

**STEPPING STONE PROJECTS**

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

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

Company number: 2647645

Registered Charity Number: 1004375

**WRIGLEY PARTINGTON**

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

**STEPPING STONE PROJECTS**  
**INFORMATION**

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**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 Stephen McGuckian  
Mrs Diane Laming

**Chief Executive Officer**

Kathleen Barlow

**Company Number**

2647645

**Registered Charity Number**

1004375

**Registered Office**

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

**Auditors**

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

**Bankers**

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

**Solicitors**

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

## STEPPING STONE PROJECTS

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## **STEPPING STONE PROJECTS**

### **Report of the Trustees for the year ended 31 March 2017**

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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 2017.

#### **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 seven 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  
Ms Jane Allen

Mr David Berry  
Mr Brian Courtney  
Ms Diane Laming

Ms Kay Owen  
Ms Paula Du Plessis  
Mr Steve McGuckian

Des Andrew and Brian Courtney resigned from the Board in May 2016 and July 2017 respectively, having served for nearly 30 years between them. 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 four 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 2017 (*continued*)

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- 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 2017 (*continued*)

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### STRATEGIC OVERVIEW

During the last six years our Board have followed a forward looking strategy of sustainable growth and diversification, underpinned by innovation, continuous improvement and strong partnership work. We have maintained and developed our reputation for the delivery of high quality, cost effective services during a rapidly changing business and funding environment. We aim to thrive, not just survive.

During this year the Board of Trustees updated the Strategic Business Plan, articulating our long term objective of achieving sustainable growth whilst offering value for money for commissioners and maintaining a high quality of service delivery.

The main impact on Stepping Stone Projects in recent years is the demands that have arisen from 6 years of central government austerity measures, resulting in local cuts to commissioned services. Whilst external funding has reduced, there has been no reduction in demand for services from vulnerable people, and recent welfare changes are resulting in increasing homelessness and associated needs. In response we have: added value (cutting prices); remodelled and structured services to achieve financial savings whilst meeting the needs of clients; sought a wider customer base (geographically and by client needs); sought greater autonomy by developing spot purchase services and reducing reliance on block contract funding.

The organisation has moved fast to make changes where necessary, and has been innovative in responding to both change and new opportunities, such as designing and marketing the NW Care Leavers dispersed service, developing a new spot purchase 24-hour grouped accommodation service for young people in Blackburn and adding a significant dispersed element to our Rochdale accommodation contracts. Being agile is key to our success, keeping internal bureaucracy to a minimum, whilst ensuring that our Board meets regularly, with Trustees receiving detailed and timely reports from the executive.

During the year we have:

- Provided services to 1,004 clients.
- Supported 89% of clients to either establish or maintain independent living.
- Achieved average utilisation rates of 101% in our accommodation-based services and average throughput of 215% which exceeded our targets.
- Achieved average utilisation rates of 101% and average throughput of 147% across our floating support service.
- Retained our Investors In People Silver Accreditation.
- Developed and marketed a new 24 hour accommodation service for young people at risk of homelessness in Blackburn, which accepts referrals from across the region and elsewhere.
- Sourced a new Burnley office for our Care Leavers East Team and the Operations Manager.
- Completed an in-depth review of our Health and Safety Policy and Procedures.
- Carried out comprehensive core and refresher training for all staff in Health and Safety with a focus on Needs and Risk Assessment.
- Entered into a new partnership with Rochdale Boroughwide Housing to source and manage dispersed accommodation for our Rochdale Male Only service and two Complex Needs services.

### PLANS FOR THE FUTURE

Our strategy of spreading our reach to those whom we support, at a pace that is sustainable, remains the main focus of our work. Our aim is to continue with a programme of continuous improvement in service delivery, offering value for money to commissioners, and seeking innovative solutions to meet the increasing demands that arise from cuts to funding for local authorities for support services, and potential cuts to housing benefit for the accommodation that we provide.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2017 (*continued*)

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In the coming year we will be working towards:

- Expanding the delivery of 'spot purchase', non-commissioned, services that are in our direct control, specifically across our Care Leavers services.
- Pursuing opportunities for potential collaboration in acting as a sub-contractor in bids for large contracts, where viable.
- Supporting the development of the senior management and executive team in their strategic and operational roles by commissioning a review of senior posts, including benchmarking salaries across the market, and creating a new Head of Operations post.

## FINANCIAL REVIEW

### Principal funding sources

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

- Housing-related support contract income from Rochdale MBC and Lancashire County Council.
- 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 2017 were £3,091,308 (2016 - £2,690,967). This is an increase of 14.9% which is mainly due to the growth of our Care Leavers services which more than doubled in size having an increase in income of £398,101 to a total value of £730,607 in 2016/17 compared to £332,506 in the previous year.

The decrease in contract income is primarily due to the loss of three Floating Support contracts during 2015/16. Blackburn Mainstay Floating Support contract was decommissioned on 31 August 2015, Wigan Complex Needs Floating Support contract was decommissioned on 30 November 2015 and Rochdale Substance Misuse Service contract was decommissioned on 31 March 2016 with a reduction in income from 2015/16 of £53,132, £137,115 and £75,000 respectively.

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 in addition to the growth of the Care Leavers service. The new contracts in Rochdale both have an increased number of dispersed properties and rental income grew by £185,000 across the Male Only and Complex Needs services as a result.

Investment income continues to be impacted by low savings interest rates and it has decreased slightly to £5,906 (2016 - £7,068). 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.

Other income has increased to £6,287 (2016 - £1,859) primarily due to a one-off donation of £5,000.

In the year to 31 March 2017 the Charity made a net surplus (after including investment income) of £51,807 (2016 - £20,156 surplus).

## **STEPPING STONE PROJECTS**

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

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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 but one of the remaining services making a positive contribution to central costs. The one service that didn't make a positive contribution is the new Care Leavers North service which includes Ashby House; this service was only established in the second half of the year and this year's accounts include a lot of set-up costs.

The budget for 2017/18 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 a slightly higher proportion of expenditure as in the previous financial year.

Direct charitable expenditure accounted for 99.3% (2016 – 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 0.7% (2016 – 0.8%) of total expenditure. Trustees decided that the basis for allocating costs that was adopted in the financial year ending 31 March 2014 was still the most appropriate method by which to fairly reflect actual expenditure.

#### **Balance Sheet**

The net book value of fixed assets increased to £264,691 from £252,251 in the previous year. The increase is due to additional expenditure of £60,199 on furnishing new dispersed properties and £7,688 on sundry IT expenditure 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 £189,277 at the year-end (2016 - £193,563).

#### **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 current reserves of £1,227,517 equate to slightly more than four months of the budgeted expenditure for 2017/18 so are below the current target level. Trustees have discussed the risk factors and concluded that the likelihood of losing all services at once is remote however they have agreed to retain the target level at six months for now given continuing uncertainties around Local Authority funding, though a full review of the reserves policy linked to the corporate risk register and other pertinent factors will be undertaken before 31 March 2018.

Trustees have also recognised that whilst the building of reserves is essential to 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, this should not be detrimental to charitable activities and the provision of quality services to clients.

#### **Financial risk management objectives and policies**

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



## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2017 (*continued*)

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#### TRUSTEES' RESPONSIBILITIES

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

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

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

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

In so far as the directors are aware:

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

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

#### Auditors

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

By order of the Board of Trustees



Ms S Ashby  
Chair

29 November 2017

## 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 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

This report is made solely to the charity's members, 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 members 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 members 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 2017 and of its results including its income and expenditure 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.

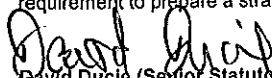
#### Opinion on other matter prescribed by the Companies Act 2006

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 2017

## STEPPING STONE PROJECTS

### STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2017

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
<b><u>INCOME</u></b>					
Other income	3	6,287	-	6,287	1,859
Income from investments	4	5,906	-	5,906	7,068
		12,193	-	12,193	8,927
<b><i>Income from charitable activities:</i></b>					
Grants and contracts	5	1,341,318		1,341,318	1,345,863
Rents receivable	5	1,737,797		1,737,797	1,336,177
Total income		<b>3,091,308</b>	<b>-</b>	<b>3,091,308</b>	<b>2,690,967</b>
<b><u>EXPENDITURE</u></b>					
Raising funds	6	-	-	-	-
Charitable activities	6	3,039,501		3,039,501	2,670,811
Total expenditure	6	<b>3,039,501</b>	<b>-</b>	<b>3,039,501</b>	<b>2,670,811</b>
Net Income/(expenditure) for the year		<b>51,807</b>	<b>-</b>	<b>51,807</b>	<b>20,156</b>
Net movement in funds		<b>51,807</b>	<b>-</b>	<b>51,807</b>	<b>20,156</b>
<b><i>Reconciliation of funds</i></b>					
Total funds brought forward		1,175,710	-	1,175,710	1,155,554
Total funds carried forward	17	<b>1,227,517</b>	<b>-</b>	<b>1,227,517</b>	<b>1,175,710</b>

The results for the year arise 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

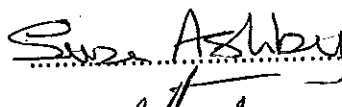
## BALANCE SHEET : AS AT 31 MARCH 2017

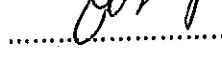
	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	11	264,691	252,251
<b>Total fixed assets</b>		<u>264,691</u>	<u>252,251</u>
<b>CURRENT ASSETS</b>			
Debtors	12	247,327	145,146
Cash at bank and in hand		906,009	894,870
<b>Total current assets</b>		<u>1,153,336</u>	<u>1,040,016</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	13	190,510	116,557
<b>NET CURRENT ASSETS</b>		<u>962,826</u>	<u>923,459</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,227,517	1,175,710
<b>NET ASSETS</b>	18	<u>1,227,517</u>	<u>1,175,710</u>
<b>THE FUNDS OF THE CHARITY</b>			
<i>Restricted income funds</i>	17	-	-
<i>Unrestricted income funds:</i>			
Designated	17	292,101	178,508
General	17	935,416	997,202
<b>TOTAL CHARITY FUNDS</b>	17	<u>1,227,517</u>	<u>1,175,710</u>

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 29th November 2017 and signed on their behalf by:

 Trustee/Director  
SUSAN ASHBY

 Trustee/Director  
DAVID BERRY

Registration number 2647645

# STEPPING STONE PROJECTS

## STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Net income/(expenditure) for the year	51,807	20,156
<i>Adjustments for:</i>		
Depreciation of tangible assets	55,447	26,460
Income from investing activities	(5,906)	(7,068)
Decrease/(increase) in debtors	(102,181)	20,560
Increase/(decrease) in creditors	73,953	(26,986)
	<u>73,120</u>	<u>33,122</u>
Cash generated from operations		
	<u>73,120</u>	<u>33,122</u>
Net cash provided by (used in) operating activities		
 <b>Cash flows from investing activities</b>		
Interest received	5,906	7,068
Purchase of tangible assets	(67,887)	(67,171)
	<u>(61,981)</u>	<u>(60,103)</u>
Net cash used in investing activities		
 <b>Net increase / (decrease) in cash and cash equivalents</b>	11,139	(26,981)
Cash and cash equivalents at the beginning of the year	894,870	921,851
Cash and cash equivalents at the end of the year	<u>906,009</u>	<u>894,870</u>

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### a) **Basis of preparation**

The financial statements have been prepared on an accruals basis under the historical cost convention, and the Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Stepping Stone Projects meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

##### b) **Company status**

The charity is a company limited by guarantee (registered number 2647645) incorporated in the UK and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The registered address is PO Box 153, Rochdale OL16 1FR.

##### c) **Going concern**

The accounts have been prepared on a going concern basis. The trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and that there are no material uncertainties over the charity's financial viability.

##### d) **Income**

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.

##### e) **Expenditure**

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 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 2017

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#### 1 Accounting policies continued

##### f) **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.

##### g) **Operating leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

##### h) **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 less the estimated residual value 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

##### i) **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.

##### j) **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.

##### k) **Financial instruments**

The company has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

##### l) **Changes in presentation**

Where changes in presentation have been made the comparative figures have been adjusted accordingly.

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

	Unrestricted 2017 £	Restricted 2017 £	Total 2017 £	Total 2016 £
<b>2 <u>Income from fund raising activities</u></b>				
The charity does not carry out any fund raising activities or receive income from commercial trading operations.				
<b>3 <u>Other income</u></b>				
Other income and donations	6,287	-	6,287	1,859
	<u>6,287</u>	<u>-</u>	<u>6,287</u>	<u>1,859</u>
<b>4 <u>Income from investments</u></b>				
Bank deposit interest	5,906	-	5,906	7,068
	<u>5,906</u>	<u>-</u>	<u>5,906</u>	<u>7,068</u>
<b>5 <u>Income from charitable activities</u></b>				
Grants received regarding accomodation and support	1,341,318	-	1,341,318	1,345,863
Rent receivable	1,737,797	-	1,737,797	1,336,177
	<u>3,079,115</u>	<u>-</u>	<u>3,079,115</u>	<u>2,682,040</u>



STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

6 Expenditure

	Raising funds	Charitable activities			Total 2017 £	Total 2016 £
		Basis of allocation	Accommodation and support	Governance		
	£		£	£		
<u>Costs directly allocated to activities</u>						
Housing costs		Direct	1,228,163		1,228,163	947,628
Housing management services		Direct	1,257,305		1,257,305	1,178,157
Travel and training		Direct	58,852		58,852	50,708
Office costs		Direct	46,519		46,519	34,713
Recruitment		Direct	-		-	4,206
Audit		Direct	-	5,625	5,625	5,839
Accountancy		Direct	-	3,233	3,233	3,357
			<u>2,590,839</u>	<u>8,858</u>	<u>2,599,697</u>	<u>2,224,608</u>
<u>Support costs</u>						
Staff costs		Staff time	317,635	10,883	328,518	344,883
Office costs		Staff time	98,741	980	99,721	94,600
Legal and professional		Staff time	1,134	18	1,152	1,272
Bank charges and interest		Staff time	-	30	30	30
Depreciation		Staff time	10,223	160	10,383	5,418
			<u>427,733</u>	<u>12,071</u>	<u>439,804</u>	<u>446,203</u>
<b>Total expenditure</b>			<u>3,018,572</u>	<u>20,929</u>	<u>3,039,501</u>	<u>2,670,811</u>

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

	Total 2017 £	Total 2016 £
<b>7 <u>Staff costs</u></b>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,148,940	1,202,386
National Insurance	102,021	105,639
Pension, health and life assurance costs	55,790	58,819
	<u>1,306,751</u>	<u>1,366,844</u>

### 8 Staff numbers

The average headcount for the year:

	Number	Number
Charitable activities	55	56
Generating funds	-	-
Governance	2	2
	<u>57</u>	<u>58</u>

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

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

### 9 Net movement in funds

Net movement in funds is arrived at after charging /(crediting):		
Depreciation of tangible fixed assets	55,447	26,460
Auditors' remuneration:		
audit of charitable company	5,625	5,839
Operating lease rentals - land and buildings	632,201	514,207

### 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 2017

### 11 Tangible fixed assets

	Leasehold Property	Rented Property Improvements	Office furniture and Equipment	Furniture, fittings and sundry equipment	Computer equipment	Total
<b><u>Cost</u></b>						
At 1 April 2016	214,281	129,510	149,450	405,174	217,071	1,115,486
Additions	-	-	-	60,199	7,688	67,887
Disposals	-	-	-	(4,675)	-	(4,675)
At 31 March 2017	<u>214,281</u>	<u>129,510</u>	<u>149,450</u>	<u>460,698</u>	<u>224,759</u>	<u>1,178,698</u>
<b><u>Depreciation</u></b>						
At 1 April 2016	20,718	129,510	149,450	373,787	189,770	863,235
Charge for the period	4,286	-	-	39,918	11,243	55,447
Disposals	-	-	-	(4,875)	-	(4,675)
At 31 March 2017	<u>25,004</u>	<u>129,510</u>	<u>149,450</u>	<u>409,030</u>	<u>201,013</u>	<u>914,007</u>
<b><u>Net Book Value</u></b>						
At 31 March 2017	<u>189,277</u>	-	-	51,668	23,746	264,691
At 31 March 2016	<u>193,563</u>	-	-	31,387	27,301	252,251

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 2017

<b>12 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,261	90
Rents receivable	64,864	30,505
Prepayments and accrued income	155,693	94,822
Other debtors	24,509	19,729
	<u>247,327</u>	<u>145,146</u>

<b>13 Creditors : amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	56,480	12,094
Taxation and social security	26,916	26,937
Accruals and deferred income	95,516	67,802
Other creditors	11,598	9,724
	<u>190,510</u>	<u>116,557</u>

#### **14 Operating lease commitments**

The charitable company rents its head office accommodation at a cost of £20,000 (2016 : £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 2017 was £ 632,201 (2016 : £514,119).

#### **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 £55,790 (2016 : £58,819).

#### **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 2017

#### 17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2017 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted funds:</i>					
General Funds	997,202	2,854,157	(2,915,943)	-	935,416
Designated Funds	178,508	237,151	(123,558)	-	292,101
<b>Total</b>	<b>1,175,710</b>	<b>3,091,308</b>	<b>(3,039,501)</b>	<b>-</b>	<b>1,227,517</b>

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 2017 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	264,691	-	-	264,691
Current assets	861,235	292,101	-	1,153,336
Current liabilities	(190,510)	-	-	(190,510)
<b>Net assets 31 March 2017</b>	<b>935,416</b>	<b>292,101</b>	<b>-</b>	<b>1,227,517</b>

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2017

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#### 19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2016 : £Nil), and were reimbursed mileage expenses of £ 234 (2016 : £284).

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.