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## **AVENUES LONDON**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Charity Registration Number: 1130445

Company Registration Number: 06858705

## AVENUES LONDON

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## **AVENUES LONDON**

### **BOARD MEMBERS AND EXECUTIVE DIRECTORS**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

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

<b>Chairman:</b>	David Pyper	(To September 2017)
	Evlynne Gilvarry	(From September 2017)

Ismail Aydiner	(To January 2018)
Evlynne Gilvarry	
Georgia Jerram	
Cathryn Law	
Gary Mercer	(To September 2017)
Carol Beaby-Williams	(To August 2018)
Graham Gregg	(From July 18)

#### **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 September 2017)
Lauren Osman	Company Secretary

<b>CHARITY REGISTRATION NUMBER</b>	1130445
<b>COMPANY REGISTRATION NUMBER</b>	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<sup>ST</sup> MARCH 2018**

The Board presents herewith its Annual Report and the audited financial statements of Avenues London for the year ended 31 March 2018. 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 2018 and the 2017 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 wholly owned 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. The relevant details are as follows:

- Members of The Avenues Trust Group: Evelynne Gilvarry (Group Audit Committee)
- Independent trustees: Georgia Jerram, Catherine Law, Carol Beaby-Williams (Resigned August 2018), Graham Gregg (From July 2018)
- 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 Director of Finance)

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

##### **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, finance, board appointments and remuneration.

Good governance is extremely important to Avenues and vital to its future success. 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. In addition to making direct approaches to suitable candidates Avenues may advertise for trustees through 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. The Board Appointments Committee (BAC) will review the results of the audit to determine whether there are any commonalities on a Group wide basis before any recruitment campaign is undertaken. Policies and procedures are in place for the induction and training of new trustees.

The Group recognises the importance of good governance and welcomes the new Code of Good Governance. We have used the new code to inform board development and to design a new board performance tool. All Trustees have been made aware of their responsibilities under the code and an internal audit was carried out in 2017 to assess our compliance against it. During 2018/19, we will be auditing independently all policies, processes and performance against the Code.

Over the last year the main focus of the board has been agreeing our new three year strategic plan (see section on Strategy).

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

##### **Public Benefit**

Avenues London 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.

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

The majority of our work is commissioned by local government and the NHS, a process which is recognised to deliver better outcomes and significant savings to the public purse.

We have a commitment to contributing to the delivery of the Government's national Transforming Care strategy, as we support people held up in assessment centres to move back to their local areas and into their own homes. The leadership team works at a strategic level to help drive this initiative forward, improving 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. Our services are regulated by the Care Quality Commission and staff carry out regular monitoring to promote continuous improvement.

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 London always takes 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.

The charity 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.

In 2017, Avenues Group was awarded Silver accreditation by 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.

### **Strategy**

The strategic direction of Avenues London is defined in the context of being a key part of the Avenues Group. The focus for Avenues London will be on providing high-quality, consistent and improving services to everyone it supports. This will be

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

achieved locally by the full commitment to Active Support and Positive Behavioural Support practices as the foundation of each individual service. This operational activity will be consolidated at management level by work to reduce the use of agency staff, with a more consistent workforce providing increased benefits for everyone supported by Avenues.

#### **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 previously identified have been mitigated with successful contract negotiations and improved margins and there is still clear evidence of unmet demand and of growth potential.

#### **Principal risks and uncertainties**

The financial risks going forward are the uncertainty of funding changes in London Borough of Havering and the potential loss of Sutton services through re-tender but these are taken into account in the 3 year financial planning. 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.

#### **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.

The governing instruments 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.

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

#### **Achievements and Performance**

Avenues' reputation for delivering quality services is establishing us as a key player in the delivery of Transforming Care programme, and has further strengthened our relationship with NHS England which leads the programme.

This means all Avenues subsidiaries are well positioned to deliver new complex services which move people from secure locations back into their home communities, fulfilling the Group's vision.

Our commitment to quality has been affirmed by the approval of a new Director of Quality role, in order that everyone we support benefits from the same high standards of service.

Locally in 2017/18, we continued our focus on the Transforming Care agenda, and successfully supported people from assessment and treatment units into their own homes; we also have similar initiatives in development in the London Boroughs of Waltham Forest and Bexley to provide support services to this group of people.

An Avenues London Area Manager worked alongside our learning and development team and Skills for Care to successfully develop an innovative training programme for working with individuals around their sexuality.

We developed collaborative relationships with other organisations, including an NHS trust and registered housing providers which will facilitate the development of services in the future. We were successful in being placed on a framework agreement with the London Borough of Haringey, with only four other providers, for Positive Behaviour Support Services.

#### **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.

In the event of a change in an employee's health, in accordance with our sickness absence policy, we would work with occupational health and the individual to

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

establish whether this constitutes a disability and in the event it did, we would continue to work with them to make every reasonable effort to sustain ongoing employment.

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

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 2018**

Total income has remained at £9m; however expenditure has reduced by 4% and therefore the operating loss for the year has reduced to £0.34m, compared to a loss of £0.67m in the prior year. As a consequence, the accumulated deficit is now shown at £2.1m, being underwritten by inter-group funding of £2.5m (16/17: £1.8m). The deficit of London has been addressed in 17/18 with a significant reduction and a budgeted deficit of £19k for 2018/19. The key change has been around negotiations of contracts with poor margins and growth within the transforming care agenda.

The Group introduced a balanced scorecard for quarterly reporting from the 1 April 2018, for which there is baseline data from the year ended 31 March 2018. Within this are Key Performance Indicators for each strand of the Strategic plan as follows;

##### Better Lives

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 2018 this was achieved.

##### 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 2018 this stood at 85%.

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

##### Better Business

The final strand of our strategic plan is Better Business. This is being measured by the percentage of services are making a loss before central costs. The target for this is less than 5%, however at 31 March 2018, 26% of services were making a loss before central costs.

#### **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 free reserves of £1.5m. Given the scale of the accumulated deficits at Avenues London, the organisation was set a target for 2017/18 of reducing the operating deficit by £0.5m and achieved a reduction of £0.3m. Going forward the 2018/19 budget is set achieve financial balance. 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 2017 comprise:	<b>£000</b>
- General funds	(2,104)
- Restricted funds	2
<b>TOTAL</b>	<b>(2,102)</b>

#### **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.

During 2017/18 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 deficit for 2017/18 of £338k compared to £674k in the previous year. The result of these actions is that Avenues London should be generating sufficient surpluses during the 201-21 strategic plan that an elimination of the historic deficits should be achievable at between 5-10 years.

## **AVENUES LONDON**

### **BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

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 the uncertainty over payment. The estimated potential liability has not been quantified at the entity level but it is estimated for the group as a whole as £515k including interest and a potential for penalties of £1m. In the event this becomes payable this would be paid via property disposals.

#### **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 £515k including interest and a potential for penalties of £1m. 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**

For the next 3 years, in line with the strategic plan, we will be focusing solely on the group of individuals who would be covered by the transforming care agenda. We will continue with the work around the financial sustainability of Avenues London, with the plan to return a net surplus by 18/19 whilst ensuring all growth is sustainable to further support this.

We will reinvigorate the approach of person centred active support across Avenues London, including establishing a baseline measure from which to monitor increases in engagement levels.

Avenues London will continue to provide consistent, high-quality services to everyone it supports and will undertake a review of the underlying systems and processes which support this to ensure continual improvement.

#### **Indemnity Provision**

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

**AVENUES LONDON**

**BOARD MEMBERS' REPORT AND STRATEGIC REPORT**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

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 9 October 2018 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Evlynn Gilvarry', written in a cursive style.

Evlynn Gilvarry

**Chairman**

Date: 9 October 2018

## **AVENUES LONDON**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 MARCH 2018**

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.

## **AVENUES LONDON**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2018 which comprise the Statement of Financial Activities (including Income and Expenditure Account) the Balance Sheet, the Cash Flow Statement 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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **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.

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES LONDON**

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.

### **Opinion 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 and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board Members' Report and the incorporated 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 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:

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

### **Responsibilities of trustees**

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

## AVENUES LONDON

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUES LONDON

#### 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

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

*RSM UK Audit LLP*

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

Date *25 October 2018*

**AVENUES LONDON**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Including Income & Expenditure Account)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Total 2018 £000s	Total 2017 £000s
<b>INCOME;</b>					
<b>Donations and legacies</b>					
Donations	3	5	-	5	4
<b>Charitable activities:</b>					
Provision of care to young people		53	-	53	301
Services to adults		8,100	-	8,100	7,820
Services to older people		824	-	824	908
		8,977	-	8,977	9,029
Other income		32	-	32	31
<b>Total</b>	<b>3</b>	<b>9,014</b>	<b>-</b>	<b>9,014</b>	<b>9,064</b>
<b>EXPENDITURE</b>					
<b>Charitable activities:</b>					
Provision of care to young people	2	87	-	87	364
Services to Adults	2	8,537	-	8,537	8,422
Services to Older People	2	728	-	728	952
<b>Total</b>		<b>9,352</b>	<b>-</b>	<b>9,352</b>	<b>9,738</b>
Net expenditure		(338)	-	(338)	(674)
Fund balances brought forward	9	(1,766)	2	(1,764)	(1,090)
<b>Fund balances carried forward</b>	<b>9</b>	<b>(2,104)</b>	<b>2</b>	<b>(2,102)</b>	<b>(1,764)</b>

The notes on pages 17 to 30 form part of these financial statements.

**AVENUES LONDON  
BALANCE SHEET  
as at 31 March 2018**

	Notes	2018 £000s	2017 £000s
<b>FIXED ASSETS</b>			
Tangible assets	6	270	128
<b>CURRENT ASSETS</b>			
Debtors	7	734	360
Cash at bank and in hand		99	50
		<u>833</u>	<u>410</u>
<b>CREDITORS</b> falling due within one year	8	3,205	2,302
<b>NET CURRENT LIABILITIES</b>		<u>(2,372)</u>	<u>(1,892)</u>
<b>NET LIABILITIES</b>		<u><u>(2,102)</u></u>	<u><u>(1,764)</u></u>
<b>FUNDS</b>			
Unrestricted funds:			
General funds	9	(2,104)	(1,766)
		<u>(2,104)</u>	<u>(1,766)</u>
Restricted funds	9	2	2
<b>TOTAL DEFICIT OF FUNDS</b>		<u><u>(2,102)</u></u>	<u><u>(1,764)</u></u>

The notes on pages 17 to 30 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 9th October 2018 and were signed on its behalf by:

  
 Evlynn Gilvary  
 Chairman of the Board

**AVENUES LONDON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2018**

**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

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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 £515k and in the event this becomes payable this would be paid from existing cash reserves.

**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) Capital grants in respect of social housing properties**

All Social Housing Capital grants are recognised under the accrual model. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised under creditors after more than one year separately as capital grant and not deducted from the carrying amount of the asset.

**e) Tangible Fixed Assets and Depreciation**

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

Furniture and equipment	15-20% 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.

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**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 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.

**g) Operating leases**

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

**h) Resources expended and the basis of apportioned costs**

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

**i) Allocation of support costs**

Support costs are those functions that assist the work of Avenues but does not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll, IT and governance costs which supports Avenues charitable activities.

**j) Costs of raising funds**

Costs of raising funds are costs incurred in raising donations and grants to enable the charity in the delivery of the charity's activities and services for its users and beneficiaries. It includes 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 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.

**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

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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.

**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. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

**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) 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.

**q) Management estimates and judgements**

In the process of applying its accounting policies, Avenues Group is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented. There are no significant judgements or estimates made.

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**2. Expenditure**

	2018	2017
	£000s	£000s
Net income/ (expenditure) is stated after charging:		
Depreciation of tangible fixed assets on owned assets	47	31
External Audit Fees	14	15
Internal Audit	3	-
Trustee expenses	-	1
Operating lease charges for motor vehicles and equipment	24	31
Operating lease charges for land and buildings	9	209

Charitable activities:	Direct costs	Support costs	2018 Total	2017 Total
	£000s	£000s	£000s	£000s
Provision of care to young people	77	10	87	364
Services to Adults	7,560	977	8,537	8,422
Services to Older People	661	67	728	952
<b>Total</b>	<b>8,298</b>	<b>1,054</b>	<b>9,352</b>	<b>9,738</b>

The charitable activities provided by the Avenues Group have 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;

	Provision of care to young people	Services to Adults	Services to older people	Total
	£000s	£000s	£000s	£000s
Support costs	10	959	66	1,035
Governance	-	18	1	19
	10	977	67	1,054

Expenditure on charitable activities was £9,352k (2017: £9,738k) of which £9,352k was unrestricted (2017: £9,738k) and £nil was restricted (2017: £nil).

**Summary analysis of expenditure and related income for charitable activities:**

	Provision of care to young people	Services to Adults	Services to older people	Total
	£000s	£000s	£000s	£000s
Income	53	8,100	824	8,977
Costs	(87)	(8,537)	(728)	(9,352)
<b>Total</b>	<b>(34)</b>	<b>(437)</b>	<b>96</b>	<b>(375)</b>

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**2. Expenditure (continued)**

**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 three key charitable activities undertaken (see note 2) in the year. Support costs are 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	Governance	Total
	£000s	£000s	£000s
<b>Analysis of Support costs:</b>			
EMT and Governance	208	5	213
Group Finance	367	14	381
Group Human Resources	247	-	247
Group Office Management	127	-	127
Group Practice Development & Assurance	86	-	86
	<b>1,035</b>	<b>19</b>	<b>1,054</b>

**3. Other Income**

	2018	2017
	£000s	£000s
Pension funding receivable from purchasers	32	31
	<b>32</b>	<b>31</b>

Income from donations totals £5k in the current year and is all unrestricted funds (2017:£4k). In the prior year all income from grants was restricted funding, £nil in the current year. Income from charitable activities was £8,977k in the current year (2017:£9,029k) of which £8,977k was unrestricted (2017:£9,029k) and £nil was restricted (2017:£Nil).

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**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 2017/18 one trustee (2017: 1) was reimbursed expenses of £53 for travel (2017: £400)

S James, Group Chief Executive, is a trustee of Avenues London, and of Avenues Group. During the year S James received £134k (2017: £134k) in remuneration including £nil of pension contributions (2017: £nil) from The Avenues Trust Group in respect of his role as Group Chief Executive. No remuneration or pension contributions were paid in relation to his role as a trustee.

P Snelling, Group Director of Operations, is a trustee of Avenues London, and of Avenues Group. During the 2017/18 financial year he received £98k (2017: £98k) in remuneration including £3k of pension contributions (2017: £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 (2017: £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 (2017: none).

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

	2018	2017	2018	2017
	No.	No.	FTE	FTE
Office staff	8	9	8	8
Care staff	152	145	156	152
Part-time support staff	104	102	64	65
Bank contract staff	-	2	-	-
<b>Total</b>	<b>264</b>	<b>258</b>	<b>228</b>	<b>225</b>

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**5. Staff costs and key management personnel**

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Staff costs</b>		
Wages and salaries	6,662	6,713
Social security costs	509	518
Pension costs (Note 13)	96	104
Agency staff	119	197
	<b>7,386</b>	<b>7,532</b>

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;

	<b>£000s</b>	<b>£000s</b>
Wages and salaries	128	185
Social security costs	16	22
Pension costs	9	9
	<b>153</b>	<b>216</b>

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**6. Tangible fixed assets**

	Furniture and Equipment £000s	Total £000s
<b>Cost</b>		
At 1 April 2017	193	193
Additions	191	191
<b>At 31 MARCH 2018</b>	<b>384</b>	<b>384</b>
<b>Depreciation</b>		
At 1 April 2017	65	65
Charge for year	49	49
<b>At 31 MARCH 2018</b>	<b>114</b>	<b>114</b>
<b>Net book value</b>		
<b>At 31 MARCH 2018</b>	<b>270</b>	<b>270</b>
At 31 March 2017	128	128

**7. Debtors**

	2018 £000s	2017 £000s
Contract fee debtors	624	201
Prepayments and accrued income	70	116
Other Debtors	40	43
	<b>734</b>	<b>360</b>

**8. Creditors**

	2018 £000s	2017 £000s
<b>Amounts falling due within one year:</b>		
Trade creditors	62	49
Other taxation and social security payable	127	124
Accrued expenditure and deferred income	422	108
Amounts owed to group undertakings	2,361	1,818
Other creditors	233	203
	<b>3,205</b>	<b>2,302</b>

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**8. Creditors (continued)**

	2018	2017
	£000s	£000s
<b>Movements in deferred income:</b>		
Deferred income at the beginning of the year	11	69
Income recognised in the year	(11)	(69)
Income deferred in the current year	121	11
Income deferred at the year end	<u>121</u>	<u>11</u>

**9. Statement of Funds**

**Analysis of movements in funds**

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

**Analysis of movements in funds - previous year**

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

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.

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

	Restricted Funds £000s	Unrestricted Funds £000s	2018 Total £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)
<b>TOTAL FUNDS OF THE CHARITY</b>	<b>2</b>	<b>(2,104)</b>	<b>(2,102)</b>

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

	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)
<b>TOTAL FUNDS OF THE CHARITY</b>	<b>2</b>	<b>(1,766)</b>	<b>(1,764)</b>

**11. Operating lease commitments**

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

	2018 £'000	2017 £'000
<b>Land and Buildings</b>		
Expiry date:		
Within one year	9	14
Between two and five years	4	26
<b>Vehicles and equipment</b>		
Expiry date:		
Within one year	24	11
Between two and five years	33	16

**12. Investment policy and position**

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

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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 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;

	2017/18	2016/17	2017/18	2016/17
	£000s	£000s	No.	No.
NHS Pension	30	32	9	10
Pensions Trust SHPS	62	66	232	238
Pensions Trust Closed scheme	4	6	3	4
Per Note 5	96	104		

#### 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.

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**14. Related Party Transactions (cont)**

	2018	2017
	£000s	£000s
Balance owed at 1 April	(1,818)	(1,180)
Payroll services provided by group companies	(7,196)	(7,532)
Receipts taken on behalf of group companies	10,242	9,064
Payments made on behalf of group companies	(2,416)	(902)
Recharges of head office costs	(1,173)	(1,268)
Balance due at 31 March	(2,361)	(1,818)

**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.

**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 on-call, on site, whilst asleep, were paid at long established flat rates. Normal rates of pay were applied for any disturbed and awake hours.

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 on-call 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

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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 ensured that all hours worked including hours spent sleeping in were paid at National Living Wage.

In November 2017 the government announced the introduction of the Social Care Compliance scheme, a voluntary enrolment scheme for employers affected by the potential underpayment of sleep-ins. At the current time, following consultation with our legal advisors and trustees only the Avenues East subsidiary has joined the scheme.

In spite of intensive lobbying by the sector over the last eighteen months, the on-going situation remains unresolved. HMRC continues to investigate providers on the basis of arrears of six years, but a legal decision was ruled in favour of Mencap, however the government have appealed this decision.

Increasingly the concerns for the sector are focused on support from Government to afford the back pay liabilities and most employers, like Avenues have taken steps to correct the situation going forward. It remains to be seen what impact the outcome of the Mencap decision will have on retrospective and future liabilities for employers.

The Avenues Group has estimated the cost to the organisation of the six year arrears as being £515k including interest and a potential for penalties of £1m. This figure has been calculated based on available information for 2016/17 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.

At the date of signing these financial statements the position remains uncertain, including whether or not any funding for any liability will be available.