

AVENUES SOUTH EAST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Charity Registration Number: 1079576

Company Registration Number: 03923486

AVENUES SOUTH EAST

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AVENUES SOUTH EAST

BOARD MEMBERS AND MANAGEMENT PERSONNEL

FOR THE YEAR ENDED 31 MARCH 2022

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

Chairman: Terry Rich

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

Non-Executive Trustees:

Alistair Brown	(Chair of the Audit and Risk Committee)
Alistair Oag	(To May 2022) (Chair of the Audit and Risk Committee and Finance Committee)
Evlynne Gilvary	(Member of the Audit and Risk Committee)
Mark Pittaway	(To October 2021) (Member of the Finance Committee)
Emma Keegan	Member of the Quality, Local Focus, and Engagement Committee)

Executive Trustees:

Joanne Land
Nicola Ford

Key Management Personnel:

Kevin Hulls	Regional Director
Joanne Land	Group Chief Executive
Nicola Ford	Group Director of Finance
Steven Parker	Group Director of Housing and Development
Daniel Gower-Smith	Group Director of Operations
Caroline Neal	Group Director of People and Organisational Development
Karina Hourd	Group Business Development Director
Lauren Osman	Company Secretary

CHARITY REGISTRATION NUMBER 1079576

COMPANY REGISTRATION NUMBER 03923486

AVENUES SOUTH EAST

BOARD MEMBERS AND MANAGEMENT PERSONNEL

FOR THE YEAR ENDED 31 MARCH 2022

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: Trowers & Hamlin, 3 Bunhill Row, London EC1Y 8YZ.

AVENUES SOUTH EAST

TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Board presents herewith its Annual Report and the Audited Financial Statements of Avenues South East for the year ended 31 March 2022. The legal and administrative information set out on Pages 1 and 2 form part of this report. The Financial Statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the rules of the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) applicable in the UK and in the Republic of Ireland (effective January 2019).

Introduction

The Avenues South East accounts for 2022 and the 2021 comparative figures are constructed in line with best practice, as set out above. Compliance with best practice extends to the need to address the "public benefit" provided by Avenues South East.

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

Structure, Governance and Management

Board Structure

The Avenues Group Boards agreed operate an overlapping board governance structure. The overlapping board structure involves all the entities within the Group sharing a core group of trustees common to all the Boards (the majority of whom are non-executive) with a small number of independent trustees who sit on one but not any of the other Boards. This way of operating provides for efficiency but also the effectiveness of our governance. It increases the speed of our decision making, streamlines information flows and improves clarity regarding accountabilities.

Structure

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

Members adopted a set of Articles which changed the Objects to enable the organisation to change its Board to a unitary structure, enabling three executives to become Trustees.

Avenues South East is a subsidiary of The Avenues Trust Group, which is a registered charity and constituted as a company limited by guarantee.

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TRUSTEES' REPORT AND STRATEGIC REPORT

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Membership

The Avenues Trust Group is the sole member of Avenues South East. This change was affected and agreed at an Extraordinary General Meeting held in May 2020 where the Avenues South East constitution was updated to reflect the changes.

Governance

The Board members are set out on Page 1.

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

The Avenues Group has four committees which discuss the business of the whole Group. The committees are Audit & Risk, Finance People, Culture and Reward (PCR) and Quality, Local Focus and Engagement. Committees report directly to all the Boards with the Avenues Group.

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

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

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

The Quality, Local Focus and Engagement committee (QLE) provides assurance to the Avenues Group Boards regarding the quality of our services and the engagement of the people we support across the organisation is our priority and so this committee was introduced to provide assurance to the board(s) around the operational delivery of quality support. Our aspiration is that the support we provide enables people to maximize their independence and opportunities whilst keeping them safe.

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

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

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TRUSTEES' REPORT AND STRATEGIC REPORT

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The Charity Governance Code

The Avenues Group recognises the importance of good governance and uses the Charity Governance Code to inform any reviews and changes to all governance policies. All trustees are made aware upon appointment of their responsibilities under the Code.

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

All of our trustees are selected in a manner consistent with the organisation's recruitment, diversity and equality policies, ensuring that the selection process is both time and cost effective. In 2021 we began a recruitment campaign to help diversify our board. This work continues and is a focus into 2022.

Our trustees serve a period of four years, with an option to extend for a further four years. In addition to making direct approaches to suitable candidates Avenues may advertise for trustees through notice boards, network recruitment or in the media. When a recruitment need is identified the Company Secretary will work with the board or committee to carry out a skills audit before a recruitment campaign begins. Policies and procedures are in place for the induction and training of new trustees. Training needs are continuously identified through board/committee discussions and surveys and board and trustee appraisals. When a training need is identified we organise externally facilitated training sessions. In 2021 we identified the need for the following training; Health & Safety and safeguarding responsibilities at a board level and these sessions were externally facilitated.

Data Protection Compliance

The Avenues Group Boards have continued to help ensure our compliance with UK data Protection Laws. 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. In 2020 we commissioned an internal audit review of our GDPR compliance which resulted in reasonable assurance.

Public Benefit

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

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

Avenues South East supports more than 170 people to enjoy community-based life and employs more than 390 staff.

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TRUSTEES' REPORT AND STRATEGIC REPORT

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The coronavirus pandemic demonstrated what an exceptional workforce we have, and our culture means we will not allow external challenges to inhibit the lives of the people we support.

Our aspiration is not to manage people's lives, but to understand what really matters to them and unlock the opportunities they want to take. But no provider can do this effectively in isolation.

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

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

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

Avenues South East is committed to developing the way it supports its staff, as we know that well-supported people support people well.

We continue to work with the University of Kent on mindfulness packages to strengthen employee wellbeing, and professional training around positive behaviour support. This advances the efficacy of the care we provide and therefore reduce people's support needs over time.

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

Strategy

The strategic direction of Avenues South East is set within the context of the overall Avenues Group strategy as a whole. The focus of the 3 year strategic plan that ended in 2020/21 was on providing high-quality, and consistently improving services to everyone it supports, throughout their lives. Our strategy for 2021-25, 'Building Better Lives Together', will mean we are able to continue to provide our unique support for the long term; and offer it to more people, in more places.

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TRUSTEES' REPORT AND STRATEGIC REPORT

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Risk Management

The Boards of the Avenues Group operate a formal risk management process and risk register, which involves continuous review of the risks identified and those emerging, their potential impact and means of mitigation. The risk register is reviewed by all of the Boards of the Avenues

Group and by the Audit Committee. The key risk identified for 2019/20 was the coronavirus pandemic impact which arose towards the end of the financial year and this has continued to be key risk throughout 2020/21 and going into 2021/22. The national issue of potential back-pay liabilities in relation to sleep-ins was eradicated following the Supreme Court's dismissal of the appeals against the Court of Appeal judgement.

Principal risks and Uncertainties - Coronavirus

As the financial year started our sector, the nation and indeed world were still trying to understand what the coronavirus pandemic would mean and moreover, how we would navigate through it.

Every step, and every decision, was taken to keep the people we support and our staff teams safe and well and in line with the current guidelines. We know that well supported people, support people well and we have made every effort to make sure our teams have had everything they need to maintain their own resilience and wellbeing, so that they can continue to provide the support people deserve.

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

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

Communication and support didn't just come from within Avenues and it was clear that the sector needed to support each other. We encouraged managers to join external sessions:

- VODG
- Skills for Care
- Local Authority updates
- Webinars

Directors collaborated with other social care organisations to share lessons learnt, our approach and to offer additional support.

Data is collected from front line managers to enable services/teams to be risk rated to ensure the required dedicated management support is deployed to make certain a safe service is delivered. The data included, but not limited to:

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TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and Uncertainties – Coronavirus (Continued)

- Confirmation of suspected cases for people supported and employees reported via an incident report
- Available staff numbers
- PPE levels
- Food provisions
- Employee and the people we support testing results
- Employee and the people we support vaccine data

A separate CV19 risk register was developed and updated weekly relating to actions taken to support the organisation and managing risks. The risk register and reports were shared with the Avenues Group Boards.

Policies and procedures were reviewed in light of coronavirus and where changes were required, they were agreed via the COVID-19 Oversight Group and documented. The Policy Review Group (PRG) monitored progress, managed updates and ensured the organisation takes action as required. Updated policies and procedures have been reissued.

Personal Protective Equipment (PPE) continues to require a significant level of management oversight. We have at least, a minimum, of four month's supply of the required PPE supported by monthly stock takes. Central repeat orders were placed as required to maintain a minimum levels. All registered locations made full use of the governments' supply chain.

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

In the event of two or more confirmed cases within a service a Task Force meeting has been convened to ensure the required support and action is taken. The main aim was to ensure that the required support was provided to the affected team.

We reviewed our approach to occupational sick pay and in line with government funding, employees were paid their normal salary for all sickness and time away from work due to coronavirus.

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

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Principal risks and Uncertainties – Coronavirus (Continued)

contained more easily to minimise the spread and impact.

The organisation is supportive of the vaccine programme for both the people we support and employees. To ensure, as far as possible, the workforce is able to have the vaccine, we have paid employees for their time and travel to have the vaccine where required. We have shared, relevant accessible information for the people we support.

This was communicated to Service Managers and copies saved to the CV19 Intranet for use.

The Group wide Business Continuity Plan was reviewed at the start of the pandemic and has remained under regular review.

Finally, as we exit the financial year the Government issued guidance detailing how, as a nation, we will be living with COVID-19 and this prompted additional guidance for Adult Social Care. Our overarching principle of keeping the people we support and our staff teams as safe as possible remains our top priority whilst the whole organisation adapts to the living with COVID-19.

The Oversight group reviewed each and every action taken over the past two years and agree the most appropriate next steps. Policies and Procedures were reviewed in line with guidance and decision and we, once again, increased communication with our workforce.

We recognise and understand, that after two years of COVID-19 restrictions that moving to "Living with COVID-19" would be a worrying time for the people we support, their family members and our staff teams. We therefore have written to each person we support, their family members and staff detailing the organisations approach to "Living with COVID".

Whilst keeping people as safe as possible we knew going forward we wouldn't be just **living with Covid**, we will be supporting people to once again **enjoy their lives, live the lives they want and be active citizens** once again. Going forward we will be returning to **"enabling people"** and not just **"caring for"** people but doing things **"with"** and not **"for"**; in short, together we will progress from surviving to thriving once again.

See Going Concern on page 12 for financial risk assessment.

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TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

STRATEGIC REPORT

Objectives and Activities

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

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

Achievements and Performance

Avenues South East operates a monthly balanced scorecard which is used for reporting to management and trustees. Within this are 4 headline Key Performance Indicators which are underpinned by a set range of Key Performance Indicators as follows:

Financial Sustainability

This is measured by our operational performance to budget. For financial year 2021/22 the surplus was £1,114k compared to a budgeted surplus of £511k. Underneath this we set KPIs for the services making a deficit contribution and agency spend.

Reputational

This is measured by the percentage of services which have met their monthly quality KPI thresholds. A target of 90% was set and we achieved a monthly average of 96%. This is underpinned a significant number of quality KPIs which are measured across all services.

People

This is measured as the percentage of job vacancy levels across the workforce with a target of less than 20% - we achieved an average of 27% so behind the target which was the impact of well documented recruitment challenges for the Adult Social Care sector. In addition to this we track and closely monitor sickness absence and retention rates.

Growth and Development

Having established the Business Development function in the previous year, this was our first year of considering the potential whilst the team was still being recruited.

We determined that this be measured by the full year growth achieved compared to the budgeted target. We finished the year on target and are confident with the bedding in of the Business Development team we can achieve the targets set for 22/23.

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TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Our Employees

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

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

In the event of a change in an employee's health, in accordance with our sickness absence policy, we would work with occupational health and the individual to establish whether this constitutes a disability and in the event it did, we would continue to work with them to make every reasonable effort to sustain ongoing employment.

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.

The Equality and Diversity steering group is comprised of staff and people we support from across the organisation. This allows for two way communication and the chair has direct access to the CEO. This has led to an increased profile for E&D in the organisation, linking with the People, Culture and Reward committee, raising the profile of the steering group and leading to an express focus on progressive Equality, Diversity & Inclusion. Disability and Transgender special interest groups have led to the development of Neurodiversity and Trans ally toolkits to support our workforce and, in particular, our managers to feel confident and skilled when fostering diverse teams. The Trustee Recruitment special interest group has supported the diversification of our Trustee group and will continue to do so on an ongoing basis.

To complement our commitment to E,D&I Avenues is pursuing Investors in Diversity accreditation having placed in the top 100 most inclusive workplaces in 2021.

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

Financial Results for the Year Ended 31 March 2022

Total income has increased by 1% to £17.4m, this has been offset by an increase of 3% in expenditure. Therefore, the operating surplus for the year was £1.1m compared to a surplus of £1.4m in prior year. The accumulated funds are now shown at £2.4m.

Investment Policy

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

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TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Reserves Policy

The Reserves policy is established at a Group level and is used to ensure that Avenues Group reserves should be sufficient to mitigate against any significant organisational risks and as such the board have concluded a target for Group free reserves of £1.5m.

Reserves were as follows at March 2022:	£000
- General funds	2,750
- Designated funds	75
- Restricted funds	20
- Pension scheme funding	(402)
TOTAL	2,443

Going Concern

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the group. As a result of the operating surplus achieved in 2021/22, along with financial projections for future years and the strong balance sheet position, Avenues South East is a going concern.

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

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

As part of the going concern assessment, we have considered the ongoing financial impact of coronavirus in terms of operating performance and cashflow. We believe the funding support from Government coupled with the measures taken by the organisation in response to the coronavirus pandemic mean that the negative financial impact of the virus is mitigated and at this time does not represent a financial or going concern risk. (See Principal Risks and uncertainties Page 7).

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TRUSTEES' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Future Plans

Our operational priorities going forward are as follows:

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

Continue our work with Medway Council to deregister a number of our residential services to enable people we support to have their own tenancies and greater choice and control over their support and their home.

Fill our remaining voids across the South East within budget and welcome those people into the Avenues family.

Develop a new Supported Living Service in Kent.

Conduct a review of any deficit contribution services and develop a financial action plan for any such services as required.

Develop our teams and have more managers and key staff with relevant qualifications in PBS and Active Support.

The Annual Report of the Trustees and Directors is approved by order of the Board as trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 18th October 2022 and signed on its behalf by



Terry Rich

Chair

Date: 18th October 2022

AVENUES SOUTH EAST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

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

In so far as the trustees are aware:

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

Auditor

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

AVENUES SOUTH EAST

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

Opinion

We have audited the financial statements of Avenues South East (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and notes to the financial statements, including 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 2022 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does

AVENUES SOUTH EAST

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

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and 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 Directors' Report and the Strategic Report included within the Trustees' Report has 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 Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 14, 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.

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

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

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

AVENUES SOUTH EAST

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents and evaluating advice received from external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Care Act 2014. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and.

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.

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

AVENUES SOUTH EAST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted General Funds £000s	Unrestricted Pensions Reserve £000s	Restricted Funds £000s	Total 2022 £000s	Total 2021 £000s
INCOME						
Grants & Donations						
Donations	2	-	-	10	10	-
		-	-	10	10	-
Charitable activities						
Provision of care to young people	2	1,303	-	-	1,303	1,289
Services to adults	2	14,972	-	-	14,972	14,347
Services to older people	2	894	-	-	894	810
Other income	2	64	-	176	240	771
		17,233	-	176	17,409	17,217
Total		17,233	-	186	17,419	17,217
EXPENDITURE						
Charitable activities						
Provision of care to young people	3	1,196	-	-	1,196	1,166
Services to Adults	3	14,013	-	176	14,189	13,849
Services to Older People	3	920	-	-	920	815
Total		16,129	-	176	16,305	15,830
Net income		1,104	-	10	1,114	1,387
Transfer between funds	9	(77)	77	-	-	-
Remeasurement of defined benefit pension schemes	13	-	(51)	-	(51)	(327)
Net movement in funds		1,027	26	10	1,063	1,060
Reconciliation of funds:						
Fund balances brought forward	10	1,798	(428)	10	1,380	320
Fund balances carried forward	10	2,825	(402)	20	2,443	1,380

The notes on pages 21 to 36 form part of these financial statements

**AVENUES SOUTH EAST
BALANCE SHEET
AS AT 31 MARCH 2022
COMPANY NO: 03923486**

	Notes	2022 £000s	2021 £000s
FIXED ASSETS			
Tangible assets	6	630	514
CURRENT ASSETS			
Debtors	7	3,883	2,628
Cash at bank and in hand		56	76
		3,939	2,704
CREDITORS falling due within one year	8	(1,724)	(1,410)
NET CURRENT ASSETS		2,215	1,294
CREDITORS falling due in more than one year	8	-	-
NET ASSETS EXCLUDING PENSION LIABILITY		2,845	1,808
Pension scheme liability	13	(402)	(428)
NET ASSETS INCLUDING PENSION LIABILITY		2,443	1,380
FUNDS			
Unrestricted funds:			
General funds	9	2,750	1,723
Pension scheme funding reserve	9	(402)	(428)
Designated Funds	9	75	75
		2,423	1,370
Restricted funds	9	20	10
TOTAL FUNDS		2,443	1,380

The notes on pages 21 to 36 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Trustees on 18th October 2022 and were signed on its behalf by:



Terry Rich
Chairman of the Board

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. Accounting Policies

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

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

a) Basis of preparation

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

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

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

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

b) Preparation of accounts on a going concern basis

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

As part of the going concern assessment, the directors have considered the ongoing financial impact of coronavirus in terms of operating performance and cashflow. The directors believe the funding support from Government coupled with the measures taken by the organisation in response to the coronavirus pandemic mean that the negative financial impact of the virus is mitigated and at this time does not represent a going concern risk. (See Principal Risks and uncertainties Page 7).

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022**

c) Income

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

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

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

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

d) Donated services and facilities

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

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

e) Tangible Fixed Assets and Depreciation

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

Furniture and equipment	15-25% per annum on cost
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Leasehold Additions	2% per annum on cost
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Depreciation of an asset commences from the point the asset is brought into use.

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

f) Pension Costs

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

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

Avenues South East previously has employees who were members of the Kent County Council defined benefit pension scheme. The assets of the scheme are held separately from those of the group. Avenues South East officially withdrew from the scheme on 1 April 2015 and as such no further contributions are being made. The withdrawal from the scheme

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

resulted in the crystallisation of a liability of £231k. It was agreed to pay this over a period of seven years, attracting interest of £23k. This cost is being recognised in the statement of financial activities evenly over a seven year period.

g) Operating leases

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

h) Resources expended and the basis of apportioned costs

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

i) Allocation of support costs

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

j) Fund accounting

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

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

k) Taxation

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

l) Debtors

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

m) Cash and cash equivalents

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

n) Creditors and provisions

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

o) Financial Instruments policy

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

p) Management estimates and judgements

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

2. Income

Income from Charitable activities was £17,410k (2021; £17,217k) most of which was attributed to unrestricted fund.

Covid Support Grant received for the year was £176k (2021; £320k) of which all was restricted.

	2022 £000s	2021 £000s
Donations	10	-
Other incoming resources:		
Covid grant income	176	739
Pension funding receivable from purchasers	64	32
	<u>240</u>	<u>771</u>

3. Expenditure

	2022 £000s	2021 £000s
Net income is stated after charging:		
Depreciation of tangible fixed assets on owned assets	86	76
External Audit Fees	19	13
Operating lease charges for motor vehicles and equipment	43	42
Operating lease charges for land and buildings	653	558
Loan interest	3	3

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. Expenditure (continued)

	Direct costs	Support costs	2022 Total	2021 Total
	£000s	£000s	£000s	£000s
Charitable activities:				
Provision of care to young people	1,077	119	1,196	1,166
Services to Adults	12,775	1,414	14,189	13,849
Services to Older People	828	92	920	815
2022 Total	14,680	1,625	16,305	
2021 Total	14,378	1,452		15,830

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

Summary analysis of expenditure and related income for charitable activities

	Provision of care to young people	Services to Adults	Services to Older People	Total
	£000s	£000s	£000s	£000s
Income	1,303	14,972	894	17,169
Costs	(1,196)	(14,189)	(920)	(16,305)
Total	107	782	(26)	864

Expenditure on charitable activities was £16,305k (2021: £15,830k) most of which was attributed to unrestricted funds and £176k (2021: 320k) to restricted covid support grant. These balances do not include the pension re-measurement adjustments of £51k (2021: £327k).

Analysis of governance and support costs

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. Expenditure (continued)

	General support	Governance function	Total
	£000s	£000s	£000s
EMT & Governance	193	-	193
Group Finance	487	19	506
Group HR	383	-	383
Group Office Management	253	-	253
Group Practice Development & Assurance	290	-	290
	1,606	19	1,625

Analysis of Expenditure

	Provision of care to young people	Services to Adults	Services to older people	Total
	£000s	£000s	£000s	£000s
Support costs	118	1,397	91	1,606
Governance	1	17	1	19
	119	1,414	92	1,625

4. Trustees' remuneration

The trustees are the directors of the company. During the year 4 (2021: 1) members of the Board were reimbursed for expenses £3k (2021: £50).

J Land, Chief Executive, is also a Trustee of Avenues South East. During the 2021/22 financial year she received £148k (2021: £147k) in remuneration including £12k of pension contributions (2021: £12k) from The Avenues Trust Group in respect of her role as Chief Executive. No remuneration or pension contributions were paid in relation to her role as a trustee.

N Ford, Group Director of Finance, is also a Trustee of Avenues South East. During the 2021/22 financial year she received £110k (2021: £110k) in remuneration including £8k of pension contributions (2021: £9k) from The Avenues Trust Group in respect of her role as Group Finance Director. No remuneration or pension contributions were paid in relation to her role as a trustee.

The Directors of the Charity are remunerated by the Avenues Trust Group only to the extent permitted by the Charity's Articles of Association. A further payment was made in the year of £0.5k (2021: £0.5k) which is a collective premium to cover Trustees Liability.

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

5. Staff costs and key management personnel

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

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

	2022	2021
	No.	No.
£60k - £70k	1	1
£70k - £80k	-	2

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

	No.	No.	FTE	FTE
	2022	2021	2022	2021
Office staff	10	10	9	9
Care staff	250	258	267	274
Part-time support staff	105	117	101	108
TOTAL	365	385	377	391

	2022	2021
	£000s	£000s
Staff costs		
Wages and salaries	9,753	10,425
Social security costs	803	794
Pension costs (Note 13)	280	264
Agency staff	461	706
	11,297	12,189

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

The key management personnel of Avenues South East comprise the trustees including; the Group Chief Executive, Group Director of Operations, Group Director of Finance, Group Director of People and Organisational Development, Group Director of Business Development, and Group Director of Housing and Development. The Avenues South East share of these costs along with cost of the Regional Directors are shown below:

	2022	2021
	£000s	£000s
Wages and salaries	254	219
Social security costs	33	28
Pension costs	20	16
Total	307	263

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

6. Tangible fixed assets

	Leasehold Additions £000s	Furniture & equipment £000s	Total £000s
Cost			
At 1 April 2021 as previously stated	236	1,883	2,119
Adjustment (see note below)	(1)	(499)	(500)
At 1 April 2021 restated	235	1,384	1,619
Additions	152	57	209
Disposals	-	(19)	(19)
At 31 MARCH 2022	387	1,422	1,809
Depreciation			
At 1 April 2021 as previously stated	5	1,600	1,605
Adjustment (see note below)	(1)	(499)	(500)
At 1 April 2021 restated	4	1,101	1,105
Charge for year	7	79	86
Disposals	-	(12)	(12)
At 31 MARCH 2022	11	1,168	1,179
Net book value			
At 31 MARCH 2022	376	254	630
At 31 March 2021	231	283	514

The opening balance has been restated to accommodate the net book value of furniture and equipment that were disposed of but not fully written down in 2019/20.

7. Debtors

	2022 £000s	2021 £000s
Contract fees receivable	937	1,258
Other debtors	44	647
Prepayments and accrued income	116	129
Amounts owed by other Group undertakings	2,786	594
	3,883	2,628

8. Creditors

	2022 £000s	2021 £000s
Amounts falling due within one year:		
Trade creditors	75	145
Other taxation and social security	372	219
Other creditors	11	177
Accrued expenditure and deferred income	1,266	869
	1,724	1,410

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

8. Creditors (continued)

Amounts falling due in more than one year:	2022	2021
	£000s	£000s
Total loans	-	33
The loan is repayable as follows:		
Due within one year	-	33
Between one and two years	-	-
Total	-	33
Less: due within one year	-	(33)
Amount due after one year	-	-

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

	2022	2021
Movements in deferred income:	£000s	£000s
Deferred income at the beginning of the year	491	649
Income recognised in the year	(491)	(649)
Income deferred in the current year	497	491
Income deferred at the year end	497	491

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

9. Analysis of net movement in funds

	1 April 2021 £000s	Income £000s	Expenditure £000s	Transfer £000s	31 March 2022 £000s
Unrestricted funds:					
General reserve	1,723	17,233	(16,129)	(77)	2,750
Designated Fund - Chelsham Lodge	75	-	-	-	75
Pension reserve	(428)	-	(51)	77	(402)
Restricted funds:					
Garden Fund	10	-	-	-	10
Furniture fund - Squirrel Lodge	-	10	-	-	10
Covid Support Grant	-	176	(176)	-	-
TOTAL FUNDS OF THE CHARITY	1,380	17,419	(16,356)	-	2,443

	1 April 2020 £000s	Income £000s	Expenditure £000s	Transfer £000s	31 March 2021 £000s
Analysis of movements in funds - previous year					
Unrestricted funds:					
General reserve	416	16,897	(15,510)	(80)	1,723
Designated Fund - Chelsham Lodge	75	-	-	-	75
Pension reserve	(181)	-	(327)	80	(428)
Restricted funds:					
Garden Fund	10	-	-	-	10
Covid Support Grant	-	320	(320)	-	-
TOTAL FUNDS OF THE CHARITY	320	17,217	(16,157)	-	1,380

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

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

The restricted fund is comprised of the Garden Fund provided by Santander for the renovation of a Garden at Wilson Avenue (£10k) and furniture fund at Squirrel Lodge (£10k).

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

Covid Support Grant, grant restricted to cover cost specific to covid safety £176k (2021; £320k), all grant disclosed was used to cover cost related to provide safe service for the people we support and employees.

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10. Analysis of net assets between funds

	Restricted	Unrestricted	Unrestricted Pension	2022
	Fund	Funds	Fund	Total
Fund balances at 31 March 2022 are represented	£000s	£000s	£000s	£000s
Tangible fixed assets	-	630	-	630
Current assets	20	3,919	-	3,939
Current liabilities	-	(1,724)	-	(1,724)
Long term liabilities	-	-	-	-
TOTAL FUNDS BEFORE PENSION LIABILITY	20	2,825	-	2,845
Pension scheme funding reserve	-	-	(402)	(402)
TOTAL FUNDS OF THE CHARITY INCLUDING PENSION SCHEME RESERVE	20	2,825	(402)	2,443

	Restricted	Unrestricted	Unrestricted Pension	2021
	Fund	Funds	Fund	Total
Fund balances at 31 March 2021 are represented	£000s	£000s	£000s	£000s
Tangible fixed assets	-	514	-	514
Current assets	10	2,694	-	2,704
Current liabilities	-	(1,410)	-	(1,410)
Long term liabilities	-	-	-	-
TOTAL FUNDS BEFORE PENSION LIABILITY	10	1,798	-	1,808
Pension scheme funding reserve	-	-	(428)	(428)
TOTAL FUNDS OF THE CHARITY INCLUDING PENSION SCHEME RESERVE	10	1,798	(428)	1,380

11. Operating lease commitments

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

	2022 £000s	2021 £000s
Land and Buildings		
Expiry date:		
Within one year	252	558
Between one and five years	634	737
Over five years	37	186
	923	1,481
Vehicles and equipment		
Expiry date:		
Within one year	17	54
Between one and five years	4	-
	21	54

12. Investment policy and position

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. Pension obligations

Avenues South East has contributed to both defined benefit and defined contribution schemes during the year and defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 102 Section 25 'Employee benefits'. The total cost to the charity for the year ended 31 March 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:

	2021/22 £000s	2020/21 £000s	2021/22 No.	2020/21 No.
Pensions Trust SHPS	272	262	293	331
Pensions Trust SHPS Closed scheme	8	2	4	2
Per Note 5	280	264		

National Health Service

The NHS operates an unfunded defined benefit scheme for the nursing sector, in which Avenues South East participates. Avenues South East is granted permission by the Secretary of State to be able to contribute to the cost of the scheme as a 'Directed Employer' (an employer that can continue to have non NHS employed staff as members of the NHS pension scheme). The cost represents the contributions advised by the NHS Pensions Agency. Avenues South East is not liable for past service costs beyond these contributions. Contributions increased to 14% from 1 April 2005.

The Pension Trust – Social Housing Pension Scheme: Defined Contribution

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

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

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

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. Pension obligations (continued)

	31-Mar-22	31-Mar-21
	£'000's	£'000's
Fair Value of plan assets	2,352	2,440
Present value of defined benefit obligation	2,754	2,868
Surplus (deficit) in plan	(402)	(428)
Unrecognised Surplus	-	-
Defined Benefit asset (liability) to be recognised	(402)	(428)

	Period ended 31st March 2022 £'000's
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	Period ended 31st March 2022 £'000's
Defined benefit obligation at start of period	2,868
Current service cost	-
Expenses	2
Interest expense	61
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	98
Actuarial losses (gains) due to changes in demographic assumptions	(43)
Actuarial losses (gains) due to changes in financial assumptions	(175)
Benefits paid and expenses	(57)
Defined benefit obligation at end of period	2,754

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

	Period ended 31st March 2022 £'000's
Fair value of plan assets at start of period	2,440
Interest income	53
Experience on plan assets (excluding amounts included in interest income) - loss	(171)
Contributions by the employer	87
Contributions by plan participants	-
Benefits paid and expenses	(57)
Fair value of plan assets at end of period	2,352

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was (£118,000).

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. Pension obligations (continued)

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

	Period ended 31st March 2022 £'000's
Current service cost	-
Expenses	2
Net interest expense	8
comprehensive income (SoCI)	10

Defined Benefit Costs Recognised In Other Comprehensive Income

	Period ended 31st March 2022 £'000's
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(171)
Experience gains and losses arising on the plan liabilities - gain (loss)	(98)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	43
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	175
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(51)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(51)

Assets	31-Mar-22 £'000's	31-Mar-21 £'000's
Global Equity	451	389
Absolute Return	94	135
Distressed Opportunities	84	70
Credit Relative Value	78	77
Alternative Risk Premia	78	92
Fund of Hedge Funds	-	-
Emerging Markets Debt	68	98
Risk Sharing	77	89
Insurance-Linked Securities	55	59
Property	64	51
Infrastructure	168	163
Private Debt	60	58
Opportunistic Illiquid Credit	79	62
High Yield	20	73
Opportunistic Credit	8	67
Cash	8	-
Corporate Bond Fund	157	144
Liquid Credit	-	29
Long Lease Property	61	48
Secured Income	88	101
Liability Driven Investment	656	620
Currency Hedging	(9)	-
Net Current Assets	7	15
Total assets	2,352	2,440

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

AVENUES SOUTH EAST
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For the year ended 31 March 2022

13. Pension obligations (continued)

Key Assumptions

	31-Mar-22 % per annum	31-Mar-21 % per annum
Discount Rate	2.79	2.14
Inflation (RPI)	3.66	3.30
Inflation (CPI)	3.23	2.85
Salary Growth	4.23	3.85
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

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. The final charge has now been paid and cessation event has come to an end.

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

14. Related Party Transactions

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

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

	2022	2021
	£000s	£000s
Balance due at 1 April	594	(127)
Payroll services provided by group companies	(10,016)	(10,079)
Receipts taken on behalf of group companies	17,409	17,172
Payments made on behalf of group companies	(3,595)	(4,933)
Recharges of head office costs	(1,606)	(1,439)
Debt Equalisation	-	-
Balance due at 31 March	<u>2,786</u>	<u>594</u>

15. 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.