

OFFICE COPY

THE STEPPING STONE PROJECT (ROCHDALE)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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 2010

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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 Susan Blythe
Ms Kay Owen
Mr John Woodham

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 Directors for the year ended 31 March 2010

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 2010.

STRUCTURE, GOVERNANCE & MANAGEMENT

(a) Structure

Stepping Stone is a company limited by guarantee, its governing document being its Memorandum and Articles of Association.

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

The trustees during the year were:

Ms Sue Ashby
Mr Des Andrew
Mr Andy Moss
Ms Paula Du Plessis

Mr David Berry
Mr John Woodham
Mr Brian Courtney

Ms Kay Owen
Ms Susan Blyth
Ms Alice Hutson

Ms Kay Owen, Ms Susan Blyth, and Ms Alice Hutson were appointed on 14 December 2009.
Mr Andy Moss resigned on 3 March 2010 and Ms Susan Blyth resigned on 25 August 2010.

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, an Assistant Director (Finance) and three Service Managers. A director in this case is not a director as defined by company law.

Following a governance development plan, the Board of Trustees has restructured its sub-committee framework and now 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 Directors for the year ended 31 March 2010 (*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, an Assistant Director of Finance 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.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Directors for the year ended 31 March 2010 (*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.

(b) Strategic Business Plan 2008-11

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 2009/10

The focus of this year's activity has been to improve the quality of our services, to grow the business to ensure our charitable objects are achieved across a broader spectrum of clients and geographical areas, and to develop the opportunities for clients to engage in personal and social development activities.

This year we have:

- Completed and implemented a review of our operational policies and procedures in order to improve our quality rating from level C on the Supporting People QAF (Quality Assessment framework). This was completed in January 2010, involving staff, service users and other stakeholders in the process. The review was followed by extended training for all staff in February and March, and has resulted in the charity achieving level B assessments later in the year.
- Developed and implemented a bespoke professional training programme for all support service staff, resulting in achievement at level 3 NVQ in Social Care and level 4 NVQ for managers.
- Grown the business through successful tendering for new contracts in Rochdale (winning a new contract to deliver an alcohol floating support service and another to deliver a new housing crisis intervention service) and Lancashire (winning a new innovative contract to access housing and deliver support to vulnerable young people across three boroughs in East Lancashire; Rossendale, Pendle and Hyndburn)
- Grown through our strategic partnership with St Vincent's Housing Association by the sub-contracting of their floating support services in Blackburn and Rochdale to Stepping Stone.
- Grown the capacity and scope of the business through merger with Openingdoors, a small Warrington based charity. This has achieved economies of scale across the management and administration of the two organisations, protected the immediate viability of Openingdoors services, and provided a platform for Stepping Stone to develop its expertise in delivering services to rough sleepers and young people.
- Developed the corporate Service User Forum and access to personal and social development activities including a residential outwards-bound activity weekend, a drama and production project with the Manchester Royal Exchange, and an arts based project developing informal learning opportunities for service users using £30k funding secured from the Learning Transformation Fund in partnership with St Vincent's Housing Association.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Directors for the year ended 31 March 2010 (*continued*)

- Provided services to over 700 service users.
- Achieved average utilisation rates of 89% and average throughput of 233% in our merged accommodation-based services, and in our floating support services average utilisation rates of 93% and average throughput of 215%.
- Helped 89% of Stepping Stone's service users to achieve or maintain independent living.

PLANS FOR THE FUTURE

The main focus for the following year will be to complete the integration of Openingdoors into Stepping Stone Project following the merger, to improve quality by embedding the changes in operational policies and procedures across all services, and to prepare for the opportunities and challenges that are likely to arise from the Government's Comprehensive Spending Review, to be detailed in October 2010. Specifically, the operational plan for the coming year will include:

- Completion of the integration plan following merger with Openingdoors, including an organisational review of relevant management and administrative staff across Warrington and Rochdale central services;
- Improving services to achieve minimum level B within the Quality Assessment Framework across all contracts, with a plan to achieve level A by 2011;
- Applying for re-accreditation under Investors in People following our 3-yearly review;
- Reviewing our operations to consider efficiency savings that could be achieved in the budget for 2011/12;
- Continued investment in staff development through ongoing NVQ level 3 training for new support service staff and NVQ level 4 for managers, and the implementation of the wider corporate core and refresher training programme;
- Developing partnerships and demonstrating improved value for money to support the retention and development of existing contracts and to secure new contracts through competitive tendering;
- Developing innovation and value for money through the design and tender of new services, and the review of delivery models of existing services;
- Seeking other opportunities for growth, including further mergers or consortia arrangements, in order to expand our geographical and client base and support future sustainability of the charity;
- Developing the Service User Forum to increase the numbers of services and service users that participate in associated events, locally and centrally; and
- Completion of a Policy & Procedure review for Human Resource and Corporate policies.

FINANCIAL REVIEW

Total incoming resources in the year to March 2010 were £1,965,523 (2009 - £1,419,084). This is a 38.51% increase on the previous year as the benefit of a full year's income on new contracts awarded in the previous year flowed through. Additional income from acquisition growth in quarter four also contributed to this increase.

Investment income continues to be impacted by low savings interest rates and was £16,915 (2009 - £51,714). 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.

During the year, Stepping Stone completed the acquisition of the assets and liabilities of the homelessness support charity, Openingdoors (Northwest) Ltd. The net assets acquired, principally cash reserves, were £316,041. Openingdoors operated in the Warrington area with funding from Warrington

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Directors for the year ended 31 March 2010 (continued)

MBC and its contracts and staff were transferred to Stepping Stone. For the period 1 April 2009 to 11 December 2009 prior to acquisition, the unaudited income of the acquired charity was £453,608. Legal support on the transaction was provided by DLA Piper and financial due diligence by Beevers & Struthers.

Stepping Stone completed two further acquisitions of floating support projects from St Vincent's Housing Association under an innovative arrangement, for nil consideration. On an annualised basis this additional income is expected to add £319,984 to total income. DLA Piper provided legal support on both transactions.

In the year to March 2010, the Charity incurred a net deficit position (after including investment income) of £36,137 (2009 - £90,682 surplus). However, it should be noted that significant one-off transaction and restructuring costs as a result of the acquisitions contributed to the deficit position.

Direct charitable expenditure accounted for 92.14% (2009 - 95.6%) 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 7.86% (2009 - 4.4%) of total expenditure. The increase in governance costs was a result of one-off acquisition and transaction costs.

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.

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 Supporting People funding and the results of the 2010 comprehensive spending review.

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.

THE STEPPING STONE PROJECT (ROCHDALE)

Report of the Directors for the year ended 31 March 2010 (continued)

Directors' 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

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name.

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



Ms S Ashby
Director

27 October 2010

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 2010 on pages 9 to 18. These financial statements have been prepared under the accounting policies set out on pages 11 and 12.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006, under Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993. We also report to you whether, in our opinion the information given in the Directors' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Directors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE STEPPING STONE PROJECT (ROCHDALE)

Independent auditors' report (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, of the state of the charity's affairs as at 31 March 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993; and
- the information given in the Directors' Annual Report is consistent with the financial statements.

Alton Wickes (Senior Statutory Auditor)
For and on behalf of

RSM Tenon Audit Limited

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

27 October 2010

THE STEPPING STONE PROJECT (ROCHDALE)

Statement of Financial Activities (Including Income and Expenditure Account) for the year ended 31 March 2010

	Note	Restricted Funds 2010 £	Unrestricted Funds 2010 £	Total Funds 2010 £	Total Funds 2009 £
Incoming resources					
Incoming resources from Charitable activities					
Grants and contracts	2	-	1,471,916	1,471,916	1,011,315
Rents receivable	2	-	466,312	466,312	351,460
Incoming resources from generated funds					
Investment income	2	-	16,915	16,915	51,714
Other Incoming resources					
Sundry receipts	2	-	10,380	10,380	4,595
Total Incoming resources		-	1,965,523	1,965,523	1,419,084
Resources expended					
Charitable activities	3	1,127	1,843,189	1,844,316	1,269,473
Governance costs	3	-	157,344	157,344	58,929
Total resources expended		1,127	2,000,533	2,001,660	1,328,402
Net (outgoing)/incoming resources		(1,127)	(35,010)	(36,137)	90,682
Transfer on acquisition	11	4,000	312,041	316,041	-
Fund balances brought forward at 1 April 2009		-	1,022,975	1,022,975	932,293
Fund balances carried forward at 31 March 2010		2,873	1,300,006	1,302,879	1,022,975

All amounts relate to continuing activities.

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

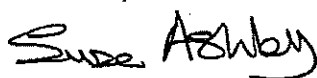
The notes on pages 11 to 18 form part of these financial statements.

THE STEPPING STONE PROJECT (ROCHDALE)

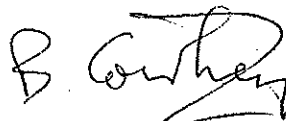
Balance sheet at 31 March 2010

	Note	2010	2009
		£	£
Fixed assets			
Tangible assets	7	82,414	25,635
Current assets			
Debtors	8	53,940	54,985
Cash at bank and in hand		1,554,634	1,166,948
		1,608,574	1,221,933
Creditors: amounts falling due within one year	9	(348,109)	(224,593)
Net current assets		1,260,465	997,340
Total assets less current liabilities		1,342,879	1,022,975
Provisions for liabilities	12	(40,000)	-
Net assets		1,302,879	1,022,975
Funded by			
Unrestricted funds	13	1,300,006	1,022,975
Restricted funds	13	2,873	-
		1,302,879	1,022,975

The financial statements on pages 9 to 18 were approved by the Board of Trustees and authorised for issue on 27 October 2010, and signed on their behalf by:



Ms S Ashby
Directors



Mr B Courtney

The notes on pages 11 to 18 form part of these financial statements.

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2010

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 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 2010

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 (2009 - £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.

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 2010 £	Total 2009 £
Grants received regarding accommodation and support	1,471,916	1,011,315
Rent receivable	466,312	351,460
Bank interest receivable	16,915	51,714
Other income	10,380	4,595
	<u>1,965,523</u>	<u>1,419,084</u>

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

3	Total Resources expended	Basis of allocation	Accommodation and support £	Governance £	Total 2010 £	Total 2009 £
	Costs directly allocated to activities					
	Housing costs	Direct	381,098	-	381,098	361,332
	Housing support services	Direct	952,857	-	952,857	559,401
	Internally funded activities	Direct	78,093	-	78,093	22,481
	Travel and training	Direct	59,643	-	59,643	36,833
	Office costs	Direct	38,694	-	63,694	25,514
	Recruitment	Direct	23,780	-	23,780	15,956
	Bad debts	Direct	11,188	-	11,188	22,891
	Audit	Usage	-	12,500	12,500	9,000
	Accountancy	Usage	-	13,105	13,105	940
			<u>1,545,353</u>	<u>25,605</u>	<u>1,570,958</u>	<u>1,054,348</u>
	Support costs allocated to activities					
	Staff costs	Staff time	182,857	20,931	203,788	169,371
	Office costs	Usage	86,497	29,998	116,495	78,641
	Legal and professional	Usage	11,037	80,443	91,480	16,297
	Bank charges and interest	Usage	-	322	322	165
	Depreciation	Usage	18,572	45	18,617	9,580
			<u>298,963</u>	<u>131,739</u>	<u>430,702</u>	<u>274,054</u>
	Total resources expended		<u>1,844,316</u>	<u>157,344</u>	<u>2,001,660</u>	<u>1,328,402</u>
4	Net incoming resources for the year				2010 £	2009 £
	This is stated after charging:					
	Depreciation				33,680	34,967
	Auditors remuneration				12,500	9,000
	Operating lease rentals					
	- Land and buildings				<u>188,946</u>	<u>181,274</u>

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

5 Staff costs and numbers	2010 £	2009 £
Staff costs - employees		
Wages and salaries	1,024,637	635,995
Social security costs	84,037	57,928
Pension, health and life assurance costs	34,017	27,370
Total	<u>1,142,691</u>	<u>721,293</u>

One employee (2009 – one) earned between £60,000 and £69,999 per annum.

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

	2010 No	2009 No
Direct charitable	59	23
Governance	6	6
	<u>65</u>	<u>29</u>

6 Trustee remuneration and related party transactions

None of the directors (board of trustees) received any remuneration from the charity (2009 - £Nil) and were reimbursed their mileage expenses in the year totalling £670 (2009 – reimbursed mileage expenses of £65).

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 (2009 - £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 2010 (*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 2009	87,487	190,730	101,110	126,790	506,117
	Additions	55,536	-	34,923	-	90,459
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 March 2010	143,023	190,730	136,033	126,790	596,576
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>Depreciation</i>					
	At 1 April 2009	73,739	190,730	91,079	124,934	480,482
	Charge for the year	15,210	-	17,851	619	33,680
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 March 2010	88,949	190,730	108,930	125,553	514,162
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>Net book value</i>					
	At 31 March 2010	54,074	-	27,103	1,237	82,414
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 March 2009	13,748	-	10,031	1,856	25,635
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8 Debtors						
				2010	2009	
				£	£	
	Rents receivable			18,299	14,198	
	Prepayments and accrued income			35,072	40,787	
	Other debtors			569	-	
				<u> </u>	<u> </u>	
				53,940	54,985	
				<u> </u>	<u> </u>	

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

9 Creditors: amounts falling due within one year	2010 £	2009 £
Trade creditors	47,735	69,984
Taxation and social security	34,886	18,177
Other creditors	6,597	24,978
Accruals and deferred income	258,891	111,454
	<u>348,109</u>	<u>224,593</u>

10 Commitments

Capital commitments

There were no capital commitments at 31 March 2010 (2009 - £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 £34,017 (2009 - £27,273).

Operating lease commitments

The company rents its head office accommodation at a cost of £20,000 (2009 - £14,000) per annum, under a lease expiring on 9 August 2012.

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 2010 amounted to £176,324 (2009 - £168,774).

The company rented an office in Warrington at a cost of £7,181 (2009 - £nil) under a lease which expired on 30 September 2010.

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

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 have been assessed and adjusted from book value have been made where necessary.

The book and fair value of the unaudited balance sheet of Openingdoors at the date of acquisition was as follows:

	Book value £	Adjustment £	Fair Value £
Fixed Assets			
Tangible Asset	11,235	(11,235)	-
Current Asset			
Debtors	41,140	-	41,140
Cash at bank and in hand	426,668	-	426,668
Total assets	<u>479,043</u>	<u>(11,235)</u>	<u>467,808</u>
Creditors	(87,973)	(23,794)	(111,767)
Provisions for liabilities	-	(40,000)	(40,000)
Total Net Assets	<u>391,070</u>	<u>(75,029)</u>	<u>316,041</u>
Unrestricted funds	387,070	(75,029)	312,041
Restricted funds	4,000	-	4,000
Net funds acquired	<u>391,070</u>	<u>(75,029)</u>	<u>316,041</u>

The unaudited results of Openingdoors prior to their acquisition were as follows:-

	Openingdoors 1 April 09 to 11 December 09 £
Profit and Loss account	
Incoming resources	453,608
Deficit	(87,477)
Net interest payable	(5,654)
Deficit for the period	<u>(93,131)</u>

THE STEPPING STONE PROJECT (ROCHDALE)

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

12 Provisions for liabilities

	Provision for leases £
At 1 April 2009	-
Acquired from Openingdoors	40,000
Utilised in the year	-
At 31 March 2010	<u>40,000</u>

Provision for leases relates to claims being made by the landlord for premises previously occupied by Openingdoors. These premises were vacated in May 2010.

13 Fund balances

Unrestricted Fund balances

	Designated £	General £	Total £
At 1 April 2009	-	1,022,975	1,022,975
Transfer from Openingdoors (note 12)	-	312,041	312,041
Incoming resources	65,495	1,900,028	1,965,523
Resources expended	(31,319)	(1,969,214)	(2,000,533)
At 31 March 2010	<u>34,176</u>	<u>1,265,830</u>	<u>1,300,006</u>

Designated funds are housing benefit receipts set aside for future refurbishments of the housing properties utilised by the charity.

Restricted Fund balances

	Restricted Funds £
At 1 April 2009	-
Transfer from Openingdoors (note 12)	4,000
Incoming resources	-
Resources expended	(1,127)
At 31 March 2010	<u>2,873</u>

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