



AVENUES LONDON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Charity Registration Number: 1130445

Company Registration Number: 06858705

AVENUES LONDON

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AVENUES LONDON

BOARD MEMBERS AND EXECUTIVE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

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

Chair: Evlynne Gilvarry (Member of the Avenues Trust Group)

Independent Trustees:

Georgia Jerram
Cathryn Law
Carol Beaby-Williams (To August 2018)
Graham Gregg (From July 2018)

Executive Trustees:

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

Key Management Personnel

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

CHARITY REGISTRATION NUMBER 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 4AA. Trowers & Hamlin, 3 Bunhill Row, London EC1Y 8YZ.

AVENUES LONDON

TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Board presents herewith its Annual Report and the audited financial statements of Avenues London for the year ended 31 March 2019. The legal and administrative information set out on Page 1 forms part of this report. The Financial Statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with 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 2019 and the 2018 comparative figures are constructed in line with best practice, as set out above. Compliance with best practice extends to the need to address the "public benefit" provided by Avenues 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, three (formerly four) independent trustees who have no connection with the Avenues Group and two Executive Trustees. The members of the Board, who for the purposes of charity/company law are the trustees/directors of the charity, are approved by the parent company, The Avenues Trust Group.

Governance

The Board members are set out on Page 1.

AVENUES LONDON

TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Avenues Group has four sub-committees which discuss the business of the whole group. Each sub-committee is made up of group board members plus subsidiary trustee representatives. The sub-committees are Audit, Finance, Remuneration and Board Appointments. Sub-committees report directly to the Group board and the subsidiary representative role is to feedback to the subsidiary boards. The sub-committees meet at least twice per year and report directly to the Group Board. The subsidiary representative role is to feedback to the subsidiary boards. The Avenues Group also contracts the services of an Internal Auditor, TIAA, who report to the Group Board, via the Audit sub-committee. The internal audit programme is agreed each year at the Audit sub-committee.

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

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

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

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

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TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Public Benefit

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

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

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

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

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

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

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

AVENUES LONDON

TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Strategy

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

Risk Management

The Board operates a formal risk management process and risk register consistent with Group processes, which involves continuous review of the risks identified and those emerging, their potential impact and means of mitigation. The risk register is reviewed by all members of Avenues Group including the subsidiary Board and Audit Committee. The financial risks going forward are around the ability to meet demand and grow at a sustainable rate which will require access to property and we are looking at opportunities to fulfil this requirement. The national issue on "sleep-ins" affects the Avenues Group as a whole: actions have been taken to mitigate the risks, reflecting best professional advice at this time.

Objectives & 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 people aged nine and upward with complex support needs. This is achieved by providing professional, high quality, not-for-profit support services to people, supporting them to enjoy their lives within their communities.

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

AVENUES LONDON

TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and Performance

In 2018/19 Avenues London carried out an in-depth review of the systems and processes that support and evidence the quality of our services; we were pleased that we were able to update these and implement appropriate changes that promote quality.

We successfully supported two individuals with complex support needs from secure environments back to London and, through the dedication and creativity of the support teams, they continue to make great progress in their lives.

We opened two new services in 2018/19, both supported living services: one for young people with a learning disability and complex needs aged 18-25 in Bexley, and another for women with a learning disability and complex needs in Leytonstone.

We successfully took on the management of a group of services in the Royal Borough of Kingston Upon Thames from Welmede, with whom the Avenues Group recently merged.

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

Better Lives/Quality

The first priority of the plan is to ensure that the lives of the people we support continually improve. A good indicator of this is the number of services rated as "Good" or "Outstanding" by CQC. We have a target of 95% of services and for the year ended 31 March 2019 we achieved 78%

Better Jobs

Our second priority is to continually improve the experience of working for us. We have a target of 90% of new employees to be retained for 12 months. For the year ended 31 March 2019 this stood at 86%.

Better Business

The final strand of our strategic plan is Better Business. This is being measured by the percentage of services which are making a loss before central costs. The target for this is less than 5%, however at 31 March 2019, 28% of services were making a loss before central costs. This includes services under review together with newly established services which are expected to make a surplus going forward.

AVENUES LONDON

TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Our Employees

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

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

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

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

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

Total income has increased by 7.6% to £9.7m; however expenditure has also increased by 4.6% and therefore the operating loss for the year has reduced to £0.08m, compared to a loss of £0.338m in the prior year. As a consequence, the accumulated deficit is £2.2m, being underwritten by inter-group funding of £2.7m (17/18: £2.4m).

The financial recovery of Avenues London has been slower than anticipated due to delays in growth implementation and whilst it is budgeted to make a further deficit in 2019/20, Avenues London is expected to generate a surplus in 2020/21.

Reserves Policy

Reserves policy is established at a Group level which identifies that Group reserves should be sufficient to mitigate against any significant organisational risks and as such the board have concluded a target for Group of free reserves of £1.5m. Given the scale of the accumulated deficits at Avenues London, the 2018/19 budget was set achieve financial balance. Due to delayed growth implementation this was not achieved and a further deficit is expected in 2019/20 before a return to surplus in

AVENUES LONDON

TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

2020/21. In line with the 2018-21 strategic plan, the aim is start to eliminate the accumulated deficit but it will take between 5 and 10 years to fully achieve this.

Reserves were as follows at March 2019 comprise:	£000
- General funds	(2,184)
- Restricted funds	2
TOTAL	(2,182)

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.

In recent years, a number of contracts have been renegotiated to ensure sustainable margins are being achieved. This combined with growth in Avenues

London has led to a significant reduction in the deficit in the last two financial years. The result of these actions is that Avenues London should be generating sufficient surpluses during the 2020-21 strategic plan 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 following the Court of Appeal's decision in the Mencap case (*Royal Mencap Society v Tomlinson-Blake and Shannon v Rampersad (t/a Clifton House Residential Home)*) currently, as the law stands today (and will continue to be the case until the

Supreme Court hears the appeal in February 2020) there is no liability for any back pay relating to sleep-in payments.

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward. See note 15.

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TRUSTEE'S REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Future Plans

For the coming year, there will be a focus on reviewing and developing plans around existing services to ensure they are fit for the future, particularly in terms of finances, but also with respect to quality and buildings.

To begin a renewed rollout of person centred active support (PCAS) across the subsidiary in 2019/20, which last happened around 10 years ago, and expect this to be continued into 2020/21. The refreshing of PCAS across our services will ensure we continue to build on our approach to provide excellent person centred support.

To continue to explore sustainable growth opportunities in boroughs where we have recently fostered excellent relationships, in particular in north London boroughs such as Haringey where we are on their positive behavioural support (PBS) framework.

To work to integrate the Kingston services further into Avenues London, and to develop relationships with the local authority.

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

The Board Members 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 8th October 2019 and signed on its behalf by



Evlynne Gilvarry

Chair

Date: 8th October 2019

AVENUES LONDON

TRUSTEES' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

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

In so far as the trustees are aware:

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

Auditor

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting
-

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES LONDON

for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES LONDON

- 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 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, 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.

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

AVENUES LONDON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES LONDON

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 Farringden Street, London, EC4A 4AB

Date *22 November 2019*

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

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Total 2019 £000s	Total 2018 £000s
INCOME					
Donations and legacies					
Donations		1	-	1	5
Charitable activities:					
Provision of care to young people		-	-	-	53
Services to adults		8,875	-	8,875	8,100
Services to older people		791	-	791	824
		<u>9,666</u>	<u>-</u>	<u>9,666</u>	<u>8,977</u>
Other income	3	36	-	36	32
Total		<u><u>9,703</u></u>	<u><u>-</u></u>	<u><u>9,703</u></u>	<u><u>9,014</u></u>
EXPENDITURE					
Charitable activities:					
Provision of care to young people	2	-	-	-	87
Services to Adults	2	9,025	-	9,025	8,537
Services to Older People	2	758	-	758	728
		<u>9,783</u>	<u>-</u>	<u>9,783</u>	<u>9,352</u>
Total		<u><u>9,783</u></u>	<u><u>-</u></u>	<u><u>9,783</u></u>	<u><u>9,352</u></u>
Net expenditure		<u>(80)</u>	<u>-</u>	<u>(80)</u>	<u>(338)</u>
Fund Balances brought forward	9	(2,104)	2	(2,102)	(1,764)
Fund balances carried forward	9	<u>(2,184)</u>	<u>2</u>	<u>(2,182)</u>	<u>(2,102)</u>

The notes on pages 17 to 28 form part of these financial statements.

**AVENUES LONDON
BALANCE SHEET
as at 31 March 2019
COMPANY REGISTRATION NO: 06858705**

	Notes	2019 £000s	2018 £000s
FIXED ASSETS			
Tangible assets	6	274	270
CURRENT ASSETS			
Debtors	7	857	734
Cash at bank and in hand		100	99
		957	833
CREDITORS falling due within one year	8	3,413	3,205
NET CURRENT LIABILITIES		(2,456)	(2,372)
NET LIABILITIES		(2,182)	(2,102)
FUNDS			
Unrestricted funds:			
General funds	9	(2,184)	(2,104)
		(2,184)	(2,104)
Restricted funds	9	2	2
TOTAL DEFICIT OF FUNDS		(2,182)	(2,102)

The notes on pages 17 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 8th October 2019 and were signed on its behalf by:



Evlynne Gilvarry

Chair of the Board

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

1. Accounting Policies

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

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

a) Basis of preparation

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

Avenues London 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 prepares 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
- 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 margins has now been addressed and Avenues

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

London should be generating sufficient surpluses in 20/21 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.

Post year end the Subsidiary Boards and Group Board have approved a process of debt equalisation across the group to ensure that all entities are in a positive net asset position going forward. See note 15.

c) Income

Income is recognised when Avenues London 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 (d)) or 'revenue' grants, it is recognised when the charity has entitlement to the funds, any performance related conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and not deferred.

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

d) Tangible Fixed Assets and Depreciation

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

Furniture and equipment	15-20% per annum on cost
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Depreciation of an asset commences from the point the asset is brought into use.

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

e) Pension Costs

Avenues 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 the scheme administrator, are charged to the Statement of Financial Activities as they fall due.

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

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

f) Operating leases

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

g) Resources expended and the basis of apportioned costs

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

h) Allocation of support costs

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

i) Fund accounting

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

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

j) Taxation

The company is a registered charity and as such its income and gains falling within Sections 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.

k) Debtors

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

l) Cash and cash equivalents

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

m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third

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party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n) Financial Instruments policy

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

o) Management estimates and judgements

In the process of applying its accounting policies, Avenues 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

	2019 £000s	2018 £000s
Net income/ (expenditure) is stated after charging:		
Depreciation of tangible fixed assets on owned assets	61	47
External Audit Fees	9	14
Internal Audit	-	3
Operating lease charges for motor vehicles and equipment	42	24
Operating lease charges for land and buildings	157	9

Charitable activities:	Direct costs £000s	Support costs £000s	2019 Total £000s	2018 Total £000s
Provision of care to young people	-	-	-	87
Services to Adults	8,062	963	9,025	8,537
Services to Older People	698	60	758	728
Total	8,760	1,023	9,783	9,352

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

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2. Expenditure (continued)

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	-	8,875	791	9,666
Costs	-	(9,025)	(758)	(9,783)
Total	-	(150)	33	(117)

Expenditure on charitable activities was £9,783k (2018: £9,352k) of which £9,783k was unrestricted (2018: £9,352k) and £nil was restricted (2018: £nil).

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 key charitable activities undertaken (see above) in the year. Support costs were allocated on the basis of salary costs for each activity in previous years, however from March 2018 these are now allocated on a blended percentage rate which provides fairer allocation of costs. Refer to the table below for the analysis of support and governance costs.

	Provision of care to young people	Services to Adults	Services to older people	Total
	£000s	£000s	£000s	£000s
Support costs	-	955	59	1,014
Governance	-	8	1	9
	-	963	60	1,023
		General support	Governance function	Total
		£000s	£000s	£000s
EMT & Governance		210	0	210
Group Finance		317	9	326
Group HR		252	0	252
Group Office Management		140	0	140
Group Practice Development & Assurance		95	0	95
		1,014	9	1,023

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3. Other Income

	2019 £000s	2018 £000s
Pension funding receivable from purchasers	36	32
	<u>36</u>	<u>32</u>

Income from Donations and legacies was £1k (2018: £5k), of which £1k was unrestricted (2018: £5k) and £nil was restricted (2018: £nil). Income from Charitable activities was £9,666k (2018: £8,977k) all of which was unrestricted in both years.

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 2018/19 two trustees (2018: 1) were reimbursed expenses of £242 for travel (2018: £53)

S James, Group Chief Executive to May 2019, is a trustee of Avenues London, and of Avenues Group. During the year S James received £134k (2018: £134k) in remuneration including £nil of pension contributions (2018: £nil) from The Avenues Trust Group in respect of his role as Group Chief Executive. No remuneration or pension contributions were paid in relation to his role as a trustee.

P Snelling, Group Director of Operations, is a trustee of Avenues London, and of Avenues Group. During the 2018/19 financial year he received £114k (2018: £98k) in remuneration including £9k of pension contributions (2018: £3k) from The Avenues Trust Group in respect of his role as Group Director of Operations. No remuneration or pension contributions were paid in relation to his role as a trustee.

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

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

5. Staff costs and key management personnel

There were no employees whose emoluments exceeded £60,000 (2018: none).

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

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5. Staff costs and key management personnel (continued)

	2019	2018	2019	2018
	No.	No.	FTE	FTE
Office staff	8	8	6	8
Care staff	174	152	173	156
Part-time support staff	143	104	89	64
Total	325	264	268	228

	2019	2018
	£000s	£000s
Staff costs		
Wages and salaries	6,961	6,662
Social security costs	516	509
Pension costs (Note 13)	145	96
Agency staff	133	119
	7,755	7,386

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, Deputy Chief Executive, Group Director of Finance, Group Chief Operating Officer, Group Quality Director and Group Housing Director and the Group Company Secretary, the Avenues London share of these costs along with the cost of the Regional Director are shown below:

	2019	2018
	£000s	£000s
Wages and salaries	167	127
Social security costs	21	16
Pension costs	12	9
	200	152

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.

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For the year ended 31 March 2019

6. Tangible fixed assets

	Furniture and Equipment £000s	Total £000s
Cost		
At 1 April 2018	384	384
Additions	65	65
At 31 MARCH 2019	<u>449</u>	<u>449</u>
Depreciation		
At 1 April 2018	114	114
Charge for year	61	61
At 31 MARCH 2019	<u>175</u>	<u>175</u>
Net book value		
At 31 MARCH 2019	<u>274</u>	<u>274</u>
At 31 March 2018	<u>270</u>	<u>270</u>

7. Debtors

	2019 £000s	2018 £000s
Contract fee debtors	706	624
Prepayments and accrued income	110	70
Other Debtors	41	40
	<u>857</u>	<u>734</u>

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8. Creditors

	2019 £000s	2018 £000s
Amounts falling due within one year:		
Trade creditors	194	62
Other taxation and social security payable	203	127
Accrued expenditure and deferred income	259	422
Amounts owed to group undertakings	2,668	2,361
Other creditors	89	233
	3,413	3,205

	2019 £000s	2018 £000s
Movements in deferred income:		
Deferred income at the beginning of the year	121	11
Income recognised in the year	(121)	(11)
Income deferred in the current year	106	121
Income deferred at the year end	106	121

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.

9. Statement of Funds

Analysis of movements in funds

	31 March 2018 £000s	Income £000s	Expenditure £000s	31 March 2019 £000s
Unrestricted funds:				
General reserve	(2,104)	9,703	(9,783)	(2,184)
Restricted funds:				
Equipment Library	2	-	-	2
TOTAL FUNDS OF THE CHARITY	(2,102)	9,703	(9,783)	(2,182)

Analysis of movements in funds - previous year

	31 March 2017 £000s	Income £000s	Expenditure £000s	31 March 2018 £000s
Unrestricted funds:				
General reserve	(1,766)	9,014	(9,352)	(2,104)
Restricted funds:				
Equipment Library	2	-	-	2
TOTAL FUNDS OF THE CHARITY	(1,764)	9,014	(9,352)	(2,102)

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9. Statement of Funds (continued)

The general reserve represents the 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.

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

	Restricted Funds	Unrestricted Funds	2019 Total
	£000s	£000s	£000s
Fund balances at 31 March 2019 are represented by:			
Tangible Assets	-	274	274
Current assets	2	955	957
Current liabilities	-	(3,413)	(3,413)
TOTAL FUNDS OF THE CHARITY	2	(2,184)	(2,182)

	Restricted Funds	Unrestricted Funds	2018 Total
	£000s	£000s	£000s
Fund balances at 31 March 2018 are represented by:			
Tangible Assets	-	270	270
Current assets	2	831	833
Current liabilities	-	(3,205)	(3,205)
TOTAL FUNDS OF THE CHARITY	2	(2,104)	(2,102)

11. Operating lease commitments

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

	2019 £'000	2018 £'000
Land and Buildings		
Expiry date:		
Within one year	152	9
Between two and five years	612	4
Vehicles and equipment		
Expiry date:		
Within one year	32	24
Between two and five years	34	33

12. Investment policy and position

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

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NOTES TO THE FINANCIAL STATEMENTS
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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 28 'Employee benefits'. The total cost to the charity for the year ended 31 March 2019 in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate, are as follows:

	2018/19	2017/18	2018/19	2017/18
	£000s	£000s	No.	No.
NHS Pension	9	30	3	9
Pensions Trust SHPS	134	62	234	232
Pensions Trust Closed scheme	2	4	1	3
Per Note 5	<u>145</u>	<u>96</u>		

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 these central costs based on a blended ratio of group costs.

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.

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14. Related Party Transactions (cont)

	2019	2018
	£000s	£000s
Balance owed at 31 March	(2,361)	(1,818)
Payroll services provided by group companies	(7,561)	(7,196)
Receipts taken on behalf of group companies	9,444	10,242
Payments made on behalf of group companies	(1,176)	(2,416)
Recharges of head office costs	(1,014)	(1,173)
Balance due at 31 March	(2,668)	(2,361)

15. Post Balance Sheet Event

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

In order to achieve this the parent entity has written off debt due from Avenues London of £2,668k.

The net asset position of Avenues London after this change is £487k (excluding any 2019/20 operational performance).

16. 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.