

THE STEPPING STONE PROJECT (ROCHDALE)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

Company Registration Number: 2647645
Charity Registration Number: 1004375

RSM Tenon Limited
Accountants and Business Advisers
Cedar House
Sandbrook Business Park
Sandbrook Way
Rochdale
Lancashire
OL11 1LQ

THE STEPPING STONE PROJECT (ROCHDALE)

Annual report and financial statements for the year ended 31 March 2011

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Chair

Ms S Ashby

Secretary

Ms Kathleen Barlow

Charity Trustees

Ms Sue Ashby
Mr Des Andrew
Ms Paula Du Plessis
Mr David Berry

Mr Brian Courtney
Ms Kay Owen
Mr John Woodham
Mr David Earl

Chief Executive Officer

Kathleen Barlow

Registered Company Number

2647645

Registered Charity Number

1004375

Registered Office

Central Office, PO Box 153, Rochdale, OL16 1FR

Accountants

RSM Tenon Limited
Cedar House, Sandbrook Business Park, Sandbrook Way, Rochdale, Lancashire, OL11 1LQ

Auditors

RSM Tenon Audit Limited
Cedar House, Sandbrook Business Park, Sandbrook Way, Rochdale, Lancashire, OL11 1LQ

Bankers

Bank of Scotland, 38 St Andrew Square, Edinburgh, EH2 2YR

Solicitors

Feld, McKay and Donner, 160 Oldham Road, Rochdale, Lancashire, OL11 1AG

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011

The trustees, who are also directors for the purposes of the Companies Act, present their report and audited financial statements for the year ended 31 March 2011.

STRUCTURE, GOVERNANCE & MANAGEMENT

(a) Structure

Stepping Stone is a company limited by guarantee, its governing document being its Memorandum and Articles of Association. The company was incorporated on 20 September 1991 (company number 2647645) and is a registered charity (number 1004375).

The directors of the company are its trustees for the purposes of charity law and under its Memorandum and Articles of Association are collectively referred to throughout this report as The Board of Trustees.

The Charity's principle objectives are to relieve persons who are homeless or in necessitous circumstances.

(b) Governance

Stepping Stone has a Board of Trustees of up to fourteen members, who meet monthly and are responsible for strategic direction and policy. At present the Charity has eight members from a variety of professional backgrounds relevant to the work of the organisation.

The trustees during the year were:

Ms Sue Ashby	Mr David Berry	Ms Kay Owen
Mr Des Andrew	Mr John Woodham	Ms Susan Blyth
Ms Paula Du Plessis	Mr Brian Courtney	Ms Alice Hutson
Mr David Earl		

Mr David Earl was appointed on 24 November 2010.

Mrs Susan Blyth and Ms Alice Hutson resigned on 25 August 2010 and 12 September 2011 respectively.

Under the requirements of the Charity's Memorandum and Articles of Association the Chair is elected annually. Other members of the Board of Trustees are elected for a period of three years, after which they must be re-elected at the next Annual General Meeting.

Day to day responsibility for the provision of services is delegated to a management team consisting of a Chief Executive, a Head of Resources and five Service Managers.

The Board of Trustees meets monthly with the agenda focus alternating between finance/strategy and operational/human resource activities.

Recruitment of Trustees to the Board of Trustees

The Board of Trustees tries to ensure that the needs of this group are fully reflected in the diversity of skills and experience of the Trustee body. The Charity has through selective advertising and networking sought to recruit suitably qualified individuals to use their skills and expertise to assist the Company.

The more traditional business skills are well represented on the Board of Trustees. In an effort to maintain this broad skill base members are requested to provide a comprehensive list of their skills, which is updated annually.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011 (*continued*)

STRUCTURE, GOVERNANCE & MANAGEMENT (*continued*)

Induction and training

New trustees are invited and encouraged to attend a series of short induction sessions to familiarise themselves with the Charity and its workings. The Chair and the Chief Executive of the Charity jointly lead these sessions. These sessions include:

- The fiduciary responsibilities of the Board of Trustees under charity and company law,
- The operational framework of the Charity and its decision making process,
- The contents of its Memorandum and Articles of Association,
- The Business Plan which sets out its future plans and objectives, and
- The latest set of statutory accounts.

Use is also made of various Charity Commission publications, in particular "The Essential Trustee" guide, which is included in the information pack sent to all new and potential trustees. New trustees are encouraged to feed back to the Chair on the induction process.

(c) **Management**

Responsibility for strategy, planning and day to day management of operations is delegated to an executive management team consisting of a Chief Executive, a Head of Resources and Service Managers.

Systems of internal controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and annual budget approved by the Trustees;
- Regular consideration by the Trustees of financial results, variance from budgets, non financial performance indicators and benchmarking reviews;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Trustees have introduced a formal risk management process to assess business risks and implement risk management strategies. The risk strategy policy comprises:

- An annual review of the risks the Charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures designed to minimise any potential impact on the Charity should any of those risks materialize.

An element in the management of financial risk is the setting of a reserves policy and its regular review by the Board of Trustees.

OBJECTIVES & ACTIVITIES FOR THE PUBLIC BENEFIT

(a) **Objects and Aims**

The Charity's principal objectives as set out in its Memorandum of Association are to relieve persons who are homeless or in necessitous circumstances by:

- a) Providing counselling and support services in matters relating to housing and associated social and economic problems; and
- b) Providing temporary accommodation or assistance in the provision of permanent accommodation for such persons.

Our mission is to be a provider of high quality housing, support and charitable services for vulnerable people who are homeless or at risk of losing their home.

We believe that everyone has a right to quality accommodation and services which help them to achieve their optimum level of independence.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011 (*continued*)

OBJECTIVES & ACTIVITIES FOR THE PUBLIC BENEFIT (*continued*)

(a) Objects and Aims (*continued*)

Our mission is to provide readily accessible support services to vulnerable people to assist them in securing and maintaining their own independent accommodation as soon as they are able.

We have a strong commitment and long-standing reputation for providing effective, high quality support services and accommodation which are tailored to individual needs, and provide value for money to all our stakeholders.

The main objectives and activities for the year continued to focus on the rehabilitation of homeless persons through the provision of a range of supportive services and facilities that addressed the problems associated with homelessness and working in partnership with other agencies to secure the widest range of support services that best meets the needs of the client group.

The trustees have reviewed the outcomes and achievements of our activities for the year to ensure that they remain focused on our charitable aims and continue to deliver benefits to the public. We have complied with the duty under the Charities Act to have due regard to the public benefit guidance published by the commission.

(a) Strategic Business Plan 2008-11

Our business plan aims for a position which allows the organisation to meet future needs, business opportunities and risks.

The key elements of the plan are:

- Growth
- Continuous improvement
- Diversification of funding and support activities
- Partnership work

ACHIEVEMENTS & PERFORMANCE

Key Achievements and Review of Activities in 2010/11

The focus of this year's activity has been the completion of the integration of staffing and operations following the merger with 'Openingdoors North West', continuing with our improvement plan to achieve level A on the Supporting People QAF (Quality Assessment Framework) and in preparing for cuts to our income in relation to Supporting People Grant which were announced during the year by a number of Authorities with whom we work in response to the Government's Comprehensive Spending Review October 2010.

This year we have:

- Completed an organisation review and staffing re-structure early in the year across the Warrington services and Central management and support service teams. This resulted in the abolition of some posts and the creation of new posts of Head of Resources and Compliance and HR Manager. The early restructure ensured that we achieved economies of scale as a result of the merger and at the same time improved our internal support service.
- Agreed the implementation of a wider internal organisation re-structure to be effected in 2011/12 in order to manage the cuts in funding announced by a number of Supporting People Commissioning Authorities.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011 (*continued*)

ACHIEVEMENTS & PERFORMANCE (*continued*)

Key Achievements and Review of Activities in 2010/11 (*continued*)

- Grown the business following successful tendering for a contract in East Lancashire to deliver a new, innovative service in East Lancashire which provides housing and support to young people in dispersed, shared accommodation. The implementation of this new service has involved partnership work with regional Housing Associations to supply the stock of housing needed for the service, and has also involved the development of management agreements with them to provide a vehicle for providing shared furnished accommodation in 2 and 3 bedroom houses. We have also worked in partnership with a number of local private sector landlords to bring empty properties back into use.
- Provided services to over 922 service users.
- Achieved average utilisation rates of 95% and average throughput of 230% in our current merged accommodation-based services. Across our floating support services we have achieved average utilisation rates of 97% and average throughput of 218%.
- Helped 82% of Stepping Stone's service users to achieve or maintain independent living.
- Entered into an agreement with Pendle Borough council with a view to purchase and improve four properties to provide shared semi-independent accommodation for care leavers.
- Involved clients in the development and review of operational policies and procedures, service and marketing documentation and the development of wider representation on the Corporate Service User Forum.
- Installed fibre-optic internet access to our central office and back-up office to provide a fast, efficient and reliable service to our regional offices and to staff working in the field. This connectivity to our central servers allows the Charity to operate effectively from any location.
- Achieved a high level Silver Award following our 3 yearly Investors in People review.

During the year we unfortunately had to close the Suez Street Night Shelter in Warrington for health and safety reasons due to structural problems with the building. In liaison with Warrington Supporting People commissioners, we have provided an alternative Outreach Service for Rough Sleepers in the Borough which has been successfully delivered and provides more opportunity to work intensively with the client group to support them into longer term, stable accommodation and to engage with health and social services.

PLANS FOR THE FUTURE

The main focus for the following year will be to negotiate with Supporting People Authorities who have announced cuts to contract income, with regard to the extent of the cuts and the remodelling of service provision to achieve these. In addition we will seek opportunities to grow the work of the charity through tendering for new contracts for housing related support and accommodation services and expanding into new markets.

The new organisation structure has been designed to ensure that all services can remain open and viable for the foreseeable future, enabling the charity to meet its contractual obligations and deliver quality services and positive outcomes for clients. It will also reduce the impact on clients to a minimum by prioritising the retention of core front line support worker posts as far as possible.

The new structure retains flexibility which allows for some future growth without the need for further restructuring in the near future, and the retention of staff resources/expertise to support growth and development, which will ensure future sustainability of the charity. This will be supported by the creation of a new centralised referrals, assessment and performance team which will be accompanied by the purchase and implementation of a specialised support and housing management software package.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011 (*continued*)

PLANS FOR THE FUTURE (*continued*)

We will continue with our Service Improvement Plan to achieve level A on the Supporting People QAF across all services by April 2012 and will continue investing in our staff through ongoing NVQ/QCF training at level 3 for support service staff and level 4 for managers.

As part of our drive for continuous improvement we will seek to further develop innovation and value for money services in response to tender opportunities and challenges, and to review the delivery models for existing services.

FINANCIAL REVIEW

Total incoming resources in the year to March 2011 were £2,807,135 (2010 - £1,965,523). This is a 42.8% increase on the previous year partly as the benefit of a full year's income on new contracts awarded in the previous year flowed through, contributing additional income of £297,365. Additional income from a full year of the contracts in Warrington following the merger with Openingdoors in December 2009 also contributed £317,690 to the overall increase. Finally, during the year Stepping Stone was awarded a contract by Lancashire County Council to provide a dispersed housing service to young people in East Lancashire and this contributed £186,078 in contract and rental income during the financial year.

Investment income continues to be impacted by low savings interest rates and was £18,761 (2010 - £16,915). Investment income is used to support internally funded activities mainly involving quality improvements and service user participation. Additional charitable funds from reserves were utilised to make up the difference and maintain support for service user activities at 2010 levels.

In the year to 31 March 2010 Stepping Stone completed the acquisition of the assets and liabilities of the homelessness support charity, Openingdoors (Northwest) Ltd and the accounts for that period recognised that the net assets acquired, principally cash reserves, were £316,041. In this financial year all of Openingdoors' outstanding liabilities, principally a dilapidations claim regarding premises previously rented from a commercial landlord, have been resolved resulting in a £854 reduction in the net amount transferred on acquisition.

In the year to March 2011 the Charity incurred a net surplus position (after including investment income) of £43,708 (2010 - £36,137 deficit).

Direct charitable expenditure accounted for 95.14% (2010 – 92.14%) and governance costs, including those costs associated with meeting the constitutional and statutory requirements of the charity such as the audit fees and costs linked to the Strategic Management of the charity, accounted for 4.86% (2010 – 7.86%) of total expenditure. The governance costs in 2010 increased as a result of one-off acquisition and transaction costs arising from the acquisition of Openingdoors. Governance costs have now reduced to a level commensurate with previous years.

Principle funding sources

The principle funding sources for the Charity are:

- Supporting People income from Rochdale MBC, Lancashire County Council, Warrington MBC, Trafford MBC, Wigan MBC and Blackburn with Darwen BC.
- Rental income from tenants and housing benefit paid on behalf of tenants.
- Investment income.

Other sundry sources of income include funding received in relation to offering placements and training to social work students.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011 (continued)

FINANCIAL REVIEW (continued)

Reserves Policy

The Board of Trustees regularly reviews its policy on minimum reserve levels, which are the free reserves of the Charity, earned from previous operations. The last review concluded that they should continue to be maintained at a level approximating to seven months budgeted expenditure in the next financial year.

The Board of Trustees is satisfied that this level of reserve will give the Charity sufficient flexibility to cover temporary interruptions in income flow and provide an adequate level of working capital, particularly due to the level of uncertainty surrounding Local Authority spending targets following the comprehensive spending review and consequent proposed cuts in Supporting People funding.

Financial risk management objectives and policies

The company makes little use of financial instruments other than operational bank accounts and fixed term deposits with reputable banks, so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and net movement of funds of the company.

TRUSTEES' RESPONSIBILITIES

Under company law the trustees have the same legal responsibilities as company directors and the title is interchangeable.

Company law requires the directors 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 surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent, and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are responsible for keeping proper accounting records which 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 directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

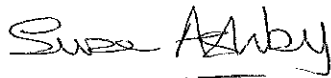
THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Trustees for the year ended 31 March 2011 (continued)

Auditors

RSM Tenon Audit Limited has expressed their willingness to continue in office and being eligible, offer themselves for re-appointment.

By order of the Board of Trustees

A handwritten signature in black ink that reads "Susan Ashby". The signature is written in a cursive style with a horizontal line underneath the name.

Ms S Ashby
Director

3 November 2011

THE STEPPING STONE PROJECT (ROCHDALE)

Independent auditors' report

To the Members of The Stepping Stone Project (Rochdale)

We have audited the financial statements of The Stepping Stone Project (Rochdale) for the year ended 31 March 2011 on pages 10 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, 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 charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2011 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- 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.

THE STEPPING STONE PROJECT (ROCHDALE)

Independent auditors' report (*continued*)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

Anthony Steiner (Senior Statutory Auditor)
for and on behalf of


RSM Tenon Audit Limited
Statutory Auditor

Cedar House
Sandbrook Business Park
Sandbrook Way
Rochdale
Lancashire
OL11 1LQ

3 November 2011

THE STEPPING STONE PROJECT (ROCHDALE)

**Statement of Financial Activities (including Income and Expenditure Account)
for the year ended 31 March 2011**

	Note	Restricted Funds 2011 £	Unrestricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Incoming resources from Charitable activities					
Grants and contracts	2	-	2,180,781	2,180,781	1,471,916
Rents receivable	2	-	588,182	588,182	466,312
Incoming resources from generated funds					
Investment income	2	-	18,761	18,761	16,915
Other incoming resources					
Sundry receipts	2	-	19,411	19,411	10,380
Total incoming resources		-	2,807,135	2,807,135	1,965,523
Resources expended					
Charitable activities					
Charitable activities	3	-	2,629,012	2,629,012	1,844,316
Governance costs	3	-	134,415	134,415	157,344
Total resources expended		-	2,763,427	2,763,427	2,001,660
Net incoming/(outgoing) resources	13	-	43,708	43,708	(36,137)
Transfer on acquisition	11	-	(854)	(854)	316,041
Fund balances brought forward at 1 April 2010		2,873	1,300,006	1,302,879	1,022,975
Fund balances carried forward at 31 March 2011	13	2,873	1,342,860	1,345,733	1,302,879

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 12 to 18 form part of these financial statements.

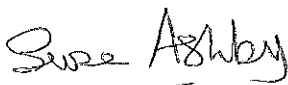
THE STEPPING STONE PROJECT (ROCHDALE)

Balance sheet at 31 March 2011

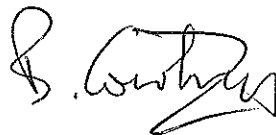
Registered Number 2647645

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	7		92,919		82,414
Current assets					
Debtors	8	166,497		53,940	
Cash at bank and in hand		1,403,574		1,554,634	
		<u>1,570,071</u>		<u>1,608,574</u>	
Creditors: amounts falling due within one year	9	<u>(317,257)</u>		<u>(348,109)</u>	
Net current assets			<u>1,252,814</u>		<u>1,260,465</u>
Total assets less current liabilities			<u>1,345,733</u>		<u>1,342,879</u>
Provisions for liabilities	12		-		(40,000)
Net assets			<u>1,345,733</u>		<u>1,302,879</u>
Funded by					
Unrestricted funds	13		1,342,860		1,300,006
Restricted funds	13		2,873		2,873
			<u>1,345,733</u>		<u>1,302,879</u>

The financial statements on pages 9 to 17 were approved by the Board of Trustees and authorised for issue on 3 November 2011, and signed on their behalf by:



Ms S Ashby
Directors



Mr B Courtney

The notes on pages 12 to 18 form part of these financial statements.

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historic cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Incoming resources

Income from charitable activities include income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related services are provided). Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

Rent is recognised on a receivable basis.

Fund accounting

Incoming resources are allocated to the projects as appropriate. Unrestricted general funds can be used in accordance with the charitable objects at the discretion of the Board of Trustees. Designated funds are unrestricted funds earmarked by the Board of Trustees for particular purposes. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Resources expended

The accounts include expenditure on an accruals basis and are allocated as follows:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both those costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Expenditure is allocated between the restricted and unrestricted projects/funds, in accordance with contractual obligations or as the Board of Trustees considers appropriate.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the Strategic Management of the charity.
- Support costs include central functions and have been allocated to charitable activities on a basis consistent with the use of resources eg. Staff costs by time spent.

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2011

1 Accounting policies (*continued*)

Tangible fixed assets and depreciation

Tangible fixed assets are included at cost less provision for depreciation.

Depreciation is provided at the following annual rates, on a straight line basis, in order to write off each asset over its estimated useful life:

Fixtures, fittings and sundry equipment	- 2 years
Office furniture and equipment	- 2 years
Improvements to rented premises	- 4 or 5 years
Computer equipment	- 3 years

Fixed asset additions, other than computer equipment, with a cost of less than £2,000 (2010 - £2,000) are treated as expenditure in the year.

Taxation

The company is a registered charity and as such is entitled to the exemption from tax to the extent that the income falls within section 505 ICTA 1988 and section 256 CGTA 1992 and is applied to charitable purposes only.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income over the lease term on a straight-line basis.

Pensions

Contributions in respect of the company's defined contribution pension schemes are charged in the year in which they are payable to the scheme.

2 Incoming resources

	Total 2011 £	Total 2010 £
Grants received regarding accommodation and support	2,180,781	1,471,916
Rent receivable	588,182	466,312
Bank interest receivable	18,761	16,915
Other income	19,411	10,380
	<u>2,807,135</u>	<u>1,965,523</u>

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

3 Total Resources expended	Basis of allocation	Accommodation and support £	Governance £	Total 2011 £	Total 2010 £
Costs directly allocated to activities					
Housing costs	Direct	501,882	-	501,882	381,098
Housing support services	Direct	1,522,594	-	1,522,594	952,857
Internally funded activities	Direct	63,242	-	63,242	78,093
Travel and training	Direct	68,842	-	68,842	59,643
Office costs	Direct	76,045	-	76,045	38,694
Recruitment	Direct	12,014	-	12,014	23,780
Bad debts	Direct	-	-	-	11,188
Audit	Usage	-	10,000	10,000	12,500
Accountancy	Usage	-	1,130	1,130	13,105
		<u>2,244,619</u>	<u>11,130</u>	<u>2,255,749</u>	<u>1,570,958</u>
Support costs allocated to activities					
Staff costs	Staff time	278,344	32,934	311,278	203,788
Office costs	Usage	74,533	86,138	160,671	116,495
Legal and professional	Usage	7,382	876	8,258	91,480
Bank charges and interest	Usage	-	474	474	322
Depreciation	Usage	24,134	2,863	26,997	18,617
		<u>384,393</u>	<u>123,285</u>	<u>507,678</u>	<u>430,702</u>
Total resources expended		<u><u>2,629,012</u></u>	<u><u>134,415</u></u>	<u><u>2,763,427</u></u>	<u><u>2,001,660</u></u>
4 Net incoming resources for the year				2011	2010
				£	£
This is stated after charging:					
Depreciation				60,577	33,680
Auditors remuneration				10,000	12,500
Operating lease rentals					
- Land and buildings				<u>167,452</u>	<u>188,946</u>

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

5 Staff costs and numbers	2011	2010
	£	£
Staff costs - employees		
Wages and salaries	1,620,102	1,024,637
Social security costs	137,455	84,037
Pension, health and life assurance costs	51,581	34,017
	<hr/>	<hr/>
Total	1,809,138	1,142,691
	<hr/> <hr/>	<hr/> <hr/>

One employee (2010 – one) earned between £60,000 and £69,999 per annum.

The average number of employees, analysed by function, was:

	2011	2010
	No	No
Direct charitable	68	45
Governance	8	6
	<hr/>	<hr/>
	76	51
	<hr/> <hr/>	<hr/> <hr/>

6 Trustee remuneration and related party transactions

None of the directors (board of trustees) received any remuneration from the charity (2010 - £Nil) and were reimbursed their mileage expenses in the year totalling £271 (2010 – reimbursed mileage expenses of £609).

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2010 - £Nil).

In the opinion of the trustees there is no ultimate controlling party.

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

7	Tangible fixed assets	Computer equipment £	Furniture fittings and sundry equipment £	Office furniture and equipment £	Improve- ments to rented premises £	Total £
	<i>Cost</i>					
	At 1 April 2010	143,023	190,730	136,033	126,790	596,576
	Additions	25,089	28,842	17,151	-	71,082
	At 31 March 2011	168,112	219,572	153,184	126,790	667,658
	<i>Depreciation</i>					
	At 1 April 2010	88,949	190,730	108,930	125,553	514,162
	Charge for the year	31,522	6,000	22,437	618	60,577
	At 31 March 2011	120,471	196,730	131,367	126,171	574,739
	<i>Net book value</i>					
	At 31 March 2011	47,641	22,842	21,817	619	92,919
	At 31 March 2010	54,074	-	27,103	1,237	82,414
8	Debtors			2011		2010
				£		£
	Trade debtors			51,941		-
	Rents receivable			24,324		18,299
	Prepayments and accrued income			84,785		35,072
	Other debtors			5,447		569
				166,497		53,940
9	Creditors: amounts falling due within one year			2011		2010
				£		£
	Trade creditors			104,727		47,735
	Taxation and social security			37,043		34,886
	Other creditors			3,957		6,597
	Accruals and deferred income			171,530		258,891
				317,257		348,109

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

10 Commitments

Capital commitments

Capital commitments at 31 March 2011 amounted to £Nil (2010 - £Nil).

Pension commitments

The company operates defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in an independently administered fund. The annual commitment under this scheme is for contributions of £51,581 (2010 - £34,017).

Operating lease commitments

The company rents its head office accommodation at a cost of £20,000 (2010 - £20,000) per annum, under a lease expiring on 9 August 2014.

The company also has commitments under management agreements of up to three years duration with Housing Associations for the use of properties. The annual charge for management and occupancy costs in the year ended 31 March 2011 amounted to £177,522 (2010 - £176,324).

The company rents an office in Warrington at a cost of £6,670 (2010 - £7,181) under a lease which expires on 30 September 2013.

11 Acquisition of businesses

On 12 December 2009, the charity acquired all the trade, assets and liabilities in Openingdoors (North West) Limited ("Openingdoors").

The provisional fair value of the separable net assets of the above company was assessed at 31 March 2010 as £316,041.

In accordance with FRS7, the provisional fair value has been amended in the year ended 31 March 2011 to £315,187.

12 Provisions for liabilities

	Provision for leases £
At 1 April 2010	40,000
Transfer to general funds	(22,773)
Utilised in the year	(17,227)
	<hr/>
At 31 March 2011	-
	<hr/> <hr/>

Provision for leases related to claims being made by the landlord for premises previously occupied by Openingdoors. These premises were vacated in May 2010. The claim was fully settled during the year for £17,227.

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

13 Fund balances

Unrestricted Fund balances

	Designated £	General £	Total £
At 1 April 2010	34,176	1,265,830	1,300,006
Fair value adjustments re Openingdoors (note 11)	-	(854)	(854)
Incoming resources	65,495	2,741,640	2,807,135
Resources expended	(27,323)	(2,736,104)	(2,763,427)
	<u>72,348</u>	<u>1,270,512</u>	<u>1,342,860</u>
At 31 March 2011	<u>72,348</u>	<u>1,270,512</u>	<u>1,342,860</u>

Designated funds are rent and service charge receipts set aside for future refurbishments of the housing properties utilised by the charity.

Restricted Fund balances

	Restricted Funds £
At 1 April 2010	2,873
Incoming resources	-
Resources expended	-
	<u>2,873</u>
At 31 March 2011	<u>2,873</u>

Restricted funds relate to monies specifically set aside for people on the Drug Intervention Programme.