

STEPPING STONE PROJECTS

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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
Ms Kay Owen
Ms Paula Du Plessis
Mr David Berry
Mrs Jane Allen

Mr Brian Courtney
Mr Des Andrew (resigned 25.5.16)
Mr John Woodham (resigned 2.12.15)
Mr Stephen McGuckian (appointed 2.12.15)
Mrs Diane Laming (appointed 2.12.15)

Chief Executive Officer

Kathleen Barlow

Company Number

2647645

Registered Charity Number

1004375

Registered Office

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

Auditors

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

Bankers

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

Solicitors

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

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STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016

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 2016.

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 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 Steve McGuckian

Mr David Berry
Mr John Woodham
Ms Jane Allen

Ms Kay Owen
Ms Paula Du Plessis
Ms Diane Laming

John Woodham and Des Andrew have resigned from the Board having served for over 23 and 19 years respectively; Trustees thank them both for their commitment and contribution to the organisation.

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, none of whom is 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 open 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 which include details of:

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016 (*continued*)

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

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

(c) Management

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

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

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

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

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

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

OBJECTIVES & ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

Our mission is to be a provider of high quality housing, support and charitable services for vulnerable people who are homeless or at risk of losing their home. We achieve this by providing readily accessible support services to vulnerable people to assist them in securing and maintaining their own independent accommodation as soon as they are able.

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

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016 (*continued*)

STRATEGIC OVERVIEW

During the year April 2015 to March 2016, there have been continuing pressures on Local Authority spending imposed by central government and this has again impacted on our work.

Two of our Floating Support services were decommissioned following comprehensive restructuring of 'Supporting People Grant' funded services in two authorities including our service for people with general needs in Blackburn and our service for people with Complex Needs in Wigan.

On a positive note, we successfully implemented the new contract for our Lancashire Dispersed service which commenced 1 April 2015, and have increased the number of clients supported in the service during the year.

We also bid for and secured new two year contracts for our two accommodation services in Rochdale and our Generic Floating Support service in the borough, commencing 1 April 2016. In addition, the jointly funded Health/Police Commissioner's service in Rochdale delivering dispersed accommodation and support to clients leaving custody was extended for a further 12 months to 31 March 2016.

During the year we submitted a successful bid to remain in the new Dynamic Purchasing System (DPS) Framework for Care Leavers for a further three years from 2016. This Framework is jointly commissioned by over 20 authorities across the North West. Our Care Leavers service operates across the NW region and has grown during the year in terms of geographical 'reach', and scope in relation to flexibility of options for commissioners. To support this growth, we implemented a Pilot staffing structure during the year to provide a senior level post providing a resource for the Service Manager with regard to bidding for new work and sourcing suitable private sector accommodation for clients. This Pilot has been successful and resultant growth allowed for redeployment of staff from our Wigan service to facilitate the creation of a new team covering the West of the region. X

Our other achievements in the year include the following:

- Successful implementation of a new staff structure for the finance department.
- Successful management of referrals and central marketing following the closure of Shelter's Central referrals service – resulting in improved waiting lists for all Rochdale services.
- Negotiated and subsequently secured a Management Agreement with Rochdale Boroughwide Housing to access 20 dispersed properties over 6 months for use across the newly contracted Male Only and Complex Needs services.
- Provided services to 881 clients.
- Supported 86% of clients to either establish or maintain independent living.
- Achieved average utilisation rates of 96% in our accommodation-based services and average throughput of 214% both of which exceeded our targets.
- Across our floating support services we achieved average utilisation rates of 101% and average throughput of 287% both of which exceeded our targets.

PLANS FOR THE FUTURE

As mentioned above, we were successful in bidding for new two year contracts in Rochdale, which commenced on 1 April 2016. As a result of a successful reconfiguration of staffing across the Rochdale services, we will be able to support a larger number of clients in the borough at the same level of spending as 2014/16. This restructure has introduced a new level of senior staff to support the Service Manager in the delivery of front line services.

Significantly, the pressure on local authority budgets will continue into 2017/18. In November 2015 Lancashire County Council announced that they were planning a full review of SP funded services in 2016/17 as a result of the need to make savings and make best use of available resources to meet statutory needs. Funding has been allocated from council reserves to fund current contracts for young people's services to 30 September 2017, to allow time for consultation and to draw up new commissioning plans. From October 2017 the intention is to have new services in place for young people which will be jointly commissioned and funded by Housing and Social Care.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016 (*continued*)

The Board and Senior Management Team have reviewed and updated our Strategic Plans for the future in the light of the continuing challenges faced by the organisation and the sector. The Board recognises that standing still is not an option as commissioners' priorities change. Our previous strategy aimed at diversification of funding streams into social care/health/police budgets and service charges (intensive housing management), and widening our geographical spread, has been successful. The Board also recognise that we have significant assets at our disposal, including experienced staff with a history of supporting clients across a range of needs/ages, and access to accommodation and that these assets can be used to 'seize the moment' and pursue opportunities/growth.

The Board have agreed that the strategy of growth and continuous improvement, which has been in place for a number of years, should be maintained in 2016-19.

There is scope to develop a new 24 hour grouped accommodation service for care leavers in the region, and the Board will review this development/service delivery in the first year, with the intention of following a programme of steady growth that is sustainable.

The financial resources needed to achieve growth and continuous improvement will be made available by investing in a staffing structure that can support growth and by undertaking a review of our charges for services in 2017 to ensure that any increase in our costs is met whilst remaining competitive. These resources will include the creation of a Social Enterprise / Volunteer Co-ordinator role within the organisation to develop service user activities, providing wider services for clients regarding their personal and social development, and to secure external funding where appropriate to support this work.

Finally, but of great importance, central government's welfare reform programme will impact on our future work. Whilst the issue of exempt accommodation for supported housing is still 'live', the indications from the government are that supported accommodation rent levels will be supported in some form; our growth strategy will be followed with regard to the potential for future 'support' funding to be replaced by social services funding and/or additional service charges in the form of Intensive Housing Management.

FINANCIAL REVIEW

Principal funding sources

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

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

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

Overview

Total incoming resources in the year to March 2016 were £2,690,967 (2015 - £2,804,044). This is a decrease of 4.0% which is mainly due to the fact that turnover for 2015 was inflated by a £75,000 bequest; the remainder of the decrease is due to a fall in contract income of £138,875 which was partially offset by an increase in net rental income of £108,676.

The decrease in contract income is primarily due to the loss of two contracts during 2015/16. Blackburn Mainstay Floating Support contract was decommissioned on 31 August 2015 and Wigan Complex Needs Floating Support contract was decommissioned on 30 November 2015 with a reduction in income from the previous year of £63,103 and £68,558 respectively.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016 (*continued*)

The increase in rental income is partly due to annual inflationary rent increases in rent levels but there were also a number of other specific variances. The Lancashire Dispersed Housing contract had an increase of £72,176 in net rental income compared to 2014/15. This increase was due to additional rental income of £45,831 plus a lower level of voids and bad debts that saved £26,345 when compared with the previous year. The improved performance on voids and bad debts on the Lancashire Dispersed Housing service is partly as a result of a new staffing structure that was introduced in April 2015 to speed up the processing of new referrals to this service.

Investment income continues to be impacted by low savings interest rates; however, it has increased slightly to £7,068 (2015 - £5,019). Investment income is used to support internally funded charitable support to clients and client participation/development activities. Additional charitable funds from reserves were utilised to make up for the reduced investment income and enable us to maintain support for service user activities at similar levels to previous years.

In the year to 31 March 2016 the Charity made a net surplus (after including investment income) of £20,156 (2015 - £49,766 surplus after £75,000 bequest).

From a financial perspective, this has been another challenging but ultimately successful year. It is pleasing to note that the changes and organisational restructure undertaken in 2012-13 have continued to result in all remaining services making a positive contribution to central costs. The budget for 2016/17 reflects the continuing financial pressures that the sector is under with continuing austerity measures and these are exacerbated by uncertainty surrounding Lancashire's commissioning intentions which will have a direct impact on the future of two of our key contracts.

Despite the ongoing challenging financial circumstances resulting from continuing pressures on Local Authority spending, the charity continued to maximise the proportion of total expenditure on charitable activities – maintaining the same proportion of expenditure as in the previous financial year.

Direct charitable expenditure accounted for 99.2% (2015 – 99.2%) and governance costs, including those costs associated with meeting the constitutional and statutory requirements of the charity such as the audit fees and costs linked to the Strategic Management of the charity, accounted for 0.8% (2015 – 0.8%) of total expenditure. Trustees decided that the basis for allocating costs that was adopted in the previous two financial years was still the most appropriate method by which to fairly reflect actual expenditure.

Balance Sheet

The net book value of fixed assets increased to £252,251 from £211,540 in the previous year. The increase is due to additional expenditure of £37,499 on furnishing new dispersed properties and £29,672 on a new IT infrastructure less the depreciation charges for the year, primarily on leasehold property, computer equipment, furniture and fittings. The main fixed assets are the four Care Leavers properties in Pendle which had a net book value of £193,563 at the year-end (2015 - £197,849).

Reserves Policy

The Board of Trustees regularly reviews its policy on minimum reserve levels, which are the free reserves of the Charity, earned from previous operations. During the financial year ending 31 March 2014, trustees concluded that they should reduce the target reserves level to an amount approximating to six months (previously seven months) budgeted expenditure in the next financial year.

The Board of Trustees are still satisfied that this level of reserve will give the Charity sufficient flexibility to cover temporary interruptions in income flow and provide an adequate level of working capital, particularly due to the ongoing levels of uncertainty surrounding Local Authority spending targets following reductions in funding from Central Government.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016 (*continued*)

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. The Trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, 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;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the directors are aware:

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

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

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2016 (*continued*)

Auditors

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

By order of the Board of Trustees

Ms S Ashby
Chair

30th November 2016

Susan Ashby

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 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained in the Statement of Trustees' Responsibilities the company's trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

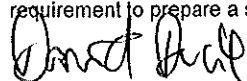
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements and the trustees' report in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.



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

WRIGLEY PARTINGTON
Chartered Accountants and
Statutory Auditor

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Date : 18 December 2016

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2016

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOMING RESOURCES					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds:</i>					
Commercial trading operations	2	-	-	-	-
Other income	3	1,859	-	1,859	86,786
Investment income	4	7,068	-	7,068	5,019
		8,927	-	8,927	91,805
<i>Incoming resources from charitable activities:</i>					
Grants and contracts	5	1,345,863		1,345,863	1,484,738
Rents receivable	5	1,336,177		1,336,177	1,227,501
Total incoming resources		2,690,967	-	2,690,967	2,804,044
RESOURCES EXPENDED					
<i>Costs of generating funds:</i>					
Commercial trading operations	6	-	-	-	-
Charitable activities	6	2,649,859		2,649,859	2,733,195
Governance costs	6	20,952	-	20,952	21,083
Total resources expended	6	2,670,811	-	2,670,811	2,754,278
Net incoming / (outgoing) resources before other recognised gains and losses		20,156	-	20,156	49,766
Net movement in funds		20,156	-	20,156	49,766
<i>Reconciliation of funds</i>					
Total funds brought forward as reported		1,155,554	-	1,155,554	1,105,788
Total funds carried forward	17	1,175,710	-	1,175,710	1,155,554

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.

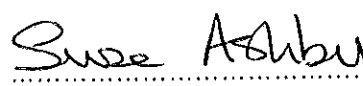
STEPPING STONE PROJECTS

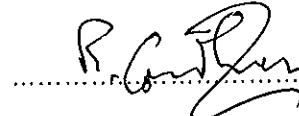
BALANCE SHEET : AS AT 31 MARCH 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	252,251	211,540
		<u>252,251</u>	<u>211,540</u>
CURRENT ASSETS			
Debtors	12	145,146	165,706
Cash at bank and in hand		894,870	921,851
		<u>1,040,016</u>	<u>1,087,557</u>
CREDITORS:			
Amounts falling due within one year	13	116,557	143,543
NET CURRENT ASSETS		<u>923,459</u>	<u>944,014</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,175,710	1,155,554
NET ASSETS	18	<u><u>1,175,710</u></u>	<u><u>1,155,554</u></u>
FUNDS			
Restricted funds	17	-	-
Unrestricted funds:			
Designated	17	178,508	138,773
General	17	997,202	1,016,781
TOTAL FUNDS	17	<u><u>1,175,710</u></u>	<u><u>1,155,554</u></u>

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

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

 Trustee/Director
S. ASHBY

 Trustee/Director
B. COURTNEY

Registration number 2647645

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2016

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 (FRSSE), applicable UK Accounting Standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015), 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 and has no share capital.

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 2016

1 Accounting policies continued

e) **Taxation**

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

f) **Operating leases**

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

g) **Tangible fixed assets and depreciation**

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

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

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

h) **Fund accounting**

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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

i) **Pensions**

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

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2016

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
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	1,859	-	1,859	11,786
Donations	-	-	-	75,000
	<u>1,859</u>	<u>-</u>	<u>1,859</u>	<u>86,786</u>
4 Investment income				
Bank deposit interest	7,068	-	7,068	5,019
	<u>7,068</u>	<u>-</u>	<u>7,068</u>	<u>5,019</u>
5 Incoming resources from charitable activities				
Grants received regarding accomodation and support	1,345,863	-	1,345,863	1,484,738
Rent receivable	1,336,177	-	1,336,177	1,227,501
	<u>2,682,040</u>	<u>-</u>	<u>2,682,040</u>	<u>2,712,239</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2016

6 Total resources expended

	<i>Generating funds</i>	Charitable activities		<i>Governance</i>	Total 2016 £	Total 2015 £
		<i>Basis of allocation</i>	<i>Accommodation and support</i>			
	£		£	£		
<u>Costs directly allocated to activities</u>						
Housing costs		Direct	947,628		947,628	925,598
Housing management services		Direct	1,178,157		1,178,157	1,249,041
Travel and training		Direct	50,708		50,708	51,611
Office costs		Direct	34,713		34,713	45,081
Recruitment		Direct	4,206		4,206	8,490
Audit		Direct		5,839	5,839	5,960
Accountancy		Direct		3,357	3,357	3,426
	-		2,215,412	9,196	2,224,608	2,289,207
<u>Support costs</u>						
Staff costs		Staff time	334,137	10,746	344,883	348,859
Office costs		Staff time	93,723	877	94,600	111,890
Legal and professional		Staff time	1,252	20	1,272	3,264
Bank charges and interest		Staff time	-	30	30	60
Depreciation		Staff time	5,335	83	5,418	998
	-		434,447	11,756	446,203	465,071
Total resources expended	-		2,649,859	20,952	2,670,811	2,754,278

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2016

	Total 2016 £	Total 2015 £
7 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,202,386	1,304,531
National Insurance	105,639	115,244
Pension, health and life assurance costs	58,819	62,959
	<u>1,366,844</u>	<u>1,482,734</u>

8 Staff numbers

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

	Number	Number
Charitable activities	56	59
Generating funds	-	-
Governance	2	2
	<u>58</u>	<u>61</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	26,460	20,052
Auditors' remuneration:		
audit of charitable company	8,200	8,200
Operating lease rentals - land and buildings	514,207	496,231

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 2016

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 2015	214,281	129,510	149,450	380,082	187,399	1,060,722
Additions	-	-	-	37,499	29,672	67,171
Disposals	-	-	-	(12,407)	-	(12,407)
At 31 March 2016	214,281	129,510	149,450	405,174	217,071	1,115,486
Depreciation						
At 1 April 2015	16,432	129,057	149,450	370,823	183,420	849,182
Charge for the period	4,286	453	-	15,371	6,350	26,460
Disposals	-	-	-	(12,407)	-	(12,407)
At 31 March 2016	20,718	129,510	149,450	373,787	189,770	863,235
Net Book Value						
At 31 March 2016	193,563	-	-	31,387	27,301	252,251
At 31 March 2015	197,849	453	-	9,259	3,979	211,540

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 2016

12 Debtors	2016	2015
	£	£
Trade debtors	90	12,553
Rents receivable	30,505	44,245
Prepayments and accrued income	94,822	106,801
Other debtors	19,729	2,107
	<u>145,146</u>	<u>165,706</u>

13 Creditors : amounts falling due within one year	2016	2015
	£	£
Trade creditors	12,094	37,812
Taxation and social security	26,937	28,330
Accruals and deferred income	67,802	77,401
Other creditors	9,724	-
	<u>116,557</u>	<u>143,543</u>

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2015 : £20,000) per annum, under a lease expiring on 9th August 2017.

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 2016 was £ 514,119 (2015 : £481,327).

15 Pension commitments

The company operates defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in an independently administered fund. The annual commitment under this scheme is for contributions of £ 58,819 (2015 : £62,959).

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 2016

17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2015 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2016 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted funds:</i>					
General Funds	1,016,781	2,568,005	(2,587,584)	-	997,202
Designated Funds	138,773	122,962	(83,227)	-	178,508
Total	1,155,554	2,690,967	(2,670,811)	-	1,175,710

Designated funds are rent and service charge receipts set aside for future refurbishment of the housing properties utilised by the charity. The Trustees are of the opinion that the amount set aside as at 31 March 2016 is sufficient to cover requirements in the short term.

18 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	252,251	-	-	252,251
Current assets	861,508	178,508	-	1,040,016
Current liabilities	(116,557)	-	-	(116,557)
Net assets 31 March 2016	997,202	178,508	-	1,175,710

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2016

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2015 : £Nil), and were reimbursed mileage expenses of £ 284 (2015 : £183).

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.