

STEPPING STONE PROJECTS

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

CONTENTS

	<u>Page No.</u>
Report of the Trustees / Directors	1-8
Report of the Auditors	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12-20

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013

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 2013.

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
Mr David Earl

Ms Kay Owen
Ms Paula Du Plessis

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 2013 (*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. 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.

STRATEGIC OVERVIEW

Stepping Stone Projects has an excellent track record in providing effective, high quality support services and accommodation which are tailored to individual needs, and provide value for money to all our stakeholders. Our strategic business plan aims for a sustainable position which allows the charity to meet current and future anticipated needs, to respond to economic and environmental pressures and to manage risks associated with the achievement of our objectives.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013 (*continued*)

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 has resulted in reductions in contract prices, strategic review and re-commissioning of services by individual authorities, and associated re-tendering. Despite this, in recent years we have achieved an increase in turnover and a financial surplus on our activities. The year 2012-13 however has presented a greater challenge as two of our main commissioning authorities carried out strategic reviews and restructuring of their budgets, which have impacted significantly on our operations.

Securing business that contributes to long term sustainability rather than diminishing it has been of the highest priority throughout this period of change. Retention of our commission to deliver services in the local authorities with whom we currently work, coupled with the delivery of new/innovative services that meet changing needs, has been of particular importance this year. Trustees have directed and supported the Chief Executive and Senior Management Team in negotiations with commissioners and tendering for new/reconfigured services, in order to achieve a portfolio of contracts that is operationally and financially viable in the long term. To support this objective significant work has also been carried out during the year to reconfigure operational staffing structures and review operational policy and procedures, to ensure that we are able to deliver high quality, effective services through best use of available resources.

The main activities for this year therefore have focused on continuing to deliver a range of high quality support and accommodation projects across the North West that meet the strategic needs of commissioning authorities, whilst responding to opportunities that may arise in these and other areas as commissioners review and reconfigure services.

ACHIEVEMENTS & PERFORMANCE

Whilst we have been successful in most areas in responding to tenders for new contracts and negotiating and delivering new prices/changes in service delivery, this has impacted significantly on our financial position during this year, as reflected in the statutory accounts.

In Rochdale we were successful in winning new contracts for the provision of re-configured accommodation-based and floating support services. However significant one-off costs were incurred during the implementation and transitional period from April 2012 with regard to rental income, void losses, additional staffing costs arising from the transfer of staff from other providers under TUPE (Transfer of Undertakings of Public Employees), and the resultant re-organisation of staffing resources required to successfully implement the new services.

In Warrington, our young person's service (Grange Avenue), which provided specialist support and accommodation for young people with complex needs, was closed as the service was assimilated into a larger non-specialist service, and the pilot outreach floating support service for rough sleepers ended as a wider service was commissioned and tendered.

Across the region we have achieved growth across our two specialist services for young people. In East Lancashire our Dispersed Accommodation Service for young people now provides accommodation for over 80 clients in shared properties. The growth of the Dispersed Accommodation service has been successful in terms of number of properties secured for clients and number of clients we support. This service delivers an operational surplus; however costs in relation to void losses and bad debts have been higher than originally anticipated. Consequently, an in-depth review of our income management policy and procedures was started during the year in order to achieve improved performance in this area.

Our accommodation and support services for Care Leavers, providing single occupancy and shared accommodation for clients, through the North West Framework, has been successfully implemented during the year.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013 (*continued*)

A critical success factor for both the NW Care Leavers service and the Lancashire Dispersed accommodation service has been the development of effective partnerships with landlords in the private sector. We have built up a portfolio of landlords and have expanded the service to cover 5 local authority areas in the region.

Whilst there has been a focus on business development during the year, we have also retained a focus on continuous improvement, and, in particular, in achieving the highest rating, level A, on the Supporting People Quality Assessment Framework (QAF). This has been supported by the implementation and training of new and existing staff on our new Support Management software package, and the continuation of the corporate training plan which requires all staff to be trained to level 3 minimum within the new QCF (Qualifications and Credit Framework) that has replaced NVQ (National Vocational Qualification).

Key Achievements and Review of Activities in 2012/13

During this exceptional year we have:

- Successfully implemented four new contracts in Rochdale as part of the Authority's re-design and re-commissioning of services: two new accommodation contracts (one Complex Needs, one Male Only); one Generic floating support contract and one Substance Misuse floating support sub-contract in partnership with Turning Point who provide the accommodation-based support element of the contract. These contracts are in place until at least April 2104.
- Secured commissions through the newly tendered North West Framework for the provision of accommodation and support services for Care Leavers.
- Extended our reach and secured access to a varied portfolio of dispersed accommodation for our Young Persons Accommodation Service in East Lancashire. This work continues to bring a number of empty properties back into use as well as making use of the private sector to contribute to public service delivery.
- 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
- Appointed a Volunteer Co-ordinator who has been responsible for developing a volunteer base to support our non- contractual work in relation to client involvement/personal development, and to provide support, where appropriate, to staff working across a number of services to facilitate group work. The first volunteers have been recruited in Wigan and, in addition to facilitating and promoting activities to clients in attending them, they have participated in the design of a new client outreach service to be implemented in 2013/14 in consultation with Wigan MBC, which will provide short term advice and support to clients who have left the service and a contact point for future information, advice or crisis support should they need it.
- Achieved Level A on the Supporting People Quality Assessment Framework across a number of services, including the Safeguarding element of the new Rochdale services.
- Fully implemented the new Housing Management software system supporting the delivery and management of our housing related support services.
- Provided services to over 800 clients.
- Supported 81% of our clients to either establish or maintain independent living.
- Achieved average utilisation rates of 95%, which exceeded our targets and average throughput of 187% in our accommodation-based services. Throughput has significantly increased since 2011/12, but the implementation of new services in Rochdale and increasing turnover within the Lancashire dispersed service (which has longer average re-let times in order to ensure compatibility of clients within shared tenancies) resulted in a slightly lower than target performance in utilisation.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013 (continued)

- Across our floating support based services we achieved average utilisation rates of 98%, an increase on last year, despite the challenges of implementing new services in Rochdale, and an average throughput of 233%. We exceeded our targets in both of these areas.
- Completed our core and specialist training programme, including minimum attainment of level 3 QCF for all staff.
- Undertook a rebranding exercise following the Board of Trustees' decision to change the company's name by removing the reference to Rochdale to be more representative of the organisation as it is today. After extensive consultation with staff and clients, a new logo and corporate colours were adopted and used on a wide-range of stationary and promotional materials: letterhead, compliments slips, calling cards, business cards, leaflets, posters, pull-up banners, post-it notes and pens.

PLANS FOR THE FUTURE

The continued focus for the following year will be the retention of our commission to deliver services in the local authorities with whom we currently work, particularly in Lancashire and Blackburn where the commissioning authorities are carrying out strategic reviews of services to inform decisions around further budget reductions and budget allocation. The intention is to move to a position of consolidation in the year 2013/14 and to build a platform for future growth. In particular we aim to:

- Continue our partnership work with commissioners, providers and other agencies to inform the re-design of services where applicable to meet commissioners changing priorities.
- 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.
- Develop greater use of our charitable reserves and input from volunteers to help managers to provide a portfolio of localised personal development opportunities for clients and enhance the contractual services that we currently offer.
- Prepare for the Welfare Reform changes as they are implemented, and specifically support clients through these changes.
- Improve performance in relation to income management, specifically with regard to housing benefit claims.
- Continue with our programme of quality improvements to achieve QAF level A across all areas of service.
- Develop our work with private sector landlords and non- SP commissioners across the region, particularly in relation to the NW Care Leavers Framework.
- Organise suitable events to celebrate 30 years of providing services to vulnerable people.

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, Warrington MBC, 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.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013 (continued)

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

Financial review

Total incoming resources in the year to March 2013 were £2,637,513 (2012 - £2,924,652). This is a 9.8% reduction and is a direct result of a reduction in contract income of £500,537 partly offset by an increase in net rental income of £230,412.

The reduction in contract income is mainly due to two factors: £299,050 relates to the services that were not re-commissioned as the contracts ended in 2011-12 (Trafford Floating Support, Rochdale Housing Crisis and Rochdale Mainstay Floating Support), and in 2012-13 a further £184,152 relating to the Grange Avenue and Rough Sleepers Outreach services in Warrington. The cuts in most of the local authority funded contracts were as a direct result of the savings that local authorities had to make following the Government's Comprehensive Spending Review in 2012.

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 £16,858 (2012 - £18,876). 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 the difference and maintain support for service user activities at 2009 levels.

In the year to 31 March 2013 the Charity incurred a net deficit position (after including investment income) of £271,434 (2012 - £93,542 surplus).

From a financial perspective, this has been the worst year in the organisation's history but this is a result of a number of exceptional circumstances and Trustees and the Senior Management Team have concentrated on restructuring the organisation to ensure that from April 2013 all remaining services make a positive contribution to central costs and that the overall budget position is break-even.

As already mentioned, all of our contracts with Rochdale MBC came to an end in 2012 and a number of new contracts commenced in April 2012 which resulted in significant one-off costs being incurred as follows:

- Redundancy payments £29,770
- Additional staffing costs during restructure £37,500
- Agency staffing costs during implementation of new 24/7 services £25,000
- Protected salaries of TUPE staff £10,500

In addition to the above costs, there was also a significant increase in voids due to the time taken across Rochdale in fully implementing the new authority wide central referral service, and in the need in the change-over period to hold properties empty for a short while to facilitate transfer of clients from other Providers' services that had been de-commissioned.

In addition to the specific issues affecting the services in Rochdale, it became apparent during the year that overall rent / service charge arrears levels were increasing for all of our accommodation based services. This is clearly a more significant issue given the dramatic increase in the proportion of our income attributable to rents receivable. Consequently, our income management and allocations procedures have been reviewed and improvements implemented as the year has progressed. To further support the front line staff, a restructure of staffing in Central Services was planned, which was implemented after the year-end, to create a new post dedicated to the provision of centralised monitoring and administrative support to support service teams with income management.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013 (continued)

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 95.74% (2012 – 94.21%) and governance costs, including those costs associated with meeting the constitutional and statutory requirements of the charity such as the audit fees and costs linked to the Strategic Management of the charity, accounted for 4.26% (2012 – 5.79%) of total expenditure.

Balance Sheet

The net book value of fixed assets reduced to £262,635 from £345,520 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 £206,421 at the year-end (2012 - £210,707).

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 we should aim to maintain reserves at a level approximating to six months budgeted expenditure in the next financial year.

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

Financial risk management objectives and policies

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

TRUSTEES' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2013 (continued)

- 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

 2013

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 2013 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 2013 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.

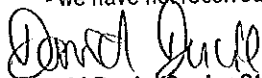
Opinion on other matter prescribed by the Companies Act 2006

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 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: 16 November 2013

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2013

	Note	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
<u>INCOMING RESOURCES</u>					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds:</i>					
Commercial trading operations	2	-	-	-	-
Other income	3	5,335	-	5,335	20,331
Investment income	4	16,858	-	16,858	18,876
		<u>22,193</u>	<u>-</u>	<u>22,193</u>	<u>39,207</u>
<i>Incoming resources from charitable activities:</i>					
Grants and contracts	5	1,480,991	-	1,480,991	1,981,528
Rents receivable	5	1,134,329	-	1,134,329	903,917
Total incoming resources		<u>2,637,513</u>	<u>-</u>	<u>2,637,513</u>	<u>2,924,652</u>
<u>RESOURCES EXPENDED</u>					
<i>Costs of generating funds:</i>					
Commercial trading operations	6	-	-	-	-
Charitable activities	6	2,783,264	1,743	2,785,007	2,667,125
Governance costs	6	123,940	-	123,940	163,985
Total resources expended	6	<u>2,907,204</u>	<u>1,743</u>	<u>2,908,947</u>	<u>2,831,110</u>
Net incoming / (outgoing) resources before other recognised gains and losses		(269,691)	(1,743)	(271,434)	93,542
Net movement in funds		<u>(269,691)</u>	<u>(1,743)</u>	<u>(271,434)</u>	<u>93,542</u>
<i>Reconciliation of funds</i>					
Total funds brought forward as reported		1,437,532	1,743	1,439,275	1,345,733
Total funds carried forward	17	<u>1,167,841</u>	<u>-</u>	<u>1,167,841</u>	<u>1,439,275</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.

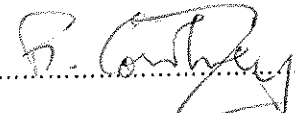
STEPPING STONE PROJECTS

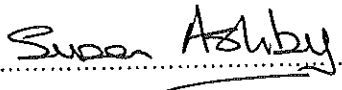
BALANCE SHEET : AS AT 31 MARCH 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	11	262,635	345,520
		<u>262,635</u>	<u>345,520</u>
CURRENT ASSETS			
Debtors	12	139,952	221,173
Cash at bank and in hand		902,230	1,031,567
		<u>1,042,182</u>	<u>1,252,740</u>
CREDITORS:			
Amounts falling due within one year	13	136,976	158,985
		<u>905,206</u>	<u>1,093,755</u>
NET CURRENT ASSETS			
		1,167,841	1,439,275
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,167,841</u>	<u>1,439,275</u>
NET ASSETS	18		
FUNDS			
Restricted funds	17	-	1,743
Unrestricted funds:			
Designated	17	75,478	96,019
General	17	1,092,363	1,341,513
		<u>1,167,841</u>	<u>1,439,275</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 30 October 2013 and signed on their behalf by:

 Trustee/Director
BRIAN COURTNEY

 Trustee/Director
SUSAN ASHBY

Registration number 2647645

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2013

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 2013

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 2013

	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
2 Incoming resources from generated funds				
The charity does not carry out any fund raising activities or receive income from commercial trading operations.				
3 Other income				
Other income	5,335	-	5,335	20,331
	<u>5,335</u>	<u>-</u>	<u>5,335</u>	<u>20,331</u>
4 Investment income				
Bank deposit interest	16,858	-	16,858	18,876
	<u>16,858</u>	<u>-</u>	<u>16,858</u>	<u>18,876</u>
5 Incoming resources from charitable activities				
Grants received regarding accomodation and support	1,480,991	-	1,480,991	1,981,528
Rent receivable	1,134,329	-	1,134,329	903,917
	<u>2,615,320</u>	<u>-</u>	<u>2,615,320</u>	<u>2,885,445</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2013

6 Total resources expended

	Charitable activities			Total 2013 £	Total 2012 £
	Generating funds	Basis of allocation	Governance		
	£	£	£		
<u>Costs directly allocated to activities</u>					
Housing costs		Direct 870,056		870,056	686,945
Housing management services		Direct 1,337,939		1,337,939	1,354,959
Internally funded activities		Direct 47,186		47,186	84,530
Travel and training		Direct 63,095		63,095	69,793
Office costs		Direct 42,330		42,330	94,195
Recruitment		Direct 4,950		4,950	4,167
Audit		Direct -	5,615	5,615	8,000
Accountancy		Direct -	3,228	3,228	3,542
		<u>2,365,556</u>	<u>8,843</u>	<u>2,374,399</u>	<u>2,306,131</u>
<u>Support costs</u>					
Staff costs		Staff time 307,448	67,123	374,571	349,951
Office costs		Staff time 99,756	45,142	144,898	151,378
Legal and professional		Staff time 3,403	743	4,146	6,468
Bank charges and interest		Staff time -	158	158	28
Depreciation		Staff time 8,844	1,931	10,775	17,154
		<u>419,451</u>	<u>115,097</u>	<u>534,546</u>	<u>524,979</u>
Total resources expended		<u>2,785,007</u>	<u>123,940</u>	<u>2,908,947</u>	<u>2,831,110</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2013

	Total 2013 £	Total 2012 £
7 Staff costs		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,432,186	1,340,872
National Insurance	123,518	125,802
Pension, health and life assurance costs	60,278	56,196
	<u>1,615,982</u>	<u>1,522,870</u>

8 Staff numbers

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

	Number	Number
Charitable activities	56	64
Generating funds	-	-
Governance	8	8
	<u>64</u>	<u>72</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	107,674	96,320
Auditors' remuneration:		
audit of charitable company	7,800	8,000
Operating lease rentals - land and buildings	388,415	305,979

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 2013

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 2012	214,281	129,510	149,450	341,908	181,430	1,016,579
Additions	-	-	-	19,453	5,336	24,789
Disposals	-	-	-	-	-	0
At 31 March 2013	214,281	129,510	149,450	361,361	186,766	1,041,368
Depreciation						
At 1 April 2012	3,574	127,017	148,199	244,420	147,849	671,059
Charge for the period	4,286	680	1,251	78,583	22,874	107,674
Disposals	-	-	-	-	-	-
At 31 March 2013	7,860	127,697	149,450	323,003	170,723	778,733
Net Book Value						
At 31 March 2013	206,421	1,813	-	38,358	16,043	262,635
At 31 March 2012	210,707	2,493	1,251	97,488	33,581	345,520

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 2013

12 <u>Debtors</u>	2013 £	2012 £
Trade debtors	5,769	73,067
Rents receivable	53,935	53,855
Prepayments and accrued income	73,179	87,721
Other debtors	7,069	6,530
	<u>139,952</u>	<u>221,173</u>

13 <u>Creditors : amounts falling due within one year</u>	2013 £	2012 £
Trade creditors	14,628	41,362
Taxation and social security	32,362	36,796
Other creditors	-	-
Accruals and deferred income	89,986	80,827
	<u>136,976</u>	<u>158,985</u>

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2012 : £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 2013 was £400,862 (2012 : £344,057).

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 £60,278 (2012 : £56,196).

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 2013

17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2012 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2013 £
<i>Restricted Funds</i>	1,743	-	(1,743)	-	-
<i>Unrestricted funds:</i>					
General Funds	1,341,513	2,540,473	(2,789,623)	-	1,092,363
Designated Funds	96,019	97,040	(117,581)	-	75,478
Total	1,439,275	2,637,513	(2,908,947)	-	1,167,841

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	262,635			262,635
Current assets	966,704	75,478	-	1,042,182
Current liabilities	(136,976)			(136,976)
Net assets 31 March 2013	1,092,363	75,478	-	1,167,841

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2013

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2012 : £Nil), and were reimbursed mileage expenses of £66 (2012 : £130).

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.