



AVENUES SOUTH EAST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023

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 and Member of the Finance Committee
Alistair Oag	(To May 2022) Chair of the Audit and Risk Committee and Finance Committee
Evlynne Gilvarry	Member of the Audit and Risk Committee
Emma Keegan	Chair of the Quality, Local Focus, and Engagement Committee
Jeff Boateng	(From March 2023)

Note - Rich Hodgson is Chair of Finance Committee (from June 2022), Trustee of Avenues London only

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 2023

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 2023

The Board presents its Annual Report and the Audited Financial Statements of Avenues South East for the year ended 31 March 2023. 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 2023 and the 2022 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.

At the heart of our mission is a desire to empower individuals and communities, ensuring their well-being and fostering social equity. We firmly believe that every person deserves respect, dignity, and equal opportunities. Through our work we actively strive to uplift vulnerable people, promote inclusivity, and support the development of sustainable and resilient communities.

We recognise that, whilst delivering our mission, our actions today shape the world of tomorrow. As a dedicated and compassionate organisation, we believe in the power of Environmental, Social and Governance (ESG) principles to drive sustainable progress and create a lasting impact on our planet for the people that we support, our employees and the wider community. In the course of our work we are already really good at delivering against the social and governance aspects of these principles. We have made some progress against the environmental principles but are currently working on improving our impact in this area.

SOCIAL

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 113 people to enjoy community-based life and employs more than 370 staff.

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.

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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.

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 are recruited on a values basis, treated with respect and dignity and are screened to ensure that they are fit and suitable to work with vulnerable people. Our commitment to Equality, Diversity & Inclusion resulted in us retaining a place in the top 100 most inclusive employers in 2022 with the National Centre for Diversity.

We have a comprehensive wellbeing offering supporting mental, physical, social and financial wellbeing. It includes but is not limited to an Employee Assistance Programme, which includes free counselling to those that need it, weekly Mindfulness sessions, money management advice and Early Pay which is a facility whereby employees can draw down their earned salary on a weekly basis should they need it to prevent the need for expensive pay day loans. We have in place an extensive training package that supports safe working practices and have a well embedded practice of risk assessment to ensure safe practice and equipment. Our supervision practice is robust and ensures that wellbeing action planning is front and center of our discussions with the workforce.

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In the event of a change in an employee's health, in accordance with our sickness absence policy, we 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. We have good rehabilitation practices in place to support those with substantial health issues to return to employment as early as possible.

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 organization is available through newsletters, online resources, team meetings and management briefings. All employees are encouraged to give their views and opinions on strategy and performance. As well as local mechanisms to get in touch, employees can contact the Executive Management Team direct via email or by joining one of our regular virtual meetings with EMT members.

Our learning and development programme meets the standards and requirements set out by Skills for Care, the workforce development body for adult social care in England. The endorsement is a trusted quality mark only awarded to the best learning and development providers within the social care sector. Avenues has held this accreditation for a number of years now and were most recently reaccredited in January 2023. All of our managers undergo a specially designed induction and a Leadership and Management Academy that supports them to be effective leaders and managers. Training is free to our employees and freely available to them to attend through the publication of extensive quarterly training calendars.

Recognition of our workforce and their skilled and dedicated support to vulnerable people is key and is underpinned by our system of local monthly employee of the month awards which across the course of the year culminate in an annual awards ceremony.

ENVIRONMENTAL

We believe that safeguarding our environment is not just a responsibility but an urgent necessity. Avenues is committed to reducing our carbon footprint, promoting eco-friendly practices and supporting initiatives that protect and preserve our natural resources. By working with our partners and stakeholders, we are on a journey to implement sustainable strategies that contribute to a cleaner, greener and more resilient world.

We are working to reduce the harmful impact on the environment we work in. As a provider of care services much of what we do is through people working with other people but we are also an active user of resources:

- We use gas, electricity and water across our accommodation and offices;
- We manage transport for the people we support, either via publically available networks, or use of vehicles to provide mobility services;
- Many of our colleagues travel to and from work; and
- We have to maintain records of our work.

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To minimise our carbon footprint we are committed to reducing the use of natural resources including our reliance on fossil fuels:

- Over the next five years we will invest £500,000 in improvements to ensure the insulation and energy efficiency in our buildings;
- Through our participation in the Energy Savings Opportunities Scheme we will identify further improvements for property management which will be rolled out from December 2023;
- We have introduced new ways of working to reduce the need for many staff to travel to work every day. Offices are promoted as areas of collaboration rather than attendance;
- We have introduced technology that reduces our use of paper & printing. Our Care & Support services use handheld devices to record activity, this not only means we no longer have to maintain and retain paper files, but also provides more responsive care to the people we support;
- We encourage service activities to use public forms of transport where ever possible;
- We recognise that for some people their needs are such they will always need their own transport, and we will help them to find the least environmentally harmful ways of doing this; and
- We actively take part in recycling initiatives in our schemes and work places, as well as promoting energy consciousness across all of what we do.

We continue to keep these measures under review, introducing new initiatives and building on the work we already do. In doing so we will reduce our use of carbon reduction and create more environmentally sustainable ways of working.

GOVERNANCE

Transparency is the cornerstone of our governance. We hold ourselves accountable to the highest standards of governance, adhering to ethical practices and ensuring the responsible allocation of resources. We embrace openness in our decision making processes, fostering trust and confidence among our stakeholders.

Board Structure

The Avenues Group Boards agreed to 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.

Legal 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

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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 organization 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.

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.

The Board members are set out on Page 1.

The Group Board meets five to six times per year and more frequently if required and is responsible for determining the strategy of the organization 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 Reward Committee (PCR)** provides assurance that the Group has an effective People and Pay Strategy in place, promoting an effective, high performing and diverse workforce. The committee also oversees issues relating to the remuneration of staff, with specific responsibility for making recommendations to the Boards regarding the Group Remuneration Policy and the Executive Management Team's remuneration.

The **Quality, Local Focus and Engagement Committee (QLE)** provides assurance regarding the quality of our services and the engagement of the people we support across the organization. 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

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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 organization's goals, quality and culture.

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

The Charity Governance Code

The Avenues Group recognizes 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 where we worked with specialist advisors to help us successfully improve the diversity of our board. This has been successful and will continue going forward.

Our trustees serve a period of four years, with an option to extend for a further five 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 Head of Governance 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 and this can be delivered online, internally or through externally facilitated training sessions. In 2022/23 the following training sessions were externally facilitated:

- The benefits and risks of partnership working, mergers or dissolution of services
- Finance and Risk Management
- Safeguarding
- Reserves
- Charity Regulation and Compliance

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How we work with our stakeholders

Family Matters Group

Avenues are continually looking for ways to improve the support we provide and are keen to develop greater involvement in what we do from the families, carers and friends involved in the lives of the people we support. Last year we started our **Family Matters Group**.

The aim of the Family Matters Group is to provide a real voice for families, carers and friends in the work that we do, ensuring that our practices, policies, procedures and initiatives have their involvement.

The Family Matters Group has an independent chair and provides a forum which allows communication and transparency between us and the parents and advocates of the people we support.

The Group's role is to:

- Consider and comment on the support we provide and the way in which we provide it;
- Help us develop this support so that family contribution becomes core to what we do;
- Offer advice and guidance regarding specific initiatives and projects aimed at improving how we work with families, carers and friends;
- Develop ways for families, carers and friends to have their voice heard by the Board of Avenues, the Executive Team and the Senior Leadership Group; and
- Provide a "safe space" for confidential discussion and sharing.

New Directions

New Directions is a local engagement group. It is made up of people we support and is supported by one of our team from the Quality Assurance and Practise team. The group is well established, and members chair the meetings.

The purpose of the group is to:

- Provide a forum of discussion for groups of people we support;
- Share community engagement opportunities within their local community;
- Review policies, procedures, projects and communications; and
- Ensure that the views and suggestions of people we support with lived experience are clearly communicated to the Quality and Local Engagement Committee, Executive Management Teams and Board of Trustees.

This year the group has coproduced videos on Annual Health checks and the effect of Covid 19, reviewed the annual stakeholder survey, interviewed trustees and agreed the terms of reference, role profiles and report templates for the local engagement groups that are going to be set up throughout the Group.

Future work includes working with our Communications team to design the new website, joint facilitating the co-production training for all staff in the organisation, rewriting the role profiles for support workers and becoming quality checkers.

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TRUSTEES' REPORT AND STRATEGIC REPORT

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Data Protection Compliance

We believe that everyone has rights with regard to how their personal information is handled. Complying with Data Protection Law ensures people can trust us to use their data fairly and responsibly.

Safety and providing quality services is at the heart of everything we do. It is very important to us that we keep all personal information that we hold safe.

The Avenues Group Boards have continued to oversee 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. Data Protection compliance is reported directly to the Audit and Risk Committee.

Strategy

The strategic direction of Avenues South East is set within the context of the overall Avenues Group strategy **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 the group Audit Committee, which, in turn, reports on risk to the Avenues Group Boards on a quarterly basis.

The key risks identified for 2022/23 were the challenges in the underlying competitive labour market for quality operational staff and impact of this on delivery and agency spend and cost of living/inflationary pressures. All necessary measures have been taken to mitigate these risks going forward including changes to recruitment and resourcing processes, introduction of agency vendor, negotiations of 2023/24 fee uplifts and improved agency monitoring.

as a whole. 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

FOR THE YEAR ENDED 31 MARCH 2023

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

In 2022/23 Avenues South East Services became the first 'Personal Care' CQC registered service to achieve an Outstanding rating in all areas for the 3rd time in a row. We are incredibly proud of this wonderful achievement.

Our Registered Manager and team at Hempstead won a regional care award and made it through to the National Care Awards final. It was wonderful to see their good work recognised nationally.

We were chosen as the support provider for a new bespoke supported living scheme in Dover. Working in collaboration with the developer and commissioners we expect the service to commence in mid-2023.

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 2022/23 the deficit was £63k compared to a budgeted surplus of £804k. Underneath this we set KPIs for the services making a deficit contribution and agency spend.

Reputational

In 2022/23 our KPI changed to report on number of red rated/services of concern within the subsidiary. We met the KPI for this target throughout the year. Our reputational scores are underpinned by a significant number of quality KPIS which are measured across all services.

People

Recruitment continues to be a significant challenge. This is measured as the percentage of job vacancy levels across the workforce with a target of less than 20% - our vacancy rate was above 30% for the majority of 2022/23 but had reduced to 34.8% at March 2023 compared to the peak of 37.5% in December 2022. In addition to this, we track and closely monitor sickness absence and retention rates.

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TRUSTEES’ REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Growth and Development

We exceeded our void filling targets and increased our income above our growth target, finishing the year particularly strongly. These helped us to achieve our goal of sustainability.

Financial Results for the Year Ended 31 March 2023

Total income has increased by 5% to £18.3m, this has been offset by an increase of 13% in expenditure. Therefore, the operating deficit for the year was £63k compared to a surplus of £1.1m in prior year. The accumulated funds are now shown at £2.3m.

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.

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 2023:	£000
- General funds	2,621
- Designated funds	75
- Restricted funds	20
- Pension scheme funding	(380)
TOTAL	2,336

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 strong reserves and balance sheet position and surplus budget for 2023/24, along with financial projections for future years, 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.

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Future Plans

Our operational priorities going forward are as follows:

To ensure that we continuously the quality of our support to ensure that we are helping people to live a good life

To continue to build upon the success of our Active Support rollout

To achieve 'Good' and 'Outstanding' reports from future CQC inspections

To listen to and respond to feedback from people we support, their families and our staff that can help us improve what we do

To continue to retain our skilled and dedicated colleagues and recruit new staff who share our vision and values

To successfully open our new supported living service in Dover

To continue to ensure that our services are financially secure and stable

To 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 Level 4 and Level 5 PBS qualifications

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 17th October 2023 and signed on its behalf by

DocuSigned by:


A47F8403F28949C...
Terry Rich

Chair

Date: 17th October 2023

AVENUES SOUTH EAST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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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 2023 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 2023 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.

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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.

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 27 October 2023

AVENUES SOUTH EAST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted General Funds £000s	Unrestricted Pensions Reserve £000s	Restricted Funds £000s	Total 2023 £000s	Total 2022 £000s
INCOME						
Grants & Donations						
Donations	2	-	-	-	-	10
		-	-	-	-	10
Charitable activities						
Provision of care to young people	2	1,377	-	-	1,377	1,303
Services to adults	2	15,782	-	-	15,782	14,972
Services to older people	2	1,095	-	-	1,095	894
Other income	2	53	-	-	53	240
		18,307	-	-	18,307	17,409
Total Income		18,307	-	-	18,307	17,419
EXPENDITURE						
Charitable activities						
Provision of care to young people	3	1,420	-	-	1,420	1,196
Services to Adults	3	15,920	-	-	15,920	14,189
Services to Older People	3	1,029	-	-	1,029	920
Total Expenditure		18,369	-	-	18,369	16,305
Net (expenditure)/income		(62)	-	-	(62)	1,114
Transfer between funds	9	(67)	67	-	-	-
Remeasurement of defined benefit pension schemes	13	-	(45)	-	(45)	(51)
Net movement in funds		(129)	22	-	(107)	1,063
Reconciliation of funds:						
Fund balances brought forward	10	2,825	(402)	20	2,443	1,380
Fund balances carried forward	10	2,696	(380)	20	2,336	2,443

The notes on pages 21 to 35 form part of these financial statements

**AVENUES SOUTH EAST
BALANCE SHEET
AS AT 31 MARCH 2023
COMPANY NO: 03923486**

	Notes	2023 £000s	2022 £000s
FIXED ASSETS			
Tangible assets	6	673	630
CURRENT ASSETS			
Debtors	7	4,154	3,883
Cash at bank and in hand		49	56
		4,203	3,939
CREDITORS falling due within one year	8	(2,160)	(1,724)
NET CURRENT ASSETS		2,043	2,215
NET ASSETS EXCLUDING PENSION LIABILITY		2,716	2,845
Pension scheme liability	13	(380)	(402)
NET ASSETS INCLUDING PENSION LIABILITY		2,336	2,443
FUNDS			
Unrestricted funds:			
General funds	9	2,621	2,750
Pension scheme funding reserve	9	(380)	(402)
Designated Funds	9	75	75
		2,316	2,423
Restricted funds	9	20	20
TOTAL FUNDS		2,336	2,443

The notes on pages 21 to 35 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Trustees on 17th October 2023 and were signed on its behalf by:

DocuSigned by:

Terry Rich

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Terry Rich
Chairman of the Board

AVENUES SOUTH EAST NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

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 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 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

The financial statements are prepared in sterling which is the functional currency of the Charity. Monetary amounts shown in these financial statements are rounded to the nearest £'000

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.

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 London can expect to grow at a modest level.

**AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023**

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's 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 2023**

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 2023

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 £18,307k (2022; £17,409k) all of which is attributed to unrestricted fund.

Covid Support Grant received for the year was £nil (2022; £176k).

	2023	2022
	£000s	£000s
Donations	-	10
Other incoming resources:		
Covid grant income	-	176
Pension funding receivable from purchasers	53	64
	<u>53</u>	<u>240</u>

3. Expenditure

	2023	2022
	£000s	£000s
Net expenditure is stated after charging:		
Depreciation of tangible fixed assets on owned assets	86	86
External Audit Fees	25	19
Operating lease charges for motor vehicles and equipment	12	43
Operating lease charges for land and buildings	618	653
Loan interest	17	3

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. Expenditure (continued)

	Direct costs	Support costs	2023 Total	2022 Total
	£000s	£000s	£000s	£000s
Charitable activities:				
Provision of care to young people	1,274	146	1,420	1,196
Services to Adults	14,281	1,639	15,920	14,189
Services to Older People	923	106	1,029	920
2023 Total	16,478	1,891	18,369	
2022 Total	14,680	1,625		16,305

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	1,377	15,783	1,095	18,255
Costs	(1,420)	(15,920)	(1,029)	(18,369)
Total	(43)	(137)	66	(114)

Expenditure on charitable activities was £18,369k (2022: £16,305k) most of which was attributed to unrestricted funds, and £nil (2022: £176k) to restricted covid support grant. These balances do not include the pension re-measurement adjustments of £45k (2022: £51k).

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 2023

3. Expenditure (continued)

Analysis of Expenditure

	General support £000s	Governance function £000s	2023 Total £000s	2022 Total £000s
EMT & Governance	191	-	191	193
Group Finance	589	25	614	506
Group HR	408	-	408	383
Group Office Management	298	-	298	253
Group Practice Development & Assurance	380	-	380	290
	1,865	25	1,891	1,625

	Provision of care to young people £000s	Services to Adults £000s	Services to older people £000s	2023 Total £000s	2022 Total £000s
Support costs	144	1,617	104	1,865	1,606
Governance	2	22	1	25	19
	146	1,639	106	1,891	1,625

4. Trustees' remuneration

The trustees are the directors of the company. During the year, 6 (2022: 4) member(s) of the Board have been reimbursed for expenses £2.5k (2022: £3k).

J Land, Chief Executive, is also a Trustee of The Avenues Trust Group. During the 2022/23 financial year she received £149k (2022: £148k) in remuneration including £12k of pension contributions (2022: £12k) from The 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 The Avenues Trust Group. During the 2022/23 financial year she received £111k (2022: £110k) in remuneration including £8k of pension contributions (2022: £8k) 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 South East only to the extent permitted by the Charity's Articles of Association. A further payment was made in the year of £0.5k (2022: £0.5k) which is a collective premium to cover Trustees Liability and insurance.

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 2023

5. Staff costs and key management personnel

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

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

	2023	2022
	No.	No.
£60k - £70k	1	1

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

	No.	No.	FTE	FTE
	2023	2022	2023	2022
Office staff	6	10	4	9
Care staff	252	250	271	267
Part-time support staff	112	105	105	101
TOTAL	370	365	380	377

	2023	2022
	£000s	£000s
Staff costs		
Wages and salaries	12,152	9,753
Social security costs	857	803
Pension costs (Note 13)	279	280
Agency staff	1,167	461
	14,455	11,297

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 Trust 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 Director are shown below:

	2023	2022
	£000s	£000s
Wages and salaries	280	254
Social security costs	38	33
Pension costs	24	20
Total	342	307

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

6. Tangible fixed assets

	Leasehold Additions £000s	Furniture & equipment £000s	Total £000s
Cost			
At 1 April 2022	387	1,422	1,809
Additions	83	46	129
At 31 MARCH 2023	470	1,468	1,938
Depreciation			
At 1 April 2022	11	1,168	1,179
Charge for year	9	77	86
At 31 MARCH 2023	20	1,245	1,265
Net book value			
At 31 MARCH 2023	450	223	673
At 31 March 2022	376	254	630

7. Debtors

	2023 £000s	2022 £000s
Contract fees receivable	280	937
Other debtors	56	44
Prepayments and accrued income	372	116
Amounts owed by other Group undertakings	3,446	2,786
	4,154	3,883

8. Creditors

	2023 £000s	2022 £000s
Amounts falling due within one year:		
Trade creditors	451	75
Other taxation and social security	349	372
Other creditors	8	11
Accrued expenditure and deferred income	589	1,266
Amounts owed to other Group undertakings	763	-
	2,160	1,724

	2023 £000s	2022 £000s
Movements in deferred income:		
Deferred income at the beginning of the year	497	491
Income recognised in the year	(497)	(491)
Income deferred in the current year	116	497
Income deferred at the year end	116	497

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 2023

9. Analysis of net movement in funds

	1 April				31 March
	2022	Income	Expenditure	Transfer	2023
	£000s	£000s	£000s	£000s	£000s
Unrestricted funds:					
General reserve	2,750	18,307	(18,369)	(67)	2,621
Designated Fund - Chelsham Lodge	75	-	-	-	75
Pension reserve	(402)	-	(45)	67	(380)
Restricted funds:					
Garden Fund	10	-	-	-	10
Furniture fund - Squirrel Lodge	10	-	-	-	10
Covid Support Grant	-	-	0	-	-
TOTAL FUNDS OF THE CHARITY	2,443	18,307	(18,414)	-	2,336

	1 April				31 March
	2021	Income	Expenditure	Transfer	2022
	£000s	£000s	£000s	£000s	£000s
Analysis of movements in funds - previous year					
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

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 £nil (2022; £176k)

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

10. Analysis of net assets between funds

	Restricted	Unrestricted	Unrestricted Pension	2023
	Fund	Funds	Fund	Total
Fund balances at 31 March 2023 are represented	£000s	£000s	£000s	£000s
Tangible fixed assets	-	673	-	673
Current assets	20	4,183	-	4,203
Current liabilities	-	(2,160)	-	(2,160)
Long term liabilities	-	-	-	-
TOTAL FUNDS BEFORE PENSION LIABILITY	20	2,696	-	2,716
Pension scheme funding reserve	-	-	(380)	(380)
TOTAL FUNDS OF THE CHARITY INCLUDING PENSION SCHEME RESERVE	20	2,696	(380)	2,336

	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

11. Operating lease commitments

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

	2023 £000s	2022 £000s
Land and Buildings		
Expiry date:		
Within one year	118	252
Between one and five years	153	634
Over five years	-	37
	<u>271</u>	<u>923</u>
Vehicles and equipment		
Expiry date:		
Within one year	4	17
Between one and five years	-	4
	<u>4</u>	<u>21</u>

12. Investment policy and position

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

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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:

	2022/23 £000s	2021/22 £000s	2022/23 No.	2021/22 No.
Pensions Trust SHPS	272	272	286	293
Pensions Trust SHPS Closed scheme	8	8	4	4
Per Note 5	<u>280</u>	<u>280</u>		

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 2023

13. Pension obligations (continued)

	31-Mar-23	31-Mar-22
	£'000's	£'000's
Fair Value of plan assets	1,640	2,352
Present value of defined benefit obligation	2,020	2,754
Surplus (deficit) in plan	(380)	(402)
Unrecognised Surplus	-	-
Defined Benefit asset (liability) to be recognised	(380)	(402)

	Period ended 31st March 2023 £'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 2023 £'000's
Defined benefit obligation at start of period	2,754
Current service cost	-
Expenses	2
Interest expense	76
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(11)
Actuarial losses (gains) due to changes in demographic assumptions	(5)
Actuarial losses (gains) due to changes in financial assumptions	(737)
Benefits paid and expenses	(59)
Defined benefit obligation at end of period	2,020

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

	Period ended 31st March 2023 £'000's
Fair value of plan assets at start of period	2,352
Interest income	66
Experience on plan assets (excluding amounts included in interest income) - loss	(798)
Contributions by the employer	79
Contributions by plan participants	-
Benefits paid and expenses	(59)
Fair value of plan assets at end of period	1,640

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£118,000).

AVENUES SOUTH EAST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

13. Pension obligations (continued)

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

	Period ended 31st March 2023 £'000's
Current service cost	-
Expenses	2
Net interest expense	10
comprehensive income (SoCI)	12

Defined Benefit Costs Recognised In Other Comprehensive Income

	Period ended 31st March 2023 £'000's
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(798)
Experience gains and losses arising on the plan liabilities - gain (loss)	11
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	737
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(45)
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)	(45)

AVENUES SOUTH EAST
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Assets	31-Mar-23	31-Mar-22
	£'000's	£'000's
Global Equity	31	451
Absolute Return	18	94
Distressed Opportunities	50	84
Credit Relative Value	62	78
Alternative Risk Premia	3	78
Fund of Hedge Funds	-	-
Emerging Markets Debt	9	68
Risk Sharing	121	77
Insurance-Linked Securities	41	55
Property	71	64
Infrastructure	187	168
Private Debt	73	60
Opportunistic Illiquid Credit	70	79
High Yield	6	20
Opportunistic Credit	-	8
Cash	12	8
Corporate Bond Fund	-	157
Liquid Credit	-	-
Long Lease Property	49	61
Secured Income	75	88
Liability Driven Investment	755	656
Currency Hedging	3	(9)
Net Current Assets	4	7
Total assets	1,640	2,352

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.

Key Assumptions

	31-Mar-23	31-Mar-22
	% per annum	% per annum
Discount Rate	4.89	2.79
Inflation (RPI)	3.20	3.66
Inflation (CPI)	2.72	3.23
Salary Growth	3.72	4.23
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.1
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

**AVENUES SOUTH EAST
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For the year ended 31 March 2023**

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.

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.

	2023	2022
	£000s	£000s
Balance due at 1 April	2,786	594
Payroll services provided by group companies	(11,614)	(10,016)
Receipts taken on behalf of group companies	18,392	17,409
Payments made on behalf of group companies	(4,990)	(3,595)
Recharges of head office costs	(1,891)	(1,606)
Balance due at 31 March	<u>2,683</u>	<u>2,786</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.