

**STEPPING STONE PROJECTS**

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

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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  
Mrs Diane Laming

Mr Brian Courtney (resigned 26.7.17)  
Mr Stephen McGuckian  
Mrs Janet Hardwick (appointed 06.06.18)  
Mr Nicholas Cox (appointed 07.06.18)  
Mrs Anne Southern (appointed 29.08.2018)

#### 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

Molesworths Bright Clegg, Octagon House, 25-27 Yorkshire Street  
Rochdale, Lancashire, OL16 1RH.

## STEPPING STONE PROJECTS

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## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2018

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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 2018.

#### 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 Brian Courtney  
Ms Diane Laming

Mr David Berry  
Ms Paula Du Plessis  
Mr Steve McGuckian

Ms Kay Owen  
Ms Jane Allen

Brian Courtney resigned from the Board in July 2017 having served for nearly ten years; Trustees thank him for his 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.

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 2018 (*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

Day-to-day responsibility for the provision of services is delegated to the Executive Management Team consisting of a Chief Executive, a Head of Operations and a Head of Resources, none of whom is a director as defined by company law.

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 operational service delivery and 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 2018 *(continued)*

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#### STRATEGIC OVERVIEW

In recent years Trustees have successfully followed a strategy of sustainable growth and diversification, underpinned by innovation, flexibility, continuous improvement and strong partnership work. We have maintained and developed our reputation for the delivery of high quality, cost effective services during a challenging business and funding environment which has reflected reductions in funding by central government for local authorities. In November 2017 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.

During the year we have entered into new areas of work, and extended existing services, working towards greater autonomy by extending spot purchase services and reducing reliance on block contract funding.

Being agile remains key to our success, keeping internal bureaucracy to a minimum whilst ensuring that our Board meets regularly, and is equipped with the information it needs to make informed decisions about current and future service development.

During the year we have:

- Provided services to 883 clients.
- Supported 96% of clients to either establish or maintain independent living.
- Achieved average utilisation rates of 101% in our accommodation-based services and average throughput of 216% both of which exceeded our targets.
- Achieved average utilisation rates of 100% and average throughput of 247% across our floating support service.
- Developed and marketed our pilot 24 hour accommodation service for young people at risk of homelessness in Blackburn, which accepts referrals from across the region and elsewhere.
- Extended our services in Rochdale to increase the number of dispersed properties in management.
- Partnered with Centrepont to deliver training and personal development opportunities for young clients.
- Become an active participant in the Lancashire/Blackburn Young Persons Trailblazer Project, delivering a trainer flat and Centrepont's Lifewise course to young people who are considering or are about to leave the family home.
- Completed a review of roles and associated benchmarking of salaries across the Senior Management Team to ensure that roles reflect strategic and operational requirements, and ensure that we are able to attract and retain high quality staff.
- Enhanced the Executive staffing structure by creating a new role of Head of Operations.
- Extended our 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 portfolio of services has increased both geographically across the region, as well as by type and we deliver a healthy balance of block funded contracts and spot purchase services. Our strategy in recent years of spreading our reach to those whom we support, at a pace that is sustainable, remains the main focus of our work

In the coming financial year, 2018/19, all our block funded contracts are due to come to an end, and will be subject to local authority review and potential re-design, and subsequent re-commissioning. Our key aim in the next year will be to maintain our position in Lancashire and Rochdale as a provider of high quality, cost effective, supported accommodation and floating support services. In doing so, we will ensure that we are supporting local authorities to achieve their strategic aims, especially in Lancashire where new joint commissioning and referral arrangements for young people, between Supporting People and Children's Social Care, are being implemented. Our reserves, flexibility and risk appetite will allow us to pursue other opportunities for growth as they arise during the year.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2018 (*continued*)

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## 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 corporate and individual donations received.

### Overview

Total incoming resources in the year to March 2018 were £3,474,135 (2017 - £3,091,308). This is an increase of 12.4% which is due to the growth of our Care Leavers services which grew by over 66% having an increase in income of £488,196 to a total value of £1,218,803 in 2017/18 compared to £730,607 in the previous year. This includes £25,000 funding for the new Trailblazer project in East Lancashire.

The increase in rental income is partly due to annual inflationary increases in rent levels but there were also a number of other specific variances in addition to the growth of the Care Leavers service. Our LDH service had a large number of voids in the year and this led to a reduction in rental income of £85,393.

Investment income continues to be impacted by low savings interest rates but has increased slightly to £7,767 (2017 - £5,906). Investment income is used to finance internally funded charitable support to clients and client participation/development activities. Additional charitable funds from reserves were utilised to make up for the low level of investment income and enable us to maintain support for service user activities at similar levels to previous years.

Other income has increased to £7,119 (2017 - £6,287) and includes a one-off donation of £4,024 from a local Co-operative store in East Lancashire.

In the year to 31 March 2018 the Charity made a net surplus (after including investment income) of £118,967 (2017 - £51,807 surplus).

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 2018/19 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 than in the previous financial year.

Direct charitable expenditure accounted for 99.4% (2017 – 99.3%) 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 0.6% (2017 – 0.7%) 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.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2018 (*continued*)

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#### Balance Sheet

The net book value of fixed assets decreased to £224,570 from £264,691 in the previous year. The decrease is due to the fact that the additions for the year were only £21,620 however depreciation charges for the year were £61,741, 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 £184,991 at the year-end (2017 - £189,277).

#### Reserves Policy

Trustees recognise 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.

The Board of Trustees has an annual review of its policy on minimum reserve levels, which are the free reserves of the Charity, earned from previous operations. The previous reserves policy was to have free reserves of approximately six months budgeted expenditure of the next financial year.

During the financial year, Trustees have discussed the risk factors and concluded that the likelihood of losing all services at once is remote and therefore undertook a full review of the reserves policy linked to the corporate risk register and other pertinent factors.

Trustees recognised that there were three main types of expenditure within the charity:

- Property costs (property rental, maintenance, utility charges etc.) are basically funded via rental income;
- Support costs (mainly staffing but also costs such as offices, stationery etc.) are basically funded via contractual income;
- Central costs (again mainly staffing but also ICT, office costs etc.) are funded via a combination of rental and contractual income.

Trustees decided that the reserves policy should provide sufficient reserves to deal with the loss of some or all of the charity's contracts in an orderly manner.

If the charity did lose some or all of its contracts, it is likely that it would still be able to cover the majority of property costs via rental income as tenancies would continue however a provision would be required for dilapidation claims on any properties that needed to be handed back to the landlord. Trustees also considered that the charity should maintain reserves at a level that allow for staff to be given notice and for services to be wound-down in an orderly manner.

Thus the new reserves policy requires an amount equivalent to three months of all non-property costs, except for those on the Care Leavers services due to the in-built flexibility on these services, plus a sum to cover dilapidations plus a redundancy provision as outlined above. It was decided that the existing designated reserve would form an adequate provision against dilapidations claims.

The reserves policy requires free reserves of £614,635 at 31 March 2018 compared with the actual amount of £909,210 and that there is therefore almost £300k available to expand the services that we offer to clients. This is in addition to the designated reserve of £437,274 which is to provide for renewal of furnishings and any potential dilapidations claims arising if properties are handed back to landlords.

#### 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 2018 (*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;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements, 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:

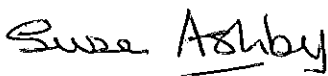
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

5 December 2018

## STEPPING STONE PROJECTS

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS

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#### Opinion

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of its incoming resources and application of resources, 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the Trustees/Directors report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information and our opinion on the financial statements does not cover the other information, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

## STEPPING STONE PROJECTS

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS continued...

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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 in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

WRIGLEY PARTINGTON  
Chartered Accountants and  
Statutory Auditor

Sterling House  
501 Middleton Road  
Chadderton  
Oldham  
OL9 9LY

Date:

5<sup>th</sup> December 2018

# STEPPING STONE PROJECTS

## STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
<b><u>INCOME</u></b>					
Other income	3	7,119	-	7,119	6,287
Income from investments	4	7,767	-	7,767	5,906
		14,886	-	14,886	12,193
<b><i>Income from charitable activities:</i></b>					
Grants and contracts	5	1,633,528		1,633,528	1,341,318
Rents receivable	5	1,825,721		1,825,721	1,737,797
<b>Total income</b>		<b>3,474,135</b>	<b>-</b>	<b>3,474,135</b>	<b>3,091,308</b>
<b><u>EXPENDITURE</u></b>					
Raising funds	6	-	-	-	-
Charitable activities	6	3,355,168		3,355,168	3,039,501
<b>Total expenditure</b>	<b>6</b>	<b>3,355,168</b>	<b>-</b>	<b>3,355,168</b>	<b>3,039,501</b>
<b>Net income/(expenditure) for the year</b>		<b>118,967</b>	<b>-</b>	<b>118,967</b>	<b>51,807</b>
<b>Net movement in funds</b>		<b>118,967</b>	<b>-</b>	<b>118,967</b>	<b>51,807</b>
<b><i>Reconciliation of funds</i></b>					
Total funds brought forward		1,227,517	-	1,227,517	1,175,710
<b>Total funds carried forward</b>	<b>17</b>	<b>1,346,484</b>	<b>-</b>	<b>1,346,484</b>	<b>1,227,517</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 2018


	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	11	224,570	264,691
<b>Total fixed assets</b>		<u>224,570</u>	<u>264,691</u>
<b>CURRENT ASSETS</b>			
Debtors	12	313,033	247,327
Cash at bank and in hand		961,715	906,009
<b>Total current assets</b>		<u>1,274,748</u>	<u>1,153,336</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	13	152,834	190,510
<b>NET CURRENT ASSETS</b>		<u>1,121,914</u>	<u>962,826</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,346,484</u>	<u>1,227,517</u>
<b>NET ASSETS</b>	18	<u>1,346,484</u>	<u>1,227,517</u>
<b>THE FUNDS OF THE CHARITY</b>			
<i>Restricted income funds</i>	17	-	-
<i>Unrestricted income funds:</i>			
Designated	17	437,274	292,101
General	17	909,210	935,416
<b>TOTAL CHARITY FUNDS</b>	17	<u>1,346,484</u>	<u>1,227,517</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 and signed on their behalf by:

 ..... Trustee/Director

 ..... Trustee/Director

Registration number 2647645

# STEPPING STONE PROJECTS

## STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Net income/(expenditure) for the year	118,967	51,807
<i>Adjustments for:</i>		
Depreciation of tangible assets	61,741	55,447
Income from investing activities	(7,767)	(5,906)
Decrease/(increase) in debtors	(65,706)	(102,181)
Increase/(decrease) in creditors	(37,676)	73,953
Cash generated from operations	69,559	73,120
Net cash provided by (used in) operating activities	69,559	73,120
<b>Cash flows from investing activities</b>		
Interest received	7,767	5,906
Purchase of tangible assets	(21,620)	(67,887)
Net cash used in investing activities	(13,853)	(61,981)
Net increase / (decrease) in cash and cash equivalents	55,706	11,139
Cash and cash equivalents at the beginning of the year	906,009	894,870
Cash and cash equivalents at the end of the year	961,715	906,009

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2018

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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 2018

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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 2018

	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
<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	7,119	-	7,119	6,287
	<u>7,119</u>	<u>-</u>	<u>7,119</u>	<u>6,287</u>
<b>4 <u>Income from investments</u></b>				
Bank deposit interest	7,767	-	7,767	5,906
	<u>7,767</u>	<u>-</u>	<u>7,767</u>	<u>5,906</u>
<b>5 <u>Income from charitable activities</u></b>				
Grants received regarding accomodation and support	1,633,528	-	1,633,528	1,341,318
Rent receivable	1,825,721	-	1,825,721	1,737,797
	<u>3,459,249</u>	<u>-</u>	<u>3,459,249</u>	<u>3,079,115</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2018

6 Expenditure

	Raising funds	Charitable activities			Total 2018 £	Total 2017 £
		Basis of allocation	Accommodation and support	Governance		
	£		£	£		
<b><u>Costs directly allocated to activities</u></b>						
Housing costs		Direct	1,348,205	-	1,348,205	1,228,163
Housing management services		Direct	1,410,237	-	1,410,237	1,257,305
Travel and training		Direct	72,460	-	72,460	58,852
Office costs		Direct	26,640	-	26,640	46,519
Recruitment		Direct	13,142	-	13,142	-
Audit		Direct	-	5,674	5,674	5,625
Accountancy		Direct	-	3,262	3,262	3,233
	-		2,870,684	8,936	2,879,620	2,599,697
<b><u>Support costs</u></b>						
Staff costs		Staff time	342,552	11,435	353,987	328,518
Office costs		Staff time	104,466	963	105,429	99,721
Legal and professional		Staff time	5,232	82	5,314	1,152
Bank charges and interest		Staff time	-	30	30	30
Depreciation		Staff time	10,622	166	10,788	10,383
	-		462,872	12,676	475,548	439,804
<b>Total expenditure</b>	-		3,333,556	21,612	3,355,168	3,039,501

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2018

	Total 2018 £	Total 2017 £
<b>7 <u>Staff costs</u></b>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,310,340	1,148,940
National Insurance	116,254	102,021
Pension, health and life assurance costs	62,765	55,790
	<u>1,489,359</u>	<u>1,306,751</u>

### **8 Staff numbers**

The average headcount for the year:

	Number	Number
Charitable activities	63	55
Generating funds	-	-
Governance	2	2
	<u>65</u>	<u>57</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	0
£70,001 - £80,000	1	1
£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	61,741	55,447
Auditors' remuneration:		
audit of charitable company	5,674	5,625
Operating lease rentals - land and buildings	690,806	632,201

### **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 2018

### 11 Tangible fixed assets

	Leasehold Property	Rented Property Improvements	Office furniture and Equipment	Furniture, fittings and sundry equipment	Computer equipment	Total
<b>Cost</b>						
At 1 April 2017	214,281	129,510	149,450	460,698	224,759	1,178,698
Additions	-	-	4,582	10,925	6,113	21,620
Disposals	-	-	-	-	-	-
At 31 March 2018	214,281	129,510	154,032	471,623	230,872	1,200,318
<b>Depreciation</b>						
At 1 April 2017	25,004	129,510	149,450	409,030	201,013	914,007
Charge for the period	4,286	-	1,941	42,798	12,716	61,741
Disposals	-	-	-	-	-	-
At 31 March 2018	29,290	129,510	151,391	451,828	213,729	975,748
<b>Net Book Value</b>						
At 31 March 2018	184,991	-	2,641	19,795	17,143	224,570
At 31 March 2017	189,277	-	-	51,668	23,746	264,691

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 2018

12 <u>Debtors</u>	2018 £	2017 £
Trade debtors	7,936	2,261
Rents receivable	82,571	64,864
Prepayments and accrued income	206,481	155,693
Other debtors	16,045	24,509
	<u>313,033</u>	<u>247,327</u>

13 <u>Creditors : amounts falling due within one year</u>	2018 £	2017 £
Trade creditors	24,677	56,480
Taxation and social security	28,229	26,916
Accruals and deferred income	91,710	95,516
Other creditors	8,218	11,598
	<u>152,834</u>	<u>190,510</u>

#### 14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2017 : £20,000) per annum, under a lease expiring on 9th August 2020. The remaining commitment is £46,666.

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. Most agreements with private landlords are for periods of six months. The annual commitment for management and occupancy costs as at 31st March 2018 was £ 703,460 (2017 : £744,869).

#### 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 independently administered funds. The annual commitment under this scheme is for contributions of £ 62,765 (2017 : £55,790).

#### 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 2018

#### 17 Analysis of charitable funds

##### Analysis of fund movements:

	At 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2018 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted funds:</i>					
General Funds	935,416	3,209,512	(3,235,718)	-	909,210
Designated Funds	292,101	264,623	(119,450)	-	437,274
<b>Total</b>	<b>1,227,517</b>	<b>3,474,135</b>	<b>(3,355,168)</b>	<b>-</b>	<b>1,346,484</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 2018 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	224,570	-	-	224,570
Current assets	837,474	437,274	-	1,274,748
Current liabilities	(152,834)	-	-	(152,834)
<b>Net assets 31 March 2017</b>	<b>909,210</b>	<b>437,274</b>	<b>-</b>	<b>1,346,484</b>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2018

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19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2017 : £Nil), and were reimbursed mileage expenses of £ 358 (2017 : £234).

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.