

STEPPING STONE PROJECTS
(formerly THE STEPPING STONE PROJECT (ROCHDALE))

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

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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 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

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.

STEPPING STONE PROJECTS

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STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2012

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 2012.

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 eight 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
Ms Alice Hutson

Ms Kay Owen
Ms Paula Du Plessis
Mr David Earl

Ms Alice Hutson resigned on 12 September 2011.

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 2012 (*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

(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.

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

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2012 (*continued*)

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.

(b) Strategic Business Plan 2009-12

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

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 2011/12

Our work this year has been delivered within the context of national cuts to Local Authority funding which were translated into local cuts to Supporting People services for the year 2011/12 with further cuts/re-tendering of contracts planned in 2012/13.

In response to this we implemented an Organisation Restructure during the early part of the year 2011, designed to provide a staffing model which would enable us to offer commissioners better value for money and the continuation of core, high quality front-line support and accommodation services.

This was achieved through a restructuring of the supervisory/management and administrative tiers within the organisation, the rationalisation of support worker numbers where required, and the creation of a new Central Referral, Assessment and Service Development Team. During this process the number of compulsory redundancies was kept to a minimum by offering voluntary redundancies and the opportunity for all staff at risk of redundancy to apply for newly created posts.

During the year we also:

- Negotiated an extension of existing contracts in Warrington, Rochdale, Wigan and Blackburn, working with Commissioners and other Partners to adapt existing service models and develop new service delivery models, where appropriate, to achieve cost savings. This impacted, to a greater or lesser extent, on all of the Commissioning Authorities that we work with.
- Closed our floating support service for young people in Trafford as the contract came to an end. Services for these clients were commissioned as part of a much larger floating support service which was tendered.
- Closed our Crisis Intervention and Mainstay Older Persons floating support services in Rochdale which were decommissioned as part of Rochdale's spending cuts.
- Were successful in securing new contracts for our three accommodation projects in Burnley, Lancashire (within the new Supporting People Framework).

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2012 (*continued*)

- Secured inclusion in the newly tendered North West Framework for the provision of accommodation and support services for Care Leavers.
- Were successful in winning four tenders in Rochdale as part of the Authority's re-design and re-commissioning of services, which were all commissioned from April 2012 as our six existing contracts come to an end. Preparatory work included developing implementation plans for the delivery of two new accommodation contracts (one Complex Needs, one Male Only), one Generic floating support contract and one Substance Misuse floating support sub-contract in Rochdale.
- Invested in the purchase of four properties in Pendle, in partnership with the Local Authority, to provide semi-independent shared accommodation for eight care leavers. The properties were refurbished using funding from the governments central Co-Location capital grant, and support is provided to clients with funding secured from Social Services.
- Provided services to over 866 service users.
- Achieved average utilisation rates of 98% and average throughput of 145% in our accommodation-based services, and in our floating support services average utilisation rates of 95% and average throughput of 313%. Throughput and utilisation rates would have been even higher without the dampening effect of the winding down of the Trafford floating support, Rochdale Mainstay floating support and Rochdale Accommodation services as they came to an end and as accommodation projects prepared for the cross-over to new service delivery models at the beginning of the new financial year 2012/13.
- Helped 86% of Stepping Stone's service users to achieve or maintain independent living.
- Began to develop the Corporate Service User Forum's plans to provide opportunities for current and ex-service users to become involved in our services as volunteers by offering a Study Placement to an ex service user within the Wigan Complex Needs service, who subsequently became a volunteer supporting the Service Manager in developing the local Service User Forum and encouraging members to contribute to reviews of service delivery during the year.
- Supported clients to participate in a number of other personal development and volunteering activities, including the cleaning up of a local canal beside our young person's supported accommodation project in Burnley, the collation and distribution of a regular service user newsletter in East Lancashire and the design of a Client Handbook in Wigan which is being used as a template for other services.
- Purchased a new specialist software system for managing and monitoring referrals and service delivery across our support services, for implementation in 2012/13.
- Achieved independent accreditation at Level B on the QAF across all our services and Level A in Wigan. Disappointingly, assessment of services against Level A of the QAF has become a lower priority for many commissioners as staffing cuts within local authority teams take effect, coupled with a need to review, re-design and potentially re-commission new services.
- Developed a staff guidance document on developing relationships with BME communities to support the promotion and delivery of our services to this sector across the Authorities in which we work.
- Continued our programme of staff development including training for all to a minimum level 3 NVQ, now QCF (Qualifications and Credit Framework), in care and support. This training is provided with the support of government funding through a bespoke programme designed to develop the skills and knowledge base needed to deliver high quality, professional services to our clients.
- Extended our partnership work with Registered Social Landlords and Private Sector Landlords across East Lancashire in securing access to a varied portfolio of dispersed accommodation for our Young Persons Accommodation Service. This work has brought a number of empty properties back into use.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2012 (*continued*)

Change of name

On the 30 May 2012, the Board of Trustees resolved to change the company's name to be more representative of the organisation as it is today. This was because many of our services are now provided outside Rochdale and it was felt that the previous company name of Stepping Stone Project (Rochdale) was misleading and may indeed hinder the agreed strategy of seeking to win further contracts in new areas.

However the name is now a recognised brand, synonymous with providing quality services across large areas of the North-West of England – thus the decision was to retain the main body of the name, dropping only the reference to Rochdale.

The new name of Stepping Stone Projects was approved and registered by Companies House on 8 June 2012. The Board of Trustees believe that this is a positive step in marketing the company to a wider audience maximising our chances of winning new contracts.

PLANS FOR THE FUTURE

The continued focus for the following year will be to:

- Work in partnership with Commissioners, Providers and other agencies to re-design services where applicable to meet commissioners changing priorities as they review their budgets and commissioning plans in preparation for further potential cuts to housing related support programmes in the next two years.
- To 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.
- Seek opportunities to support and work in partnership with other agencies in their efforts to respond to recent and forthcoming welfare benefit changes, in particular with regard to under-occupancy rules and the extension of the single room rate to claimants up to 35 years old, both of which are likely to increase the risk of homelessness for families and individuals.
- Develop greater use of our charitable reserves to enhance the contractual services that we currently offer. This will be facilitated through investment in a dedicated Volunteer Co-ordinator who will develop the infrastructure for the appointment and development of volunteers, help managers to provide a portfolio of personal development opportunities for clients, and support the Corporate Service User Forum to become a Social Enterprise in its own right which will allow it to apply for external grant funding.
- Undertake a rebranding exercise, utilising the new company name and logo, which will include issuing a new range of stationary, promotional materials and updating the web-site together with further work to standardise communication throughout the company, for example by standard corporate e-mail footers.

FINANCIAL REVIEW

Principal funding sources

The principal 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.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2012 (continued)

Financial review

Total incoming resources in the year to March 2012 were £2,924,652 (2011 - £2,807,135). This is a 4.2% increase on the previous year partly as the benefit of a full year's income on the new dispersed housing contract in East Lancashire, awarded in the previous year flowed through, contributing additional contract and rental income of £353,320. This additional income was largely offset by reductions in contract income due to cuts in most of the Supporting People funded contracts and the decommissioning of the Housing Crisis and Mainstay floating support contracts in Rochdale and the Floating Support contract in Trafford. These cuts were as a direct result of the savings that local authorities had to make following the Government's Comprehensive Spending Review.

In the year to 31 March 2012 the Charity incurred a net surplus position (after including investment income) of £93,542 (2011 - £43,708 surplus).

Direct charitable expenditure accounted for 94.21% (2011 - 95.14%) 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 5.79% (2011 - 4.86%) of total expenditure.

Investment income continues to be impacted by low savings interest rates and was £18,876 (2011 - £18,761). 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 2009 levels.

Balance Sheet

The net book value of fixed assets increased significantly to £345,520 from £92,919 in the previous year. This is mainly due to the acquisition of the four Care Leavers properties in Pendle which had a net book value of £210,787 at the year-end. The net book value of fixtures and fittings also increased significantly from, £22,842 to £97,488, as a result of the costs in furnishing / fitting out the dispersed housing properties in East Lancashire.

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.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2012 (continued)

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:

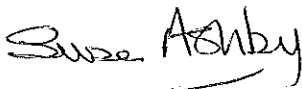
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

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

26 September 2012

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF STEPPING STONE PROJECTS

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2012 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. 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 2012 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.

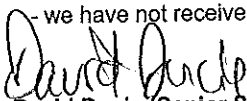
Opinion on other matter prescribed by the Companies Act 2006

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.



David Ducle (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: 26th September 2012

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2012

	Note	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds:</i>					
Commercial trading operations	2	-	-	-	-
Other income	3	20,331	-	20,331	19,411
Investment income	4	18,876	-	18,876	18,761
		39,207	-	39,207	38,172
<i>Incoming resources from charitable activities:</i>					
Grants and contracts	5	1,981,528		1,981,528	2,180,781
Rents receivable	5	903,917		903,917	588,182
Total incoming resources		2,924,652	-	2,924,652	2,807,135
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Commercial trading operations	6	-	-	-	-
Charitable activities	6	2,665,995	1,130	2,667,125	2,629,012
Governance costs	6	163,985		163,985	134,415
Total resources expended	6	2,829,980	1,130	2,831,110	2,763,427
Net incoming / (outgoing) resources before other recognised gains and losses		94,672	(1,130)	93,542	43,708
Transfer on acquisition		-	-	-	(854)
Net movement in funds		94,672	(1,130)	93,542	42,854
<i>Reconciliation of funds</i>					
Total funds brought forward as reported		1,342,860	2,873	1,345,733	1,302,879
Total funds carried forward	17	1,437,532	1,743	1,439,275	1,345,733

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 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	11	345,520	92,919
		<u>345,520</u>	<u>92,919</u>
CURRENT ASSETS			
Debtors	12	221,173	166,497
Cash at bank and in hand		1,031,567	1,403,574
		<u>1,252,740</u>	<u>1,570,071</u>
CREDITORS:			
Amounts falling due within one year	13	158,985	317,257
		<u>1,093,755</u>	<u>1,252,814</u>
NET CURRENT ASSETS			
		1,439,275	1,345,733
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,439,275</u>	<u>1,345,733</u>
NET ASSETS	18		
FUNDS			
Restricted funds	17	1,743	2,873
Unrestricted funds:			
Designated	17	96,019	72,348
General	17	1,341,513	1,270,512
		<u>1,439,275</u>	<u>1,345,733</u>
TOTAL FUNDS	17		

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 September 2012 and signed on their behalf by:

Sue Ashby Trustee/Director

B. Ashby Trustee/Director

Registration number 2647645

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2012

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 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 2012

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 then 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 2012

	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £	Total 2011 £
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	20,331	-	20,331	19,411
	<u>20,331</u>	<u>-</u>	<u>20,331</u>	<u>19,411</u>
4 <u>Investment income</u>				
Bank deposit interest	18,876	-	18,876	18,761
	<u>18,876</u>	<u>-</u>	<u>18,876</u>	<u>18,761</u>
5 <u>Incoming resources from charitable activities</u>				
Grants received regarding accomodation and support	1,981,528	-	1,981,528	2,180,781
Rent receivable	903,917	-	903,917	588,182
	<u>2,885,445</u>	<u>-</u>	<u>2,885,445</u>	<u>2,768,963</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2012

6 Total resources expended

	<i>Generating funds</i>	Charitable activities		<i>Governance</i>	Total 2012 £	Total 2011 £
		<i>Basis of allocation</i>	<i>Accommodation and support</i>			
	£		£	£		
<u>Costs directly allocated to activities</u>						
Housing costs		Direct	686,945		686,945	501,882
Housing management services		Direct	1,354,959		1,354,959	1,522,594
Internally funded activities		Direct	84,530		84,530	63,242
Travel and training		Direct	69,793		69,793	68,842
Office costs		Direct	94,195		94,195	76,045
Recruitment		Direct	4,167		4,167	12,014
Audit		Direct	-	8,000	8,000	10,000
Accountancy		Direct	-	3,542	3,542	1,130
	-		2,294,589	11,542	2,306,131	2,255,749
<u>Support costs</u>						
Staff costs		Staff time	288,556	61,395	349,951	311,278
Office costs		Staff time	64,502	86,876	151,378	160,671
Legal and professional		Staff time	5,333	1,135	6,468	8,258
Bank charges and interest		Staff time	-	28	28	474
Depreciation		Staff time	14,145	3,009	17,154	26,997
	-		372,536	152,443	524,979	507,678
Total resources expended	-		2,667,125	163,985	2,831,110	2,763,427

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2012

	Total 2012 £	Total 2011 £
7 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,340,872	1,620,102
National Insurance	125,802	137,455
Pension, health and life assurance costs	56,196	51,581
	<u>1,522,870</u>	<u>1,809,138</u>

8 Staff numbers

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

	Number	Number
Charitable activities	64	68
Generating funds	-	-
Governance	8	8
	<u>72</u>	<u>76</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	0	1
£70,001 - £80,000	1	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	96,320	60,577
Auditors' remuneration:		
audit of charitable company	8,000	10,000
Operating lease rentals - land and buildings	305,979	167,452

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 2012

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 2011	-	126,790	153,184	219,572	168,112	667,658
Additions	214,281	2,720	-	123,124	13,318	353,443
Disposals			(3,734)	(788)		(4,522)
At 31 March 2012	214,281	129,510	149,450	341,908	181,430	1,016,579
Depreciation						
At 1 April 2011	-	126,171	131,367	196,730	120,471	574,739
Charge for the period	3,574	846	16,832	47,690	27,378	96,320
Disposals						-
At 31 March 2012	3,574	127,017	148,199	244,420	147,849	671,059
Net Book Value						
At 31 March 2012	210,707	2,493	1,251	97,488	33,581	345,520
At 31 March 2011	-	619	21,817	22,842	47,641	92,919

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 2012

12 Debtors	2012	2011
	£	£
Trade debtors	73,067	51,941
Rents receivable	53,855	24,324
Prepayments and accrued income	87,721	84,785
Other debtors	6,530	5,447
	221,173	166,497

13 Creditors : amounts falling due within one year	2012	2011
	£	£
Trade creditors	41,362	104,727
Taxation and social security	36,796	37,043
Other creditors	-	3,957
Accruals and deferred income	80,827	171,530
	158,985	317,257

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2011 : £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 for the use of properties. The annual charge for management and occupancy costs in the year ended 31st March 2012 amounted to £344,057 (2011 : £177,522).

The charitable company rents an office in Warrington at a cost of £11,593 (2011 : £11,593) under a lease which expires on 30th September 2013.

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 £56,196 (2011 : £51,581).

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 2012

17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2011 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2012 £
<i>Restricted Funds</i>	2,873	-	(1,130)	-	1,743
<i>Unrestricted funds:</i>					
General Funds	1,270,512	2,812,977	(2,741,976)	-	1,341,513
Designated Funds	72,348	111,675	(88,004)	-	96,019
Total	1,345,733	2,924,652	(2,831,110)	-	1,439,275

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

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

18 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	345,520	-	-	345,520
Current assets	1,154,978	96,019	1,743	1,252,740
Current liabilities	(158,985)	-	-	(158,985)
Net assets 31 March 2012	1,341,513	96,019	1,743	1,439,275

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2012

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2011 : £Nil), and were reimbursed mileage expenses of £130 (2011 : £271).

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.