

STEPPING STONE PROJECTS

(a company limited by guarantee
and not having a share capital)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

Company number: 2647645

Registered Charity Number: 1004375

WRIGLEY PARTINGTON

Chartered Accountants
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

STEPPING STONE PROJECTS

INFORMATION

Chair

Ms S Ashby

Secretary

Ms Kathleen Barlow

Charity Trustees

Ms Susan Ashby	Mr Brian Courtney
Mr Des Andrew	Ms Kay Owen
Ms Paula Du Plessis	Mr John Woodham
Mr David Berry	Mr David Earl
Mrs Jane Allen (appointed 27.11.13)	

Chief Executive Officer

Kathleen Barlow

Company Number

2647645

Registered Charity Number

1004375

Registered Office

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

Auditors

Wrigley Partington, Sterling House, 501 Middleton Road,
Chadderton, Oldham, OL9 9LY

Bankers

Bank of Scotland, Ground Floor, Teviot House,
41 South Gyle Crescent, Edinburgh, EH12 9DR.

Solicitors

Feld, Mckay and Donner, 160 Oldham Road,
Rochdale, Lancashire, OL16 1AG.

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STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014

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 2014.

STRUCTURE, GOVERNANCE & MANAGEMENT

(a) Structure

Stepping Stone Projects 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 principal objectives are to relieve persons who are homeless or in necessitous circumstances.

(b) Governance

Stepping Stone Projects 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 nine members from a variety of professional backgrounds relevant to the work of the organisation.

The Trustees during the year were:

Ms Susan Ashby
Mr Des Andrew
Mr Brian Courtney

Mr David Berry
Mr John Woodham
Mr David Earl

Ms Kay Owen
Ms Paula Du Plessis
Mrs Jane Allen

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. A director in this case is not a director as defined by company law.

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.

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,

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014 (*continued*)

- 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

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 achieve this by providing 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 believe that everyone has a right to quality accommodation and services which help them to achieve their optimum level of independence. We believe that in providing these services we are complying with our duty under the Charities Act and acting in accordance with Charity Commission guidance on public benefit.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014 (*continued*)

STRATEGIC OVERVIEW

Following a period of major change at significant expense related to re-modelling of services and associated TUPE transfers carried out with the aim of ensuring Stepping Stone's future sustainability in a challenging market, we have worked to improve our financial position and achieve stability. This year although we have posted a loss on operational activity we have improved our position and have agreed a budget in 2014/15 that aims to deliver an operational surplus.

The business environment in which we operate has dramatically changed in recent years as ongoing cuts in public expenditure and associated local authority budgets have impacted on the commissioning and procurement plans of Supporting People and Adult Care departments. This resulted in reductions in contract prices, strategic review and re-commissioning of services by individual authorities, and associated re-tendering. This situation stabilised in 2013/14 as commissioning authorities have taken the time to review their local needs, and extended contracts initially to 31 March 2014 to allow time for this and by the end of the year extended these further into 2014/15. As a result our contract base has remained stable during the year, although there will be an impact in future years as further cuts to central government budgets and Local Authority spending impact.

Securing new and repeat business that contributes to long term sustainability, rather than diminishing it, continues to be of the highest priority throughout this period of change. This includes a focus on securing a more diverse funding stream, incorporating a greater number of contracts that are funded by health and social care in addition to the traditional Supporting People / Adult Care services. During the year we successfully secured new work with the North West Care Leavers service, funded by Social Services and Health funding for a new dispersed accommodation service in Rochdale to be delivered in 2014/15. We were also successful in securing health funding for an extension to the Rochdale Complex Needs service which will have a positive impact on our ability to secure future health funding.

KEY ACHIEVEMENTS AND REVIEW OF ACTIVITIES IN 2013/14

During this year we have:

- Successfully bid for an extension to the Rochdale Complex Needs service for 12 months, funded through the local health budget, to Pilot a new service to support offenders with substance misuse and associated capital funding from Public Health England to provide suitably furnished accommodation.
- Continued our programme of staff development including training for all to a minimum level 3 QCF.
- Continued to achieve level A on the Quality Assessment Framework for housing related services, for new areas reviewed across contracts during service reviews that took place during the year.
- Recruited a number of volunteers to support our work. This has proven to be of benefit to ourselves and volunteers, some of whom have returned to paid employment after gaining experience with the organisation.
- Continued our programme of offering work experience placements to social work students, providing Practice Education to 3 students during the year.
- Achieved re-accreditation under the Investors in People Award at Silver Standard.
- Completed a Remuneration review and associated Reward and Recognition Strategy that involved the benchmarking of market salaries, terms and conditions and incorporated affordable changes.
- Provided services to 931 clients.
- Supported 89% of clients to either establish or maintain independent living.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014 (*continued*)

- Achieved average utilisation rates of 95% in our accommodation-based services and average throughput of 214% which exceeded our targets.
- Across our floating support based services we achieved average utilisation rates of 99% and average throughput of 241% which exceeded our targets.
- Developed a number of new service user development / involvement activities including a Bike Loan project, a Self Grow project and increased participation in the Football project.

PLANS FOR THE FUTURE

The following strategic approach is designed to put us in as strong a position as possible to meet the demands of such a competitive and changing environment.

The organisational strategy for the next three years to 2017 is 'Sustainable Growth through Partnership, Continuous Improvement and Diversification'.

The key strategic objectives for the Charity for the next three years to 2017 are set out below:

- i. Diversify funding and support activities in order to maximise the funding from Supporting People Grant whilst reducing our dependence on it.
- ii. Develop our offer as commissioning priorities change to ensure that we can design, cost and implement services which meet target outcomes that are attractive to commissioners and as a result increase the potential for successful bids to be submitted where new services are commissioned.
- iii. Actively pursue growth through strategic partnerships, potential merger opportunities and tenders for new services in order to achieve 10% growth in income each year.
- iv. Develop and continuously improve services and operations in order to sustain Quality Assessment Framework (QAF) level A across all service areas.
- v. Seek opportunities to innovate and to design / redesign services to meet the needs of commissioners and service users.
- vi. Be proactive in seeking opportunities to extend the work that we do in partnership with other agencies / commissioners.
- vii. Identify and evaluate opportunities for creating long term strategic business partnerships with other Housing and Support organisations, actively pursuing those partnerships which are most favourable.
- viii. Pro-actively manage partnerships with and influence strategic planners at local and regional level.
- ix. Investigate the feasibility / effectiveness of using reserves to invest in property to generate income and to develop innovative services.
- x. Use of charitable reserves to develop new complementary services which add value to the services we deliver by supporting the personal and social development of Service Users to help them achieve long term independence, healthy lives and economic well-being.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014 *(continued)*

FINANCIAL REVIEW

Principal funding sources

The principal funding sources for the Charity during the year were:

- Housing-related support contract income from Rochdale MBC, Lancashire County Council, Wigan MBC and Blackburn with Darwen BC.
- Rental income from tenants and housing benefit paid on behalf of tenants.
- Spot purchase of accommodation and housing-related support, for young people leaving care, by social service departments across the North-West via the North-West Care Leavers Framework.
- Investment income.

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

Overview

Total incoming resources in the year to March 2014 were £2,574,786 (2013 - £2,637,513). This is a 2.4% reduction and is a direct result of a reduction in contract income of £91,838 partly offset by an increase in net rental income of £39,866.

The reduction in contract income is due to the Grange Avenue and Rough Sleepers Outreach services in Warrington that were decommissioned in 2012-13.

The increase in rental income is partly due to rent increases in rent levels but is mainly due to the increased number of properties in management on the Lancashire Dispersed Housing contract together with a small number of dispersed properties being utilised on the new contracts in Rochdale and the NW Care Leavers service.

Investment income continues to be impacted by low savings interest rates together with a reduction in the amount of cash available to invest and was £8,788 (2013 - £16,858). Investment income is used to support internally funded charitable support to clients and client participation/development activities. Additional charitable funds from reserves were utilised to make up for the reduced investment income and enable us to maintain support for service user activities at similar levels to previous years.

In the year to 31 March 2014 the Charity incurred a net deficit position (after including investment income) of £62,053 (2013 - £271,434 deficit).

From a financial perspective, this has been another challenging year however it is pleasing to note that the changes and organisational restructure undertaken in 2012-13 have resulted in all remaining services making a positive contribution to central costs. The level of voids and bad debts was higher than budgeted and this is the principal reason for the net deficit.

In the challenging financial circumstances reported above, the charity continued to maximise the proportion of total expenditure on charitable activities - in fact, the proportion increased as follows: Direct charitable expenditure accounted for 99.1% (2013 - 95.7%) 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 0.9% (2013 - 4.3%) of total expenditure. During the year, Trustees adopted a new basis for allocating costs to more fairly reflect actual expenditure.

Balance Sheet

The net book value of fixed assets reduced to £223,316 from £262,635 in the previous year. The reduction is due to the depreciation charges for the year, primarily on computer equipment, furniture and fittings. The main fixed assets are the four Care Leavers properties in Pendle which had a net book value of £202,135 at the year-end (2013 - £206,421).

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014 (*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. During the year trustees concluded that they should reduce the target reserves level to an amount approximating to six months (previously 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 ongoing levels of uncertainty surrounding Local Authority spending targets following reductions in funding from Central Government.

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.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2014 *(continued)*

Auditors

Wrigley Partington have expressed their willingness to continue in office and being eligible, offer themselves for re-appointment.

By order of the Board of Trustees



Ms S Ashby
Director

26th September 2014

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. 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 auditors' 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 the charity's 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 in the Statement of Trustees' Responsibilities the company's trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2014 and of its results 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.

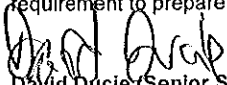
Opinion on other matter prescribed by the Companies Act 2006

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; or
- the trustees were not entitled to prepare the financial statements and the trustees' report in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.


David Ducie (Senior Statutory Auditor)
For and on behalf of

WRIGLEY PARTINGTON
Chartered Accountants and
Statutory Auditor

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Date: 26 November 2014

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2014

	Note	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
<u>INCOMING RESOURCES</u>					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds:</i>					
Commercial trading operations	2	-	-	-	-
Other income	3	2,650	-	2,650	5,335
<i>Investment income</i>	4	8,788	-	8,788	16,858
		<u>11,438</u>	<u>-</u>	<u>11,438</u>	<u>22,193</u>
<i>Incoming resources from charitable activities:</i>					
Grants and contracts	5	1,389,153	-	1,389,153	1,480,991
Rents receivable	5	1,174,195	-	1,174,195	1,134,329
Total incoming resources		<u>2,574,786</u>	<u>-</u>	<u>2,574,786</u>	<u>2,637,513</u>
<u>RESOURCES EXPENDED</u>					
<i>Costs of generating funds:</i>					
Commercial trading operations	6	-	-	-	-
<i>Charitable activities</i>	6	2,614,346	-	2,614,346	2,785,007
<i>Governance costs</i>	6	22,493	-	22,493	123,940
Total resources expended	6	<u>2,636,839</u>	<u>-</u>	<u>2,636,839</u>	<u>2,908,947</u>
Net incoming / (outgoing) resources before other recognised gains and losses		(62,053)	-	(62,053)	(271,434)
Net movement in funds		<u>(62,053)</u>	<u>-</u>	<u>(62,053)</u>	<u>(271,434)</u>
<i>Reconciliation of funds</i>					
Total funds brought forward as reported		1,167,841	-	1,167,841	1,439,275
Total funds carried forward	17	<u>1,105,788</u>	<u>-</u>	<u>1,105,788</u>	<u>1,167,841</u>

All incoming resources and resources expended are derived from continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

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

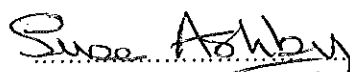
STEPPING STONE PROJECTS

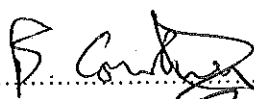
BALANCE SHEET : AS AT 31 MARCH 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	11	223,316	262,635
		<u>223,316</u>	<u>262,635</u>
CURRENT ASSETS			
Debtors	12	189,490	139,952
Cash at bank and in hand		909,698	902,230
		<u>1,099,188</u>	<u>1,042,182</u>
CREDITORS:			
Amounts falling due within one year	13	216,716	136,976
NET CURRENT ASSETS		<u>882,472</u>	<u>905,206</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,105,788	1,167,841
NET ASSETS	18	<u><u>1,105,788</u></u>	<u><u>1,167,841</u></u>
FUNDS			
Restricted funds	17	-	-
Unrestricted funds:			
Designated	17	138,195	75,478
General	17	967,593	1,092,363
TOTAL FUNDS	17	<u><u>1,105,788</u></u>	<u><u>1,167,841</u></u>

The accompanying notes are an integral part of these balance sheets.

The financial statements were approved by the Board of Trustees and authorised for issue on 26th November 2014 and signed on their behalf by:

 Trustee/Director
S. ASHBY

 Trustee/Director
B. CARANCY

Registration number 2647645

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

1 Accounting policies

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are as set out below.

b) **Company status**

The charity is a company limited by guarantee.

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'.

c) **Incoming resources**

Income from charitable activities including 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.

Rent is recognised on a receivable basis.

Investment income is recognised on a receivable basis.

d) **Resources expended**

All expenditure is accounted for on an accruals basis and is 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 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.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

1 Accounting policies continued

e) Taxation

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

f) Operating leases

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

g) Tangible fixed assets and depreciation

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

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows :

Leasehold property	- 50 years
Computer equipment	- 3 years
Fixtures, fittings and sundry equipment	- 2 years
Rented property improvements	- 4 or 5 years
Office furniture and equipment	- 2 years

h) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the trustees/directors in furtherance of the general objectives of the Charity and that have not been designated for other 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.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees/directors for particular purposes.

i) 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.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
2 <u>Incoming resources from generated funds</u>				
The charity does not carry out any fund raising activities or receive income from commercial trading operations.				
3 <u>Other income</u>				
Other income	2,650	-	2,650	5,335
	<u>2,650</u>	<u>-</u>	<u>2,650</u>	<u>5,335</u>
4 <u>Investment income</u>				
Bank deposit interest	8,788	-	8,788	16,858
	<u>8,788</u>	<u>-</u>	<u>8,788</u>	<u>16,858</u>
5 <u>Incoming resources from charitable activities</u>				
Grants received regarding accomodation and support	1,389,153	-	1,389,153	1,480,991
Rent receivable	1,174,195	-	1,174,195	1,134,329
	<u>2,563,348</u>	<u>-</u>	<u>2,563,348</u>	<u>2,615,320</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

6 Total resources expended

	Charitable activities			Governance	Total 2014 £	Total 2013 £
	Generating funds	Basis of allocation	Accommodation and support			
	£	£	£	£		
<u>Costs directly allocated to activities</u>						
Housing costs		Direct	807,675		807,675	870,056
Housing management services		Direct	1,210,931		1,210,931	1,337,939
Internally funded activities		Direct	-		-	47,186
Travel and training		Direct	54,623		54,623	63,095
Office costs		Direct	63,569		63,569	42,330
Recruitment		Direct	8,758		8,758	4,950
Audit		Direct	-	6,668	6,668	5,615
Accountancy		Direct	-	3,832	3,832	3,228
			<u>2,145,556</u>	<u>10,500</u>	<u>2,156,056</u>	<u>2,374,399</u>
<u>Support costs</u>						
Staff costs		Staff time	351,325	10,464	361,789	374,571
Office costs		Staff time	114,389	1,429	115,818	144,898
Legal and professional		Staff time	1,173	27	1,200	4,146
Bank charges and interest		Staff time	25	30	55	158
Depreciation		Staff time	1,878	43	1,921	10,775
			<u>468,790</u>	<u>11,993</u>	<u>480,783</u>	<u>534,548</u>
Total resources expended			<u>2,614,346</u>	<u>22,493</u>	<u>2,636,839</u>	<u>2,908,947</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

	Total 2014 £	Total 2013 £
7 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,280,744	1,432,186
National Insurance	113,467	123,518
Pension, health and life assurance costs	58,945	60,278
	<u>1,453,156</u>	<u>1,615,982</u>

8 Staff numbers

The average number of full-time equivalent employees during the year was as follows:

	Number	Number
Charitable activities	53	56
Generating funds	-	-
Governance	8	8
	<u>61</u>	<u>64</u>

The number of employees whose emoluments (gross salary and employer pension contribution), amounted to over £60,000 in the year were as follows:

	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	0	0
£80,001 - £90,000	0	0
£90,001 - £100,000	0	0

9 Net movement in funds

Net movement in funds is arrived at after charging /(crediting):		
Depreciation of tangible fixed assets	54,772	107,674
Auditors' remuneration:		
audit of charitable company	7,980	7,800
Operating lease rentals - land and buildings	422,562	388,415

10 Taxation

The company is a registered charity and no provision is considered necessary for taxation.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

11 Tangible fixed assets

	Leasehold Property	Rented Property Improvements	Office furniture and Equipment	Furniture, fittings and sundry equipment	Computer equipment	Total
Cost						
At 1 April 2013	214,281	129,510	149,450	361,361	186,766	1,041,368
Additions	-	-	-	15,453	-	15,453
Disposals	-	-	-	-	-	-
At 31 March 2014	214,281	129,510	149,450	376,814	186,766	1,056,821
Depreciation						
At 1 April 2013	7,860	127,697	149,450	323,003	170,723	778,733
Charge for the period	4,286	680	-	41,417	8,389	54,772
Disposals	-	-	-	-	-	-
At 31 March 2014	12,146	128,377	149,450	364,420	179,112	833,505
Net Book Value						
At 31 March 2014	202,135	1,133	-	12,394	7,654	223,316
At 31 March 2013	206,421	1,813	-	38,358	16,043	262,635

Leasehold property comprises 4 terraced properties purchased from Pendle Borough Council for use by the Careleavers Project. The properties were acquired subject to the following restrictive covenants:

- 1) to use the properties solely for the purpose of supported residential housing for a period of 10 years;
- 2) not to dispose of any of the properties without the written permission of Pendle Borough Council.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

12 Debtors	2014	2013
	£	£
Trade debtors	27,371	5,769
Rents receivable	48,312	53,935
Prepayments and accrued income	112,052	73,179
Other debtors	1,755	7,069
	<u>189,490</u>	<u>139,952</u>

13 Creditors : amounts falling due within one year	2014	2013
	£	£
Trade creditors	61,421	14,628
Taxation and social security	28,896	32,362
Accruals and deferred income	126,399	89,986
	<u>216,716</u>	<u>136,976</u>

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2013 : £20,000) per annum, under a lease expiring on 9th August 2014.

The charitable company also has commitments under management agreements of up to three years duration with Housing Associations and private landlords for the use of properties. The annual commitment for management and occupancy costs as at 31st March 2014 was £449,524 (2013 : £400,862).

15 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 £58,945 (2013 : £60,278).

16 Share capital

The company has no share capital, and the liability of members is limited by guarantee to £1 per member.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2013 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2014 £
<i>Restricted Funds</i>	-	-		-	-
<i>Unrestricted funds:</i>					
General Funds	1,092,363	2,433,965	(2,558,735)	-	967,593
Designated Funds	75,478	140,821	(78,104)	-	138,195
Total	1,167,841	2,574,786	(2,636,839)	-	1,105,788

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

18 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	223,316			223,316
Current assets	960,993	138,195	-	1,099,188
Current liabilities	(216,716)			(216,716)
Net assets 31 March 2014	967,593	138,195	-	1,105,788

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2014

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2013 : £Nil), and were reimbursed mileage expenses of £385 (2013 : £66).

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during this or the previous financial year.

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