

STEPPING STONE PROJECTS

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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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
Mrs Diane Laming

Mr Stephen McGuckian (resigned 05.01.19)
Mrs Janet Hardwick (appointed 06.06.18)
Mr Nicholas Cox (appointed 07.06.18)
Mrs Anne Southern (appointed 29.08.2018,
resigned 14.11.19)

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.

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STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2019

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 2019.

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
Ms Paula Du Plessis
Mr Stephen McGuckian
Ms Anne Southern

Mr David Berry
Ms Jane Allen
Ms Janet Hardwick

Ms Kay Owen
Ms Diane Laming
Mr Nicholas Cox

Mr Steve McGuckian and Ms Anne Southern resigned on 5 January 2019 and 12 November 2019 respectively whilst Ms Paula Du Plessis retired at the AGM on 26 November 2019 after over 19 years' service between them. Trustees thank them all 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.

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 2019 *(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

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 2019 (*continued*)

STRATEGIC OVERVIEW

The main impact on SSP in recent years is the demands that have arisen from 8 years' of central government austerity measures, resulting in local cuts to commissioned services. In this respect the business environment in which we operate remains challenging.

Whilst external funding has reduced, there has been no reduction in demand for services from vulnerable people, and welfare changes/austerity measures have resulted in increasing homelessness and associated needs. In response we have added value by improving productivity, remodelled and structured services to achieve financial cost savings for ourselves and commissioners whilst meeting the needs of clients, responded to demand from a wider customer base (geographically and by service type) and achieved greater autonomy by developing spot purchase services and reducing reliance on block contract funding.

During 2018-19 operations have been driven by the existing Strategic Business Plan, reflecting our long-term objective of achieving sustainable growth whilst offering value for money for commissioners and maintaining a high quality of service delivery. We have moved fast to innovate and make changes where necessary, responding proactively to challenges and new opportunities, including designing and marketing the North West Care Leavers dispersed service including the development of a new North Area team through spot purchase arrangements 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 our Board meets regularly, with Trustees receiving detailed and timely reports from the executive. This enables us to identify and pursue new opportunities as they arise, either through bidding for new work or responding to invitations to participate in new/extended pilot projects by our current commissioning authorities.

Our long term vision therefore remains as before: to extend our reach to support vulnerable people at risk of homelessness by positioning the charity and raising our profile regionally as a trusted, not for profit organisation, that is able to provide high quality value for money services that can be flexibly delivered, independently or in partnership, to meet the needs of individual local authorities and commissioning teams.

The key themes of the current Business Plan remain similar to previous years, reflecting the diversification that we have achieved in relation to development of new 'spot purchased' care leavers services and our portfolio of dispersed properties across most services. In addition, our Board has updated our Reserves Policy and identified cash resources that can be utilised to invest in the development of new services, including asset purchase where appropriate.

Key achievements

During the year 2018-19 we have:

- Provided services to 795 clients. 341 within the Young Person's Services and 454 in Adult Services.
- Supported 98% of clients to either establish or maintain independent living (99% for the Young Person's Services and 97% for Adult Services).
- Achieved an average of 93% planned departures across all services (98% for the Young Person's Services and 88% for Adult Services).
- Achieved average utilisation rates of 102% in our services and average throughput of 212% both of which exceeded our targets.
- Been successful in retaining funding from the Rochdale Strategic Health Authority and Public Health England for an innovative dispersed accommodation project for ex-offenders in the Borough.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2019 (*continued*)

- Delivered a Trainer Flat project in Burnley as part of a new East Lancashire central government funded Trailblazer Project to provide new and innovative ways of working to prevent youth homelessness. This was originally a Pilot commissioned in 2017, which has received extended funding in 2018.
- Been commissioned by Rochdale MBC to co-ordinate and deliver a new local ABEN service (A Bed Every Night) for people who are street homeless and/or rough sleeping as part of the Authority's Cold Weather Protocol.
- Embedded the new post of Head of Operations into the Executive Management Team to support growth and provide closer coaching of Operations Managers
- Completed an in-depth review of staff roles and responsibilities and carried out external salary benchmarking led by an external consultant. Resultant roles/salaries reflect our aim to be an above average employer in terms of salaries, and to ensure that all posts are paid above Real Living Wage levels.
- Identified a HMO (House in Multiple Occupation) in Rochdale to be purchased just after the year-end from a private sector owner; thereby securing long term manageable accommodation for clients who may have difficulty in maintaining long term accommodation without an intensive housing management service.
- Updated our website which is more informative / interactive.

PLANS FOR THE FUTURE

Central government's welfare reform/austerity programme will continue to impact on our future work, particularly in relation to housing benefit, which is a key source of funding for most of our accommodation services. Whilst government has committed to continue its support for supported accommodation services, the vehicle for funding housing costs is not yet decided, and we will be keeping abreast of announcements/changes in this regard and assessing the impact on our business plan.

Securing business that contributes to long term sustainability will be of the highest priority, as national austerity and local government cut-backs remain in place. Retention of our commission to deliver services for the local authorities with whom we currently work will be of particular importance. This will be a platform from which we can develop new / innovative services, through current and wider partnerships, to meet changing needs.

In addition to securing and developing services commissioned by supporting people / adult and children's social care authorities, we shall be seeking to build our partnerships with local health-funded agencies to develop services that contribute to the wider health agenda where the opportunity arises.

A critical success factor for our Young Person's services in Lancashire, and more recently for adult services in Rochdale, has been the development of effective partnerships with landlords in the public and private sectors. A key strategic objective for the future is to build on this foundation and develop similar relationships to expand our business 'reach' in other areas of our operations, including the potential for delivering additional services that receive no external support funding and are funded through rental income alone, as well as through sub-contracting arrangements with larger Landlords and Providers where appropriate. This will help us expand our offer to people as they leave our services and seek move-on accommodation.

In addition to the above, our updated Reserves Policy provides the assurance needed to confidently develop an investment strategy to support service and business development, and this strategy will be developed over the next 12 months.

Retain our focus on continuous improvement, including a re-accreditation assessment for Investors In People in 2019. At the time of writing we have just been advised that we have been reaccredited at Silver Level.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2019 (*continued*)

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 2019 were £3,571,854 (2018 - £3,474,135). This is an increase of 2.8% which is due to additional rental income from our Complex Needs and Lancashire Dispersed Housing services of £58,634 and £96,183 respectively which was partially offset by a reduction in income of £66,963 on our Care Leavers services largely due to the closure of Ashby House.

There was also an increase in rental income across all services as a result of annual inflationary increases in rent levels but there were also a number of other specific variances in addition to the reduction of the Care Leavers service. Our void performance on the LDH service improved significantly from the previous year and this was the major reason for the increase in rental income. Our new ABEN service also contributed to our Complex Needs Service and accounted for the majority of the increase in its rental income.

Investment income continues to be impacted by low savings interest rates and has decreased to £2,461 (2018 - £7,764). 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 decreased to £1,827 (2018 - £7,119) however the income for 2018 was inflated by a one-off donation of £4,024 from a local Cooperative store in East Lancashire.

In the year to 31 March 2019 the Charity made a net surplus (after including investment income) of £22,284 (2018 - £118,967 surplus).

From a financial perspective, this has been another challenging but ultimately successful year. The majority of services made a positive contribution to central costs, however two services did not. Rochdale Generic Floating Support made a very small deficit due to long-term sickness absence and the Care Leavers North service made a much more significant deficit due to the performance of Ashby House which was closed in December 2018.

The budget for 2019/20 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 very similar proportion of expenditure to the previous financial year.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2019 (*continued*)

Direct charitable expenditure accounted for 99.3% (2018 – 99.4%) 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% (2018 – 0.6%) 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 decreased to £222,457 from £224,570 in the previous year. The decrease is due to the fact that the additions for the year were only £36,690 however depreciation charges for the year were £38,803, 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 £180,706 at the year-end (2018 - £184,991).

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 current reserves policy was adopted in the previous financial year when 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.

Trustees discussed the risk factors and concluded that the likelihood of losing all services at once is still remote and that the current reserves policy is still appropriate having considered the corporate risk register and other pertinent factors.

Trustees recognise 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.

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 consider 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 existing 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 is considered that the existing designated reserve would form an adequate provision against dilapidations claims.

The reserves policy requires free reserves of £599,725 at 31 March 2019 compared with the actual amount of £948,628 and that there is therefore almost £349k available to expand the services that we offer to clients. This is in addition to the designated reserve of £420,140 which is to provide for renewal of furnishings and any potential dilapidations claims arising if properties are handed back to landlords.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2019 (*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.

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

27 November 2019

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS

Opinion

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2019 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 2019 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.

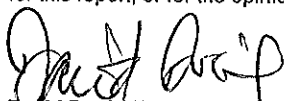
Auditor's responsibilities for the audit of the financial statements

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. 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 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: 28th November 2019

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
INCOME							
Other income	3	1,827	-	1,827	7,119	-	7,119
Income from investments	4	2,461	-	2,461	7,767	-	7,767
		4,288	-	4,288	14,886	-	14,886
<i>Income from charitable activities:</i>							
Grants and contracts	5	1,600,313		1,600,313	1,633,528		1,633,528
Rents receivable	5	1,967,253		1,967,253	1,825,721		1,825,721
Total income		3,571,854	-	3,571,854	3,474,135	-	3,474,135
EXPENDITURE							
Raising funds	6	-	-	-	-	-	-
Charitable activities	6	3,549,570		3,549,570	3,355,168		3,355,168
Total expenditure	6	3,549,570	-	3,549,570	3,355,168	-	3,355,168
Net income/(expenditure) for the year		22,284	-	22,284	118,967	-	118,967
Net movement in funds		22,284	-	22,284	118,967	-	118,967
<i>Reconciliation of funds</i>							
Total funds brought forward		1,346,484	-	1,346,484	1,227,517	-	1,227,517
Total funds carried forward	17	1,368,768	-	1,368,768	1,346,484	-	1,346,484

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

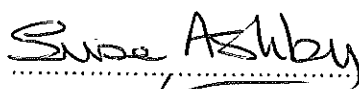
BALANCE SHEET : AS AT 31 MARCH 2019


	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	11	222,457	224,570
Total fixed assets		<u>222,457</u>	<u>224,570</u>
CURRENT ASSETS			
Debtors	12	204,183	313,033
Cash at bank and in hand		1,067,818	961,715
Total current assets		<u>1,272,001</u>	<u>1,274,748</u>
CREDITORS:			
Amounts falling due within one year	13	125,690	152,834
NET CURRENT ASSETS		<u>1,146,311</u>	<u>1,121,914</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,368,768</u>	<u>1,346,484</u>
NET ASSETS	18	<u><u>1,368,768</u></u>	<u><u>1,346,484</u></u>
THE FUNDS OF THE CHARITY			
<i>Restricted income funds</i>	17	-	-
<i>Unrestricted income funds:</i>			
Designated	17	420,140	437,274
General	17	948,628	909,210
TOTAL CHARITY FUNDS	17	<u><u>1,368,768</u></u>	<u><u>1,346,484</u></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 27th November 2019 and signed on their behalf by:


 Trustee/Director
 S. ASHBY


 Trustee/Director
 D. BERRY

Registration number 2647645

STEPPING STONE PROJECTS

STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Cash flows from operating activities		
Net income/(expenditure) for the year	22,284	118,967
<i>Adjustments for:</i>		
Depreciation of tangible assets	38,803	61,741
Income from investing activities	(2,461)	(7,767)
Decrease/(increase) in debtors	108,850	(65,706)
Increase/(decrease) in creditors	(27,144)	(37,676)
Cash generated from operations	140,332	69,559
Net cash provided by (used in) operating activities	140,332	69,559
Cash flows from investing activities		
Interest received	2,461	7,767
Purchase of tangible assets	(36,690)	(21,620)
Net cash used in investing activities	(34,229)	(13,853)
Net increase / (decrease) in cash and cash equivalents	106,103	55,706
Cash and cash equivalents at the beginning of the year	961,715	906,009
Cash and cash equivalents at the end of the year	1,067,818	961,715

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

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 2019

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 2019

	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £	Total 2018 £
2 <u>Income from fund raising activities</u>				
The charity does not carry out any fund raising activities or receive income from commercial trading operations.				
3 <u>Other income</u>				
Other income and donations	1,827	-	1,827	7,119
	<u>1,827</u>	<u>-</u>	<u>1,827</u>	<u>7,119</u>
4 <u>Income from investments</u>				
Bank deposit interest	2,461	-	2,461	7,767
	<u>2,461</u>	<u>-</u>	<u>2,461</u>	<u>7,767</u>
5 <u>Income from charitable activities</u>				
Grants received regarding accomodation and support	1,600,313	-	1,600,313	1,633,528
Rent receivable	1,967,253	-	1,967,253	1,825,721
	<u>3,567,566</u>	<u>-</u>	<u>3,567,566</u>	<u>3,459,249</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

6 Expenditure

	Raising funds	Charitable activities			Total 2019 £	Total 2018 £
		Basis of allocation	Accommodation and support	Governance		
	£		£	£		
<u>Costs directly allocated to activities</u>						
Housing costs		Direct	1,352,537	-	1,352,537	1,348,205
Housing management services		Direct	1,507,612	-	1,507,612	1,410,237
Travel and training		Direct	72,855	-	72,855	72,460
Office costs		Direct	27,366	-	27,366	26,640
Recruitment		Direct	7,780	-	7,780	13,142
Audit		Direct	-	5,825	5,825	5,674
Accountancy		Direct	-	3,348	3,348	3,262
	-		2,968,150	9,173	2,977,323	2,879,620
<u>Support costs</u>						
Staff costs		Staff time	427,871	14,934	442,805	353,987
Office costs		Staff time	112,087	1,226	113,313	105,429
Legal and professional		Staff time	9,181	134	9,315	5,314
Bank charges and interest		Staff time	-	30	30	30
Depreciation		Staff time	6,663	121	6,784	10,788
	-		555,802	16,445	572,247	475,548
Total expenditure	-		3,523,952	25,618	3,549,570	3,355,168

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

	Total 2019 £	Total 2018 £
7 Staff costs		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,433,119	1,310,340
National Insurance	129,273	116,254
Pension, health and life assurance costs	68,747	62,765
	<u>1,631,139</u>	<u>1,489,359</u>

8 Staff numbers

The average headcount for the year:

	Number	Number
Charitable activities	65	63
Generating funds	-	-
Governance	3	2
	<u>68</u>	<u>65</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	38,803	61,741
Auditors' remuneration:		
audit of charitable company	5,825	5,674
Operating lease rentals - land and buildings	732,621	690,806

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 2019

11 Tangible fixed assets

	Leasehold Property	Rented Property Improvements	Office furniture and Equipment	Furniture, fittings and sundry equipment	Computer equipment	Total
<u>Cost</u>						
At 1 April 2018	214,281	129,510	154,032	471,623	230,872	1,200,318
Additions	-	-	-	24,628	12,062	36,690
Disposals	-	-	-	-	-	-
At 31 March 2019	214,281	129,510	154,032	496,251	242,934	1,237,008
<u>Depreciation</u>						
At 1 April 2018	29,290	129,510	151,391	451,828	213,729	975,748
Charge for the period	4,285	-	2,276	22,161	10,081	38,803
Disposals	-	-	-	-	-	-
At 31 March 2019	33,575	129,510	153,667	473,989	223,810	1,014,551
<u>Net Book Value</u>						
At 31 March 2019	180,706	-	365	22,262	19,124	222,457
At 31 March 2018	184,991	-	2,641	19,795	17,143	224,570

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 2019

12 Debtors	2019	2018
	£	£
Trade debtors	2,415	7,936
Rents receivable	40,661	82,571
Prepayments and accrued income	155,211	206,481
Other debtors	5,896	16,045
	<u>204,183</u>	<u>313,033</u>

13 Creditors : amounts falling due within one year	2019	2018
	£	£
Trade creditors	14,878	24,677
Taxation and social security	34,285	28,229
Accruals and deferred income	68,524	91,710
Other creditors	8,003	8,218
	<u>125,690</u>	<u>152,834</u>

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2018 : £20,000) per annum, under a lease expiring on 9th August 2020. The remaining commitment is £26,666.

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 2019 was £728,350 (2018 : £703,460).

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 £68,747 (2018 : £62,765).

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 2019

17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2019 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted funds:</i>					
General Funds	909,210	3,331,202	(3,450,292)	158,508	948,628
Designated Funds	437,274	240,652	(99,278)	(158,508)	420,140
Total	1,346,484	3,571,854	(3,549,570)	-	1,368,768

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 2019 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	222,457	-	-	222,457
Current assets	851,861	420,140	-	1,272,001
Current liabilities	(125,690)	-	-	(125,690)
Net assets 31 March 2017	948,628	420,140	-	1,368,768

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2019

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2018 : £Nil), and were reimbursed mileage expenses of £428 (2018 : £358).

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.

20 Events after the reporting period

On 6 February 2019 the Board of Trustees agreed that the Charity should purchase a HMO (House of Multiple Occupation), known as St Clare's House, 11-15 Ann Street, Rochdale OL16 1QQ.

Exchange of contracts and completion took place in May 2019 for a consideration of £350,000.