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AVENUES LONDON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

Charity Registration Number: 1130445

Company Registration Number: 06858705

AVENUES LONDON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Index	Page
Board members and executive directors	1
Board members' report and strategic report	2 - 7
Trustees' responsibilities statement	8
Independent auditor's report	9 - 10
Statement of financial activities	11
Balance sheet	12
Principal accounting policies	13 - 15
Notes to the financial statements	15 - 21

AVENUES LONDON

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

Board Members

Chairman: David Pyper

Ismail Aydiner
Amit Bhagwat (To October 2016)
Evlynne Gilvarry (From January 2017)
Georgia Jerram (From October 2016)
Cathryn Law (From October 2016)
Gary Mercer
Carol Beaby-Williams

Executive Trustees:

Steve James Group Chief Executive
Peter Snelling Group Chief Operating Officer

Key Management Personnel

Michael Gray Regional Director
Joanne Land Group Deputy Chief Executive
Alan How Group Director of Finance (To June 2017)
Nicola Ford Group Director of Finance (From August 2017)
Lauren Osman Company Secretary

CHARITY REGISTRATION NUMBER 1130445
COMPANY REGISTRATION NUMBER 06858705

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

Advisors

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

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

Solicitors: Hempsons, 40 Villiers Street, London WC2N 6NJ; Doyle Clayton, House Level 10, One Canada Square, London E14 4AB

AVENUES LONDON

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The Board presents herewith its Annual Report and the audited financial statements of Avenues London for the year ended 31 March 2017. The legal and administrative information set out on Page 1 forms part of this report. The Financial Statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with 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 2015).

Introduction

The Avenues London accounts for 2017 and the 2016 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 London.

Structure, Governance and Management

Structure

Avenues London is a charitable company limited by guarantee and was incorporated in England and Wales on 25 March 2009. The company was established under a Memorandum of Association which established the objects and powers of the charitable company, which is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Following a group restructure in April 2013, Avenues London was adopted as the new legal name of the organisation by its members. Members also adopted a new set of Articles which changed the Objects to enable the organisation to change its Board to a unitary structure, enabling two executives to become trustees.

Avenues London is a subsidiary of The Avenues Trust Group, which is a registered charity and constituted as a company limited by guarantee. The Board of Avenues London is made up of two members of The Avenues Trust Group, five (formerly three) independent trustees who have no connection with the Avenues Group and two Executive Trustees. The members of the Board, who for the purposes of charity/company law are the trustees/directors of the charity/company, are approved by the parent company, The Avenues Trust Group. The relevant details are as follows:

AVENUES LONDON

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

- Members of The Avenues Trust Group: David Pyper, Evlynne Gilvarry (Group Audit Committee)
- Independent trustees: Ismail Aydinler, Georgia Jerram, Cathryn Law, Gary Mercer, Carol Beaby-Williams
- Executive Trustees: Steve James, Peter Snelling

The Regional Director is Michael Gray, supported by Joanne Land and Nicola Ford (Group Deputy Chief Executive and Group Finance Director).

Governance

The Board members are set out on Page 1.

The Board meets four times a year and is responsible for ensuring successful operational performance, in line with the strategic expectations of the Group Board. The Group Board has sub-committees for audit and for remuneration and is about to create a new sub-committee for finance.

Policies and procedures are in place for the induction and training of new trustees, together with arrangements for setting the benchmarks for management remuneration.

Public Benefit

Avenues London supports people who have learning disabilities, dementia, or acquired brain injury alongside behaviour that challenges, or complex needs. Avenues London works with children aged nine and over, adolescents and adults of all ages.

Avenues London provides support in community-based settings, including supported living, outreach and residential care.

The organisation wants everyone to have the opportunity to be an active citizen and to be engaged in the community where they live.

Avenues London wants the people it supports to enjoy life. It takes a positive approach, making sure people are safe while encouraging them to fulfil their potential and to live as independently as possible.

Often, Avenues London starts supporting people when their life is changing and circumstances may be difficult – for example moving on from hospital, residential care or education or after a previous placement has broken down.

Avenues London has expertise in reducing behaviour that challenges, so that people are able to live in the least restrictive way possible. That will mean something different depending on the person or the stage of their life, whether it's supporting a child so that a parent can take a break or supporting someone with dementia so that they can continue living at home.

The approach incorporates person-centred active support and positive behaviour support.

AVENUES LONDON

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Quality is of paramount importance to Avenues London. The services are regulated by the Care Quality Commission and staff carry out regular monitoring to promote continuous improvement.

The support is personalised and consistent. Staff take time to get to know people, supporting them to do things differently or for the first time so that our staff work out what matters to people and what they enjoy. Person-centred active support means that plans and strategies are in place and are the basis of how the staff work with someone.

At Avenues London, people come to work with a purpose: they are committed to making a difference for the people whom they support. The support workers are selected based on aptitude and regardless of previous experience, complete essential training and specialist courses according to the needs of the people whom they are supporting. Avenues London uses the mix of skills and interests in the support workers so, where possible, they support someone with shared interests.

Strategy

The strategic direction of Avenues London is defined in the context of being a key part of the Avenues Group. As an increasingly "lean" group organisation, the focus will be increasingly on improving the quality of individual support by increasing the involvement of the people who are supported. Moreover, there will be a greater investment in Positive Behavioural Support as a further commitment to quality of service.

Risk Management

The Board operates a formal risk management process and risk register consistent with Group processes, which involves continuous review of the risks identified and those emerging, their potential impact and means of mitigation. The risk register is reviewed by the group Audit Committee, which, in turn, reports on risk to the Group Board on a quarterly basis.

Risks identified in 2016 have not affected the position of Avenues London: contracts have been re-negotiated successfully and margins improved, whilst there is clear evidence of unmet demand and of growth potential. The only obvious financial risk going forward is continuing pressure on margins from the London Borough of Havering. The national issue on "sleep-ins" is being handled at a Group level: actions have been taken to mitigate the risks, reflecting best professional advice at this time.

AVENUES LONDON

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

OBJECTIVES AND ACTIVITIES

The charitable objects of Avenues London are for the public benefit as they support and promote the intellectual, emotional, physical and spiritual welfare of children, young people, elderly people and adults with learning disabilities, special needs, physical disabilities, sensory impairments, mental illness and mental health needs. This is achieved by providing professional, high quality, not-for-profit support services to people with complex or challenging needs, supporting them to enjoy their lives within their communities.

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

ACHIEVEMENTS AND PERFORMANCE

In 2016/17, we developed relationships with some new local authorities, particularly in North London, where previously we have never operated. We supported successfully a number of individuals to make the transition from Assessment and Treatment units to their own homes. This has been a real achievement and we have learned and refined our approach each time that we have done this. We have put in place a senior management team that sets the work for the company and ensures that this is communicated to different levels of the company. Finally, we have recruited a group of new trustees which will ensure continued excellent governance of the company.

OUR EMPLOYEES

In line with the vision of Avenues Trust Group, we are committed to ensuring that all job applicants and employees are treated fairly. 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 dignity and are checked properly and screened to make sure that they are fit and suitable to work with vulnerable people.

Employee communication and engagement is key to the success of the Group. Through our internal communications team, we ensure that all employees are kept fully informed about the charity's strategy, objectives and performance, as well as day-to-day news and events. Regular information about the organisation is available through newsletters, online resources, team meetings, group briefings and regular management conferences. All employees are encouraged to give their suggestions for improvement, ideas on new initiatives and views on performance and strategy.

AVENUES LONDON

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

Total unrestricted income increased by 4.4% to £9.1m; however, the operating loss for the year was £0.67m, consistent with a loss of £0.63m in the prior year. As a consequence, the accumulated deficit is now shown at £1.76m, being underwritten by inter-Group funding of £1.8m (15/16: £1.2m).

The deficit of London has been addressed for 17/18 and the budgeted deficit of £188k is a significant improvement on the 16/17 outturn.

The key element in the residual operating deficit is that 39% of the income figure relates to the contracts with Bexley and Bromley, both carrying gross margins of 5%. The Group requires a gross margin of at least 10% if all central costs are to be covered. Achievement of a 10% margin would generate approximately £200k of additional gross margin, which would move London into financial balance, providing that the underlying budget is met. This issue is being addressed by the Group, with an objective of operational financial balance in 2018-19.

Reserves Policy

Reserves policy is established at a Group level. Given the scale of the accumulated deficits at Avenues London, the organisation has been set a target for 2017/18 of reducing the operating deficit by £0.5m, with a view to achieving financial balance by 2018/19: this work is already in process. As an element of the next strategic plan, it is anticipated that a strategic target will be set to eliminate the accumulated deficit, recognising that this will be a long term goal.

Reserves at March 2017 comprise:	£000
- General funds	(1,766)
- Restricted funds	2
- TOTAL	(1,764)

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.

Going Concern

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the Group.

AVENUES LONDON

BOARD MEMBERS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The inability of Avenues London to generate a positive net margin has now been addressed in 17/18. Contracts with LB Bexley and LB Bromley have been re-negotiated and a more consistent margin agreed for 18/19. Moreover, Avenues London has been tasked with generating growth of £1.1m, with a 13% margin, to be available in full from 18/19; at the time of writing, this objective has been achieved. The result of these actions is that Avenues London should be generating sufficient surpluses in 18/19 that an elimination of the historic deficits should be achievable at between 5-10 years.

The working capital arrangements are covered at a Group level.

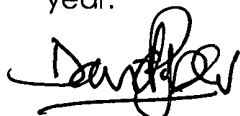
The impact of potential sleep-in payments on going concern has been considered although, this has not been included in financial forecasts due to uncertainty over payment. The estimated potential liability has not been quantified at the entity level but is estimated for the group as a whole as £539k and in the event this becomes payable this would be paid from existing cash reserves.

Contingent Liability

The notes to the accounts (see note 16) include a contingent liability for 'sleep-ins' in the social care sector. The estimated potential liability has not been quantified at the entity level but is estimated for the group as a whole as £539k. This has not been provided for in the financial statements of the entity or the group as the likelihood of payments is unknown and considered to be possible rather than probable and the amount cannot yet be accurately quantified.

Future Plans

We plan to continue our focus on developing and delivering services to individuals with complex needs, particularly those that would be considered part of the Transforming Care agenda. Part of this will involve continuing to foster new and existing relationships and for extending our operations into new boroughs such as Haringey and Enfield. There are a number of clear opportunities for us within this. We plan to continue work currently underway around succession planning for different management levels. Finally, we will be working hard to ensure that the company is financially viable for the future. This involves looking at all of our services and contracts in financial terms. In relation to this, we will be devoting significant energies to the re-tender of our services in Sutton, where the contract comes to an end this year.



David Pyper

Chairman

Date: 19 September 2017

Page 7

AVENUES LONDON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

Auditor

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

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 19 September 2017 and signed on its behalf by:



David Pyper

Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT BOARD OF AVENUES LONDON

Opinion on financial statements

We have audited the financial statements of Avenues London (the 'charitable company') for the year ended 31 March 2017 which comprise the Statement of Financial Activities, incorporating the Income and Expenditure Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 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.

Scope of the audit of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees' Report and the incorporated Strategic Report.

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 any material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT BOARD OF AVENUES LONDON

- 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.

Respective responsibilities of the Management Board and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

This report is made solely to the 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 opinion we have formed.

RSM UK Audit LLP

Nicholas Sladden FCA DChA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

28 September 2017

AVENUES LONDON
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income & Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2017

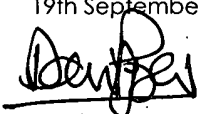
	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Total 2017 £000s	Total 2016 £000s
INCOME:					
Donations and legacies					
Grants	3	-	-	-	9
Donations	3	4	-	4	-
Charitable activities:					
Provision of care to young people	3	301	-	301	333
Services to adults	3	7,820	-	7,820	7,135
Services to older people	3	908	-	908	1,170
		9,029	-	9,029	8,638
Other Income	3	31	-	31	31
Total		9,064	-	9,064	8,678
EXPENDITURE					
Charitable activities:					
Provision of care to young people	2	364	-	364	398
Services to Adults	2	8,422	-	8,422	7,816
Services to Older People	2	952	-	952	1,107
Total		9,738	-	9,738	9,321
Net (expenditure)		(674)	-	(674)	(643)
Fund balances brought forward	9	(1,092)	2	(1,090)	(447)
Fund balances carried forward	9	(1,766)	2	(1,764)	(1,090)

The notes on pages 13 to 21 form part of these financial statements.

**AVENUES LONDON
BALANCE SHEET
AS AT 31 MARCH 2017
COMPANY NUMBER: 06858705**

	Notes	2017 £000s	2016 £000s
FIXED ASSETS			
Tangible assets	6	128	116
CURRENT ASSETS			
Debtors	7	360	630
Cash at bank and in hand		50	12
		<u>410</u>	<u>642</u>
CREDITORS falling due within one year	8	2,302	1,848
NET CURRENT LIABILITIES		<u>(1,892)</u>	<u>(1,206)</u>
NET LIABILITIES		<u>(1,764)</u>	<u>(1,090)</u>
FUNDS			
Unrestricted funds:			
General funds	9	(1,766)	(1,092)
		<u>(1,766)</u>	<u>(1,092)</u>
Restricted funds	9	2	2
TOTAL DEFICIT OF FUNDS		<u>(1,764)</u>	<u>(1,090)</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 19th September 2017 and were signed on its behalf by:



D Pyper
Member of the Board

The notes on pages 13 to 21 form part of these financial statements.

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 MARCH 2017

1. Accounting Policies

The Avenues Trust Group 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 uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

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

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

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 publicly available consolidated financial statements, including this charity, which are intended to give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the group. The charity has therefore taken advantage from the following exemption in its individual financial statements:

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

b) Preparation of accounts on a going concern basis

The financial statements have been prepared on a going concern basis and the position on going concern ultimately rests with the group. The inability of Avenues London to generate a positive net margin has now been addressed in 17/18. The result of these actions is that Avenues London should be generating sufficient surpluses in 18/19 that an elimination of the historic deficits should be achievable at between 5-10 years. The working capital arrangements are covered at a group level.

The impact of potential sleep-in payments on going concern has been considered although, this has not been included in financial forecasts due to uncertainty over payment. The estimated potential liability has not been quantified at the entity level but is estimated for the group as a whole as £539k and in the event this becomes payable this would be paid from existing cash reserves.

c) Income

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

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

Income received in advance of a service is deferred until the criteria for income recognition are met.

d) Donated services and facilities

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

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

e) Fixed Assets and Depreciation

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

Furniture and Equipment	15% - 25% per annum on cost
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Depreciation of an asset commences when the asset is brought into use.

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

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 MARCH 2017

1. Accounting Policies (Continued)

f) Pension Costs

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

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

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

The different pension schemes are looked at in more detail in Note 13.

g) Operating leases

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

h) Expenditure

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

i) Allocation of support costs

Support costs are those functions that assist the work of Avenues but does not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll, IT and governance costs which supports Avenues charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which these have been allocated have been set out in note 2.

j) Costs of raising funds

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

k) Fund accounting

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

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

l) Taxation

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

m) Debtors

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

n) Cash 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.

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 MARCH 2017

1. Accounting Policies (Continued)

o) Creditors and provisions

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

p) Management judgements and estimations

In the process of applying its accounting policies, Avenues London 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.

2. Expenditure

	2017	2016
	£000s	£000s
Net income/ (expenditure) is stated after charging:		
Depreciation of tangible fixed assets on owned assets	31	18
External Audit Fees	15	10
Trustee expenses	1	1
Operating lease charges for motor vehicles and equipment	31	32
Operating lease charges for land and buildings	209	199

Charitable activities:

	Direct costs	Support costs	2017 Total	2016 Total
	£000s	£000s	£000s	£000s
Provision of care to young people	312	52	364	398
Services to Adults	7,310	1,112	8,422	7,816
Services to Older People	848	104	952	1,107
Total	8,469	1,268	9,738	9,321

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

2. EXPENDITURE (cont.)

The charitable activities provided by the Avenues Group has been categorised to reflect the key services provided:

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

Analysis of Expenditure

	Provision of care to young people £000s	Services to Adults £000s	Services to older people £000s	Total £000s
Support costs	50	1,088	102	1,240
Governance	2	24	2	28
	<u>52</u>	<u>1,112</u>	<u>104</u>	<u>1,268</u>

Expenditure on charitable activities was £9,738k (2016: £9,321k) of which £9,738k was unrestricted (2016: £9,309k) and £nil was restricted (2016: £12k).

Summary analysis of expenditure and related income for charitable activities

	Provision of care to young people £000s	Services to Adults £000s	Services to older people £000s	Total £000s
Income	301	7,820	908	9,029
Costs	(364)	(8,422)	(952)	(9,738)
Total	<u>(63)</u>	<u>(602)</u>	<u>(44)</u>	<u>(709)</u>

Analysis of governance and support costs

Avenues London 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 four key charitable activities undertaken (see note 2) in the year. Support costs is allocated on the basis of salary costs for each activity. Refer to the table below for the analysis of support and governance costs.

	General Support £000s	Governance £000s	Total £000s
Analysis of Support costs:			
Chief Executive Office	82	-	82
Business Systems	28	-	28
Chief Operating Officer Office	61	-	61
Learning & Development	111	-	111
Practice Development & Assurance	79	-	79
Human Resources	189	-	189
Payroll	40	-	40
Organisation Development	80	-	80
Strategic and Commercial Development	37	-	37
Finance	187	28	215
IT	137	-	137
Office Management	174	-	174
Legal	35	-	35
	<u>1,240</u>	<u>28</u>	<u>1,268</u>

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

3. OTHER INCOME

	2017	2016
	£000s	£000s
Pension funding receivable from purchasers	31	31
	<u>31</u>	<u>31</u>

Income from donations totals £4k in the current year and is all unrestricted funds (2016:£nil). In the prior year all income from grants was restricted funding, nil in the current year. Income from charitable activities was £9,029k in the current year (2016:£8,638k) of which £9,029k was unrestricted (2016:£8,638k) and £nil was restricted (2016:£nil)

4. TRUSTEES' REMUNERATION

The trustees are the directors of the company. No remuneration or pension contributions were paid to the trustees except as disclosed below. During 2016/17 1 trustee (2016: 1) was reimbursed expenses of £0.4k for travel (2016: £1k) in respect of their role as a trustees.

S James, Group Chief Executive, is also a trustee of Avenues London. During the year S James received £128k (2016: £119k) in remuneration including £10k of pension contributions (2016: £10k) from The Avenues Trust Group in respect of his role as Group Chief Executive. No remuneration or pension contributions were paid in relation to his role as a trustee.

P Snelling, Group Chief Operating Officer, is also a trustee of Avenues London. During the 2016/17 financial year he received £88k (2016: £88k) in remuneration including £3k of pension contributions (2016: £3k) from The Avenues Trust Group in respect of his role as Group Director of Operations. No remuneration or pension contributions were paid in relation to his role as a trustee.

The directors of the charity are remunerated by the Avenues Trust Group only to the extent permitted by the charity's Articles of Association. A further payment is made in the year of £3k (2016: £nil) which is a collective premium to cover Trustees Liability.

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

5. STAFF COSTS AND KEY MANAGEMENT PERSONNEL

There were no employees whose emoluments exceeded £60,000

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

	2017	2016	2017	2016
	No.	No.	FTE	FTE
Office staff	9	9	8	8
Care staff	145	144	152	141
Part-time support staff	102	103	65	65
Bank contract staff	2	2	-	90
Total	258	258	225	304

	2017	2016
	£000s	£000s
Staff costs		
Wages and salaries	6,713	6,464
Social security costs	518	506
Pension costs (Note 13)	104	107
Agency staff	197	120
	<u>7,532</u>	<u>7,197</u>

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 London for work provided.

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

	£000s	£000s
Wages and salaries	185	344
Social security costs	22	46
Pension costs	9	21
	<u>216</u>	<u>411</u>

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

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

6. TANGIBLE FIXED ASSETS

	Furniture and Equipment £000s	Total £000s
Cost		
At 1 April 2016	150	150
Additions	43	43
At 31 MARCH 2017	<u>193</u>	<u>193</u>
Depreciation		
At 1 April 2016	34	34
Charge for year	31	31
At 31 MARCH 2017	<u>65</u>	<u>65</u>
Net book value		
At 31 MARCH 2017	<u>128</u>	<u>128</u>
At 31 March 2016	<u>116</u>	<u>116</u>

7. DEBTORS

	2017 £000s	2016 £000s
Contract fee debtors	201	375
Prepayments and accrued income	116	249
Other Debtors	43	6
	<u>360</u>	<u>630</u>

8. CREDITORS

	2017 £000s	2016 £000s
Amounts falling due within one year:		
Trade creditors	49	204
Other taxation and social security payable	124	110
Accrued expenditure and deferred income	108	123
Amounts owed to group undertakings	1,818	1,180
Other creditors	203	231
	<u>2,302</u>	<u>1,848</u>

Movements in deferred income:

	2017 £000s	2016 £000s
Deferred income at the beginning of the year	69	217
Income recognised in the year	(69)	(217)
Income deferred in the current year	11	69
Income deferred at the year end	<u>11</u>	<u>69</u>

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 LONDON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

9. STATEMENT OF FUNDS

Analysis of movements in funds

	31 March 2016 £000s	Income £000s	Expenditure £000s	Transfers £000s	31 March 2017 £000s
Unrestricted funds:					
General reserve	(1,092)	9,064	(9,738)	-	(1,766)
Restricted funds:					
Equipment Library	2	-	-	-	2
TOTAL FUNDS OF THE CHARITY	(1,090)	9,064	(9,738)	-	(1,764)

Analysis of movements in funds - previous year

	31 March 2015 £000s	Income £000s	Expenditure £000s	Transfers £000s	31 March 2016 £000s
Unrestricted funds:					
General reserve	(449)	8,669	(9,309)	(3)	(1,092)
Restricted funds:					
Equipment Library	2	-	-	-	2
Transforming care	-	9	(12)	3	-
TOTAL FUNDS OF THE CHARITY	(447)	8,678	(9,321)	-	(1,090)

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

Equipment Library. This fund was made by the Borough of Sutton to fund equipment library for people with dementia.

Transforming care is a restricted grant from NHS England to be used for the development of a training and support programme for families and carers in the Royal Borough of Greenwich. In the previous year, expenditure was in excess of income, and as such a transfer was made from general reserves to ensure that restricted funds were not negative at year end.

10. ANALYSIS OF NET (LIABILITIES) BETWEEN FUNDS

	Restricted Funds £000s	Unrestricted Funds £000s	2017 Total £000s
Fund balances at 31 March 2017 are represented by:			
Tangible Assets	-	128	128
Current assets	2	408	410
Current liabilities	-	(2,302)	(2,302)
TOTAL FUNDS OF THE CHARITY	2	(1,766)	(1,764)

Analysis of net assets/(liabilities) between funds - previous year

	Restricted Funds £000s	Unrestricted Funds £000s	2016 Total £000s
Fund balances at 31 March 2016 are represented by:			
Tangible Assets	-	116	116
Current assets	2	640	642
Current liabilities	-	(1,848)	(1,848)
TOTAL FUNDS OF THE CHARITY	2	(1,092)	(1,090)

11. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Land and Buildings:		
Expiry date:		
Within one year	14	30
Between two and five years	26	50
Vehicles and equipment		
Expiry date:		
Within one year	11	10
Between two and five years	16	42

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

12. INVESTMENT POLICY AND POSITION

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

13. PENSION OBLIGATIONS

Avenues London 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;

	2016/17	2015/16	2016/17	2015/16
	£000s	£000s	No.	No.
NHS Pension	32	33	10	10
Pensions Trust SHPS	66	68	238	239
Pensions Trust Closed scheme	6	6	4	4
Per Note 5	104	107		

National Health Service

The NHS operates an unfunded defined benefit scheme for the nursing sector in which Avenues London participate. Avenues London is granted permission by the Secretary of State to be able to contribute to the cost of the scheme as a 'Directed Employer'.

The cost represents the contributions advised by the NHS Pensions Agency. Avenues London is not liable for past service costs beyond these contributions.

Defined Contribution Schemes

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

14. Related Party Transactions

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

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

	2017	2016
	£000s	£000s
Balance owed at 31 March 2016	(1,180)	(84)
Payroll services provided by group companies	(7,532)	(7,197)
Receipts taken on behalf of group companies	9,064	8,678
Payments made on behalf of group companies	(902)	(1,435)
Recharges of head office costs	(1,268)	(1,142)
Balance due at 31 March 2017	(1,818)	(1,180)

15. ULTIMATE PARENT UNDERTAKING

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

AVENUES LONDON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

16. CONTINGENT LIABILITY

"Sleep-ins" in the social care sector

This issue has been building in the sector since case law in 2014. Previously, staff required to be oncall, on site, whilst asleep, were paid at long established flat rates. Since 2014, Employment Tribunals have taken a consistent line that a) the rate of pay should be at the National Living Wage and b) that this should cover the entire oncall period. Increasingly, the sector began to lobby Government about the scale of the financial consequences of these developments.

By 2016, the situation had become serious, with HMRC beginning to target individual providers for arrears up to six years, plus financial penalties. The Government (DBEIS) issued departmental guidance clarifying that staff are entitled to payment for all working time (even if asleep) at the National Living Wage. The sector has estimated that the cost of arrears for six years would be £400m. At this stage (October 2016), the Avenues Group began to pay National Living Wage for time actually worked, whilst oncall during "sleep-in" arrangements.

In spite of intensive lobbying by the sector over the last year, the situation remains unresolved. HMRC continues to investigate providers on the basis of arrears of six years, but a legal decision on an appeal from Mencap has been deferred. The Government has temporarily suspended HMRC enforcement action and is waiving historic financial penalties against the social care sector. A further HMRC enforcement activity concerning payment of sleep-in shifts by social care providers is expected on 2 October 2017.

The Avenues Group has commissioned consultancy work from RSM UK Tax and Accounting Limited, which has estimated the cost to the organisation of the six year arrears as being £539k. This figure has been calculated based on available information for 2016/7 and extrapolated over 6 years and therefore at this stage is a best estimate.

This has not been provided for in the financial statements of the entity or the group as the likelihood of payments is unknown and considered to be possible rather than probable and the amount cannot yet be accurately quantified. The estimated potential liability has not been quantified at the entity level.

At the date of signing these financial statements the position remains uncertain.