact of any change in assumptions	1	(1)
Remeasurements – amendments to the contribution schedule	(4)	-

ASSUMPTIONS

	Mar-19 % per annum	Mar-18 % per annum	Mar-17 % per annum	Mar-16 % per annum
Rate of discount	1.39	1.71	1.32	2.06

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.

13. Operating lease commitments

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

	2019 £000s	2018 £000s
<u>Land and Buildings</u>		
Amounts due:		
Less than 1 year	46	49
Between one and five years	4	50

14. Investment policy and position

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

AVENUES EAST
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15. 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 these central costs based on a blended ratio of group costs.

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.

	2019	2018
	£000s	£000s
Balance owed at 31 March 2018	(871)	(1,136)
Payroll services provided by group companies	(3,678)	(3,542)
Receipts taken on behalf of group companies	5,234	5,122
Payments made by group companies	(899)	(763)
Recharges of head office costs	(615)	(552)
Balance owed at 31 March 2019	(829)	(871)

16. Post Balance Sheet Event

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward.

In order to achieve this, the parent entity has written off debt due from Avenues East of £829k and Avenues East has written off debt due from Welmede (Avenues Trust Group Subsidiary) of £94k.

The net asset position of Avenues East after this change is £82k (excluding any 2019/20 operational performance).

17. Ultimate parent undertaking

The charity is consolidated into its ultimate parent undertaking, The Avenues Trust Group, a Charitable Company (Charity number 1130473, company number 03804617), limited by guarantee, incorporated in the UK. The consolidated financial statements of The Avenues Trust Group can be obtained by writing to The Avenues Trust Group, River House, 1 Maidstone Road, Sidcup, Kent, DA14 5TA.

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