

## **STEPPING STONE PROJECTS**

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

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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**

Mr Christopher Tait

**Charity Trustees**

Ms Susan Ashby  
Ms Kay Owen  
Mrs Janet Hardwick  
Mr David Berry  
Mrs Jane Allen

Mrs Diane Laming  
Mr Nicholas Cox  
Mr Colin Royle (appointed 30.06.21)  
Ms Kelly Webb (appointed 30.06.21)  
Ms Elisabeth Lilley (appointed 28.07.21)

**Chief Executive Officer**

Dave Smith

**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**

Wrigley Claydon, 29/33 Union Street, Oldham, OL1 1HH

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 2021

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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 2021.

#### 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 Jane Allen  
Mr Nicholas Cox

Mr David Berry  
Ms Diane Laming

Ms Kay Owen  
Ms Janet Hardwick

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. In January 2020 the Board of Trustees considered and agreed the key additional skills they believe the Board needs over the next 3 years to help the organisation deliver on its strategic objectives and to meet its current business needs and risks. These additional skills included financial, supported housing, ICT and legal expertise. Recruitment commenced in February and several potential candidates were identified but the process was delayed due to the lockdown from March to June 2020 and various subsequent restrictions.

Despite the on-going covid-19 restrictions, in February 2021 the recruitment process was restarted and following fresh external advertising, 7 applications were received and a working group of trustees shortlisted 4 candidates to progress to the interview stage with the Chair and Vice-Chair. 3 of the 4 shortlisted were then approved as trustees who attended their first meeting as observers in May 2021.

The appointments of all 3 candidates were unanimously formally approved by trustees at the May 2021 Board meeting and we are confident that they possess many of the above additional skills and experiences and will make a real difference to the successful delivery of our purpose, mission, vision and strategic plans.

We are delighted to welcome the newly appointed trustees who are:

Ms Kelly Webb

Mr Colin Royle

Ms Lisa Lilley



## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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#### Induction and training

Any 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:

- 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, Director of Operations and a Director 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 homes and 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 2021 (*continued*)**

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It should be noted that the existing Memorandum and Articles of Association were reviewed in February 2020 by Trustees with legal advice. A number of relatively minor changes were agreed to bring the documents up to date and better reflect our current operating environment and ways of working. However, due to the covid-19 crisis, there was a delay in being able to sign and submit the amended documents to the Charity Commission for approval. Approval from the Charity Commission was further delayed by covid-19 restrictions and was finally confirmed in late May 2021. The new Memorandum and Articles of Association were re-presented and ratified by Trustees in June 2021 and registered with Companies House and the Charity Commission.

### **STRATEGIC OVERVIEW 2020/21 – DID THAT REALLY HAPPEN?**

"Well that was the year that was" and what a year! We have never experienced a year like it and hopefully it will not be repeated in our life time. The covid-19 crisis affected lives across the globe; this happened on a daily basis as events, responses, policies and rules continually changed around us.

The crisis has also transformed Stepping Stone Projects particularly the challenges and business risks we face, how we work day to day, how we plan and respond to these daily new challenges and our customers' needs have all changed. It has presented us with challenges and risks that we could not have reasonably imagined beforehand and our short, medium and long-term prospects, aims and ambitions have similarly been transformed.

We addressed all of these challenges making ourselves very relevant in this new world and we are now seen by our growing number of commissioners as providers of solutions. We have significantly increased our portfolio of homes and services to help more homeless and vulnerable people and have expanded our business and secured a more viable financial future and are emerging on the other side of the covid-19 crisis much bigger, better and stronger. These developments mean that we are now well placed to meet the future challenges coming our way, as the crisis subsides, restrictions are eased and the country starts the long process of recovery.

### **Our Business Risks, Challenges and Changes During the Pandemic**

The main challenge over recent years has been the demands that have arisen from 10 years of continued central government austerity measures, resulting in cuts to commissioned services. In the period from February to April 2020, we faced the prospect of all of our contracts and services being de-commissioned, re-tendered and lost. These contracts included North-West Care Leavers (NWCL), our three Rochdale Preventative contracts (Complex Needs, Male Only and Generic Floating Support) and Lancashire County Council's Accommodation and Dispersed Housing Services – each representing nearly a third of total business. Our small Rochdale Safer Communities and ABEN contracts were also due to end on 31 March 2020.

Additionally, in early 2020, the Regenda Group informed us that they were going to give us 6 months' notice (from the end of March 2020) to end all of the agreements for us to act as management agent at Ashburn House, Parkside, Spa Mill and Westgate, further jeopardising the services based there.

The only accommodation and service that was fully secure beyond 31 March 2020 was our 15 units of Intensive Housing Management accommodation at St. Clare's House representing only c. 5% of our total business.

The potential loss of these contracts was a huge business risk as we entered 2020/21 and this very challenging, worrying and uncertain operating environment was further heightened by the impact of the covid-19 crisis - various national and local lockdowns and on-going changing restrictions which developed as the year progressed.

Planning beyond a few weeks at a time has been difficult and we have been and continue to be reactive to new situations and rules on a daily basis. This has added to the unprecedented uncertainty, pace of change and increased and changing demand for our accommodation and services whilst our ability to respond and operate fully has been severely hampered by many services and organisations simply not being available or working remotely with severely restricted capacity and abilities.

From the end of March 2020, with the various forms of lockdown and restrictions, we have had to radically change our working practices and this has restricted our ability to undertake some specific activities. Like the majority of the economy we delivered IT solutions to enable more mobile working and working from home, introduced new and changing covid-safe ways of working, provided adequate PPE for colleagues and introduced systems (including assurance checks) for time-consuming daily and emergency welfare checks for customers, all whilst still providing the essential (and often contracted) homes and support our customers need and expect.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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#### **Delivering the SSP Strategic Plan in the Pandemic**

Despite the restrictions and the many other new working arrangements and policy changes, we have continued to deliver the new 2020-25 Strategic Business Plan, reflecting our long-term objective of achieving sustainable growth and diversification whilst offering value for money for commissioners and maintaining a high quality of service delivery. In February 2020 we had agreed 4 new 'Best For' Delivery Plans to deliver our ambitions and we have continued to concentrate on delivering these action plans, their outcomes and targets during the pandemic.

Throughout 2020/21 we worked with colleagues and stakeholders to communicate and embed the Strategic Plan, develop a range of strategies and action plans and ensure the successful delivery of the 'Best For' Delivery Plans and their objectives over the course of the financial year. We have also moved incredibly fast to respond, innovate and make changes where necessary, responding proactively to all these challenges and new opportunities.

The covid-19 crisis has presented many business opportunities. Initially the crisis bought us some time and provided some stability, as our Lancashire and Rochdale contracts were all extended for a further 12 months, covering the duration of 2020/21. This has enabled us to better plan and prepare for the resultant changes to services and re-tendering exercises. Lancashire County Council have now confirmed that their contracts have been further extended until July 2022 and our Rochdale Safer Communities and ABEN contracts were also extended until March 2022.

Despite the covid -19 crisis the re-procurement of our North-West Care Leaver services, through the new Support and Independent Living Services (SaILS) framework, proceeded as planned. Following an unsuccessful bid to become part of the new SaILS framework in October 2019, we submitted a much-revised bid in January 2020. The new contractual arrangements commenced in May 2020. This helped secure approximately a third of our existing business and gave us a good start to securing and/or replacing other parts of our business.

The covid-19 crisis led the Government, local authorities, commissioners and other partners to provide many new and expanded homeless initiatives which we have responded to. This was especially the case in seeking to accommodate and support rough sleepers and homeless people both during the lockdown period and then by providing longer-term and move-on accommodation and support.

These initiatives have included the:

- Everyone-In Programme;
- Rough Sleeping "Next Steps" Accommodation Programme;
- Expanded A Bed Every Night (ABEN) programmes in GM and East Lancashire;
- Covid-19 programme to provide people with No Recourse to Public Funds (NRPF) homes and support;
- Additional temporary accommodation to meet local authorities increased homelessness duties and numbers;
- Additional asylum seeker (especially children) and refugee accommodation and support being required;
- Ex-offender accommodation and support to people leaving prison during the crisis with no home to go to.

Whilst Government and Council funding was reducing prior to the covid-19 crisis, there was no reduction in the demand for services from vulnerable people, and with continued welfare changes/austerity measures which resulted in increasing homelessness and associated needs. These demands have increased even further during the covid-19 crisis and Government has had to provide much-needed additional funding to meet these needs.

We have responded proactively in 2020/21 during the crisis and approached Councils and other commissioners to provide the much-needed additional emergency and longer-term accommodation and support. At the time that we were offering homes, services and solutions, many other providers had simply shut-up shop to provide little more than emergency responses. Our approach was to work with Councils, landlords and their agents to source accommodation in the most difficult and constrained of circumstances and to provide the support so badly needed.

#### **Growth and Diversification During the Pandemic**

In the spring of 2020 this pro-active approach led to new services for vulnerable homeless people being provided very early into the pandemic in Bury and Oldham. It also led us to quickly significantly expand our ABEN services in Rochdale for rough sleepers and then to people with NRPF, in partnership with Rochdale Boroughwide Housing (RBH) and MossCare St Vincents (MSV) Housing Associations.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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In the summer of 2020 Burnley and Hyndburn similarly procured ABEN style homes and services from us in partnership with Calico and Onward Homes respectively. Manchester City Council also asked us to provide NRPF homes and services. Whilst in Rochdale we worked with the Council and RBH to provide 10 newly developed privately leased self-contained homes for homeless single people at Long Street in Middleton.

In the late autumn Manchester, Blackburn and Rochdale Councils asked us to bid for Winter Transformation Funding to provide more homes for homeless people over the winter period. We were successful in all 3 bids and quickly delivered the outcomes needed. Both Manchester and Blackburn Councils then asked us to provide more homes and support to vulnerable homeless people under the Government's Protect programme and again we successfully delivered this. RBH also asked us to provide support services to some of their vulnerable customers with low-level mental health problems where support services have been withdrawn due to austerity measures.

We provided 135 additional supported homes across 8 boroughs during 2020/21; many of these are new areas for us or where we have not operated for some-time. This has helped c. 250 more homeless and vulnerable people to access the homes and support they need. We are in advanced talks with the Ministry of Housing Communities and Local Government (MHCLG) and several local authorities to deliver a further 116 supported homes in 2021/22.

We are also delighted that all the short term covid-19 related contracts we have secured have now been extended into 2021/22, continuing to provide more homes to vulnerable homeless people and improve our business stability. This is also enhancing our trust-based relationships with our local Council and housing association partners.

In October 2020 Rochdale Council informed us that all of our Preventative Services (Complex Needs, Male Only and Generic Floating Support) would be de-commissioned and end in March 2021. The Council were only commissioning 3 new Preventative Service Contracts all of which were mainly floating support services with very little accommodation included. The tendering exercise started in November 2020 and we formed a partnership with WHAG (formerly Women's Housing Action Group) to submit a bid, supported by both RBH and MSV.

Despite the stiff competition and protracted tendering process, we were informed in March 2021 that our partnership bid had been successful. This meant we started an immediate mobilisation process to implement the new services for a contract start date of 6 May 2021. This was successfully delivered, including dealing with all the staffing and TUPE implications. The contract value is c. £600k per annum over the next 4 years (with an option for a further year) and it has helped further improve our short- and medium-term financial position and stability.

As well as these contractual issues, we also had to deal with the impacts of the Regenda notice putting 30% of our supported accommodation at risk. The original 6-month notice was issued at the start of the pandemic on 31 March 2020. Objections from us and our partners and commissioners led to the notice being withdrawn and re-issued on 30 June 2020. Further delays by Regenda meant the notice actually took effect from 1 February 2021.

Commissioners concerns meant that it was confirmed that the notice would only apply to housing management and not commissioned support services for the remaining duration of the support contracts. However, Parkside was not a commissioned service and this meant that we could not prevent the transfer of housing and support services to Petrus / Regenda after 29 successful years.

Ashburn House however is actually owned by RBH and leased to Regenda; we were able to successfully negotiate with RBH that they serve notice on Regenda and instead lease Ashburn House directly to us through a new management agreement. This has successfully transpired completely mitigating this risk.

Following detailed negotiations, housing management services at Spa Mill and Westgate were transferred to Petrus / Regenda on the 1 February 2021. This included the out of hours services and the TUPE transfer of 2 colleagues employed in this capacity. However, we continue to provide the support services to both these schemes for the remainder of the local authority support contract until 31 July 2022.

St. Clare's House was purchased in 2019 with ambitious plans to refurbish it to much higher standards. In early March 2020 the work started with RBH as our main contractor. The first lockdown was announced just as the stripping out of the kitchen and one of the bathrooms had been completed and all works ceased in March until July 2020. During this period, there was significant anti-social behaviour and a related fire in one of the rooms as lockdown restrictions started to ease. We had to introduce 24-hour security to address these issues and then decant half of the building in July to enable the works to be completed in a covid-safe way. Additional works were also identified that were required to bring the property up to RBH fire safety standards.



## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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The main works were finally completed in September and so we could then move new customers into the project to ensure it was fully let. In December 2020 the council approved a revised rent to cover the extra costs of providing the 24-hour security. However, the combined cost impacts of the fire damage, additional fire safety works, unfunded 24-hour security (between June and December) and the reduced income from a half-occupied building, has meant that St Clare's has posted a significant loss in 2020/21. Now the enhanced rent is being paid the project will deliver a surplus in 2021/22 and beyond.

#### **Delivering Financial Stability During the Pandemic**

Despite these losses, overall financially 2020/21 has had a very successful year. Our turnover has increased 30% to £5.m and our surplus by 312% to £442k. In 2021/22 with the full year impact of this new business, we are projecting further significant increases to both our turnover and surplus. This bodes very well for our future and we also anticipate further growth as the country emerges further from lockdown and the covid-19 crisis.

In 2020/21 we also explored new opportunities and models to expand our asset base and provide the organisation with more financial stability. This has involved the Board considering different models to fund acquisitions and renovation works, different buildings and the opportunities and new markets in different areas of the north-west.

In particular 3 potential projects have made significant progress and should hopefully come to fruition in 2021, hopefully by the time of the Annual General meeting in November:

- Working with Hyndburn Council, Onward Homes and a private developer, we have been completing due diligence work on a newly developed 12-bedroom House of Multiple Occupation (HMO) we plan to manage and provide support to vulnerable single homeless men utilising a medium-term lease agreement;
- In Tameside, we are proposing to acquire, renovate and manage a similar project of 13 self-contained units for vulnerable single homeless men utilising the "Shared Upsides" model, in partnership with Cornerstone Place (CP), Ashton Pioneer Homes and Tameside Council;
- Using the same model, we are working with CP, RBH and Rossendale Council to acquire, renovate and manage 19 self-contained units in Haslingden for the same customer group.

#### **Delivering Excellent Services During the Pandemic**

It would be easy in these circumstances to believe all of our efforts have gone into growth and diversification but this isn't the case. The bulk of what we do is provide our business as usual homes, management and support services. Our ability to grow and diversify is all built on our reputation and the continued excellence of these services. To this end we have introduced new simplified and easier to understand performance management targets and reports, assurance measures and risk management processes. We have also reviewed all of our frontline housing management and support policies and delivered our extensive internal audit programme. We believe these changes are already producing more focused outcomes and better delivering on our key objectives.

#### **Other Key achievements**

During the year 2020/21 we have also:

- Provided accommodation and services to over 945 customers, 291 within the Young Person's Services and 654 in Adult Services.
- Achieved an average of 94.2% planned departures across all services (99.4% for the Young Person's Services and 91.2% for Adult Services).
- Achieved average utilisation rates of 98.7% in our services and average throughput of 187%.
- Achieved an 87% overall customer satisfaction level, 81% satisfaction with accommodation and 96% stating they would recommend SSP to family and friends.
- Achieved 100% partner satisfaction levels and 80% colleague satisfaction levels;
- Developed, agreed and started delivering our key Business Transformation Strategies (Business Development and Our People) and their supporting Action Plans;

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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- Developed, agreed and started delivering 10 Operational Strategies and Action Plans underpinning these – Marketing and Communications, Partnerships, Business Intelligence, ICT, Value for Money, Asset Management, Social Value, Customer Engagement, Fundraising, Environmental;
- Delivered an Investors in People (IIP) Improvement Plan;
- Improved Internal Communications by introducing daily and now weekly colleague updates, a bi-monthly colleague newsletter (In-Step), a Colleague Facebook Page, an SSP Intranet (SSPoogles), a representative Colleague Forum and a colleague suggestion scheme;
- Improved external communications and profile through our social media accounts, national and local press releases, our E-zine and the delivery of presentations at national conferences and seminars etc.;
- Delivered and developed new partnerships and relationships with GMCA, Manchester, Bury, Oldham, Tameside, Rossendale, Burnley, Hyndburn and Blackburn Councils, CP, Onward Housing, APH, Calico, Homeless Link, WHAG;
- Successfully delivered our new Colleague Rewards and Recognition Policy;
- Provided a 2% pay increase to colleagues at a time of a public sector pay freeze and £200 Christmas bonus for all colleagues;
- Provided promotional and development opportunities to colleagues, resulting in many internal promotions and appointments including 2 new Directors, 4 Operations Managers, 7 new Service Co-Ordinators and many new Supported Housing Workers, Housing Management Officer and Concierge posts;
- Securing over 60 posts at risk as the possible loss of contracts and creating over 25 new jobs over the course of 2020/21;
- Developed and delivered our on-line mandatory and induction training programmes;
- Only putting 1 person on furlough, who simply could not continue to do their job whilst shielding;
- Not making any colleague redundant over the year despite the many challenges and changes;
- Reviewed, simplified and introduced new ADPR's process much more aligned to our Strategic Plan and our values;
- Entered into new management agreements with MossCare St Vincents and RBH Housing Associations to provide supported homes at Rockley House, Redfearn House, Egerton Street, Ashburn House, Long Street, St Clare's House and for some dispersed privately rented homes;
- Ensured our fast-expanding workforce has been provided with remote working and mobile working hardware and facilities;
- Established a new internal ICT helpdesk service;
- Completed upgrades to our ICT infrastructure, hardware and systems;
- Continued to develop our website which is more informative / interactive and introduced social media through the development of the Stepping Stone Projects twitter account.

### Our Approach During the Pandemic

Being innovative, proactive, agile and dynamic has been the key to our success, whilst keeping internal bureaucracy to a minimum, ensuring our Board meets regularly to make quick decisions and that Trustees receive detailed and timely reports from the executive. This has enabled us to deliver on our purpose, mission and vision to make great strides forward towards doubling in size. This has enabled 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.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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In February 2020 we agreed our long-term purpose as being to provide quality homes and services to prevent homelessness and transform lives, our mission is to empower people to live independently and thrive and our 5-year vision is to be the best and to double in size. It now seems likely that we will have doubled in size by July/August 2021, only c.18 months after we set this new 5-year vision.

Despite our recent successes we are not resting on our laurels and we are not done. We want to continue to extend our reach to support more vulnerable people at risk of homelessness in an increasing number of boroughs (that need us). We will do this by positioning the charity and raising our profile regionally as a trusted, not for profit organisation, that provides high-quality value for money services delivered flexibly, either independently or in partnership, to meet the needs of individual local authorities and commissioning teams. Put simply we want to be the biggest and the best in the North-West.

Our Trustee's reaffirmed our annual Strategic Plan in March 2021, the 4 "pillars" and our new 2021/22 delivery plans to enable us to deliver on these ambitions. These are the "Best For" Customers, Colleagues, Partners and Business Delivery Plans. These still reflect the ambitions of the 2020/21 Strategic Plan and will ensure that we continue to grow and diversify our offer and services to meet the ever-increasing need.

Overall on any measure 2020/21 has been an excellent and probably exceptional year of achievement. This success has only been delivered with the full support, commitment and co-operation of the whole organisation working together. From the Board having to radically change how it has operated and taking many more urgent strategic, business critical and at times difficult decisions than ever, to EMT and SMT leading the drive for growth, diversification and excellence in everything we do, to colleagues fully buying into this and continuing to provide dedicated, caring, flexible and excellent services. Together we can and will deliver more.

### PLANS FOR THE FUTURE

Central government's policy and funding responses to the covid-19 crisis (especially in relation to rough sleeping and homelessness), its consequences, any plans to recover the costs and its continuing and possibly enhanced welfare reform/austerity programme as a result of this will continue to have the biggest impacts on our future work.

Of particular importance to us is what happens to some of the covid-19 programmes that many of our customers now rely on and what opportunities will be provided by the Rough Sleeping "Next Steps Accommodation Programme" for homeless people and similar initiatives. We have exciting plans for this programme which will be finalised with MHCLG and the local authorities concerned in the first quarter of 2021/22. We are prepared for these opportunities and changes and will place ourselves at the forefront of this provision across the North-West.

Any review of housing benefits, which is a key source of funding for most of our accommodation services, is also crucial to our success. Whilst government has committed to continue its support for supported accommodation services, the vehicle for funding housing costs has not yet been decided. This may well have slipped down the agenda for now but the need for future cuts may make the review of housing benefit more pressing in the future. We will keep abreast of any developments and make appropriate amendments to our rents and business plans.

Working closely with the new city region Mayors and their administrations is also key for our success in the future.

Many new rough sleeping, homeless and supported housing initiatives are now being driven, funded and commissioned through the GMCA and the LCR, such as ABEN, Rough Sleeping SIB, Housing First Programme, Ethical Lettings Agency and the newly proposed Youth Homelessness Programme. We will continue to become an increasingly important player in these fields in partnership with a range of other organisations.

Lastly continuing to work closely with our key local authority partners will also be essential. We need to build on our reputation with them as being tried and trusted partners who deliver on our promises and provide excellent accommodation and services. We need to extend our reach into new neighbouring authorities close to those where we already have a significant and strong relationship with.

Securing business that contributes to long-term sustainability will continue to be a high priority, as will consolidating our current position, to deal with austerity measures and local government cut-backs that either remain in place or are further rolled out after the pandemic. Retention of our current commissions to deliver services for the local authorities with whom we currently work will be of particular importance. This will be the platform from which we can develop new / innovative services, through current and wider partnerships, to meet changing needs.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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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 crime, justice, Home Office and health commissioners and funded agencies to develop diversified services that deliver our mission and objectives where the opportunity arises.

In addition to the above, our updated Reserves Policy provides the assurance needed to confidently develop an investment and asset strategy to support service and business development, and this strategy will be developed and delivered further over the next 12 months. Our newly agreed models for delivering new accommodation and services enables us to develop and deliver a wider range of differing models of provision so spreading our risks and enabling us to provide flexible and local solutions. Little is off the table.

We need to always retain our focus on continuous improvement by successfully developing and delivering our "Best For" Plans, transformational Business and Organisational Development Strategies, key functional strategies, performance management framework, Golden Thread and Values.

We will ensure our robust compliance and assurance framework and internal audit programme is delivered, all recommendations are implemented and that we learn from and embed these changes to deliver the best possible services. This will all be underpinned by us investing into our people, their development and training, promotional opportunities and their reward and recognition for providing great services and effectively communicating and engaging them to ensure we have the best equipped and motivated workforce possible.

## 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 2021 were £5,006,291 (2020 - £3,852,273). This is an increase of 30% which is mainly due to the new services and extension to the the Rochdale ABEN contract which generated total income of £988.8k plus additional business in our Care Leavers service resulting in increased rental and support income of £158.0k.

There was also an increase in rental income across all services as a result of annual inflationary increases in rent levels together with a number of other smaller specific variances relating to operational performance and other factors such as increased voids on the LDH service due to difficulties in filling shared properties during the cpvid-19 restrictions.

Investment income continues to be impacted by low savings interest rates and has decreased to £172 (2020 - £720) as banks are no longer paying any interest on deposits. Investment income was previously used to finance internally funded charitable support to customers and customer 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 customer activities however covid-19 restrictions significantly reduced the activities that could be undertaken.

Other income has decreased slightly to £3,226 (2020 - £3,960).

In the year to 31 March 2021 the Charity made a net surplus (after including investment income) of £441,704 (2020 - £107,211 surplus).



## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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From a financial perspective, this has been an extremely successful year. All services made a positive contribution to central costs apart from St. Clare's House which made a deficit mainly due to unfunded additional security costs and increased voids when completing the refurbishment works in a covid-safe manner.

The budget for 2021/22 reflects the continuing growth in services with further increases in turnover and another surplus of over £400k.

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.

Direct charitable expenditure accounted for 99.43% (2020 – 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 0.57% (2020 – 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.

#### Balance Sheet

The net book value of fixed assets increased to £724,244 from £610,457 in the previous year. The increase is mainly due to the refurbishment works undertaken at St. Clare's House during the year. The main fixed assets are the four Care Leavers properties in Pendle which had a net book value of £172,136 at the year-end (2020 - £176,421) plus St. Clare's House which had a net book value of £478,426 (2020- £346,003).

#### 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 customers.

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 remains 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.

## STEPPING STONE PROJECTS

### Report of the Trustees for the year ended 31 March 2021 (*continued*)

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The reserves policy requires free reserves of £861,312 at 31 March 2021 compared with the actual amount of £1,461,179 and that there is therefore £599.9k available to expand the services that we offer to clients. This is in addition to the designated reserve of £456,504 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.

#### 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

24th November 2021

## 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 2021 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 2021 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.

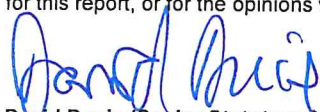
#### Auditor's responsibilities for the audit of the financial statements

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 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 :

25th November 2021

# STEPPING STONE PROJECTS

## STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
<b>INCOME</b>							
Other income	3	3,226	-	3,226	3,960	-	3,960
Income from investments	4	172	-	172	720	-	720
		3,398	-	3,398	4,680	-	4,680
<b>Income from charitable activities:</b>							
Grants and contracts	5	2,543,636	-	2,543,636	1,664,257	-	1,664,257
Rents receivable	5	2,459,257	-	2,459,257	2,183,336	-	2,183,336
<b>Total income</b>		<b>5,006,291</b>	<b>-</b>	<b>5,006,291</b>	<b>3,852,273</b>	<b>-</b>	<b>3,852,273</b>
<b>EXPENDITURE</b>							
Raising funds	6	-	-	-	-	-	-
Charitable activities	6	4,564,587	-	4,564,587	3,745,062	-	3,745,062
<b>Total expenditure</b>	<b>6</b>	<b>4,564,587</b>	<b>-</b>	<b>4,564,587</b>	<b>3,745,062</b>	<b>-</b>	<b>3,745,062</b>
<b>Net income/(expenditure) for the year</b>		<b>441,704</b>	<b>-</b>	<b>441,704</b>	<b>107,211</b>	<b>-</b>	<b>107,211</b>
<b>Net movement in funds</b>		<b>441,704</b>	<b>-</b>	<b>441,704</b>	<b>107,211</b>	<b>-</b>	<b>107,211</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		1,475,979	-	1,475,979	1,368,768	-	1,368,768
<b>Total funds carried forward</b>	<b>17</b>	<b>1,917,683</b>	<b>-</b>	<b>1,917,683</b>	<b>1,475,979</b>	<b>-</b>	<b>1,475,979</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 2021

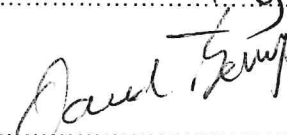
	Note	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	11	724,244	610,457
<b>Total fixed assets</b>		<u>724,244</u>	<u>610,457</u>
<b>CURRENT ASSETS</b>			
Debtors	12	547,640	245,386
Cash at bank and in hand		907,226	750,472
<b>Total current assets</b>		<u>1,454,866</u>	<u>995,858</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	13	261,427	130,336
<b>NET CURRENT ASSETS</b>		<u>1,193,439</u>	<u>865,522</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,917,683	1,475,979
<b>NET ASSETS</b>	18	<u><u>1,917,683</u></u>	<u><u>1,475,979</u></u>
<b>THE FUNDS OF THE CHARITY</b>			
<i>Restricted income funds</i>	17	-	-
<i>Unrestricted income funds:</i>			
Designated	17	456,504	446,623
General	17	1,461,179	1,029,356
<b>TOTAL CHARITY FUNDS</b>	17	<u><u>1,917,683</u></u>	<u><u>1,475,979</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 24 November 2021 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 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net income/(expenditure) for the year	430,850	107,211
<i>Adjustments for:</i>		
Depreciation of tangible assets	70,145	49,364
Income from investing activities	(172)	(720)
Decrease/(increase) in debtors	(302,254)	(41,203)
Increase/(decrease) in creditors	131,091	4,646
Cash generated from operations	329,660	119,298
Net cash provided by (used in) operating activities	329,660	119,298
<b>Cash flows from investing activities</b>		
Interest received	172	720
Purchase of tangible assets	(173,078)	(437,364)
Net cash used in investing activities	(172,906)	(436,644)
<b>Net increase / (decrease) in cash and cash equivalents</b>	156,754	(317,346)
Cash and cash equivalents at the beginning of the year	750,472	1,067,818
<b>Cash and cash equivalents at the end of the year</b>	907,226	750,472

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2021

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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 2021

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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 2021

	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Total 2020 £
<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	3,226	-	3,226	3,960
	<u>3,226</u>	<u>-</u>	<u>3,226</u>	<u>3,960</u>
<b>4 <u>Income from investments</u></b>				
Bank deposit interest	172	-	172	720
	<u>172</u>	<u>-</u>	<u>172</u>	<u>720</u>
<b>5 <u>Income from charitable activities</u></b>				
Grants received regarding accomodation and support	2,543,636	-	2,543,636	1,664,257
Rent receivable	2,459,257	-	2,459,257	2,183,336
	<u>5,002,893</u>	<u>-</u>	<u>5,002,893</u>	<u>3,847,593</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2021

6 Expenditure

	<u>Raising funds</u>	Charitable activities			Total 2021 £	Total 2020 £
		<u>Basis of allocation</u>	<u>Accommodation and support</u>	<u>Governance</u>		
	£		£	£		
<b><u>Costs directly allocated to activities</u></b>						
Housing costs		Direct	2,252,565	-	2,252,565	1,540,707
Housing management services		Direct	1,592,062	-	1,592,062	1,478,305
Travel and training		Direct	72,947	-	72,947	89,201
Office costs		Direct	21,550	-	21,550	20,437
Recruitment		Direct	2,394	-	2,394	11,085
Audit		Direct	-	5,876	5,876	5,662
Accountancy		Direct	-	3,377	3,377	3,255
	-		3,941,518	9,253	3,950,771	3,148,652
<b><u>Support costs</u></b>						
Staff costs		Staff time	460,977	15,320	476,297	475,236
Office costs		Staff time	111,304	1,134	112,438	111,741
Legal and professional		Staff time	13,860	220	14,080	1,264
Bank charges and interest		Staff time	30	30	60	46
Depreciation		Staff time	10,770	171	10,941	8,123
	-		596,941	16,875	613,816	596,410
<b>Total expenditure</b>	-		4,538,459	26,128	4,564,587	3,745,062

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2021

	Total 2021 £	Total 2020 £
<b>7 <u>Staff costs</u></b>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,697,482	1,421,252
National Insurance	152,482	127,928
Pension, health and life assurance costs	79,560	66,050
	<u>1,929,524</u>	<u>1,615,230</u>

### **8 Staff numbers**

The average headcount for the year:

	Number	Number
Charitable activities	69	61
Generating funds	-	-
Governance	3	3
	<u>72</u>	<u>64</u>

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

	Number	Number
£60,001 - £70,000	1	0
£70,001 - £80,000	0	1
£80,001 - £90,000	1	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	59,291	49,364
Auditors' remuneration:		
audit of charitable company	5,876	5,662
Operating lease rentals - land and buildings	1,225,869	799,554

### **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 2021

### 11 Tangible fixed assets

	Leasehold Property	Rented Property Improvements	Office furniture and Equipment	Furniture, fittings and sundry equipment	Computer equipment	Total
<b><u>Cost</u></b>						
At 1 April 2020	566,733	149,111	154,032	514,275	290,221	1,674,372
Additions	129,092	10,045	-	23,501	10,440	173,078
Disposals	-	-	-	-	-	-
Transfers	11,256	(11,256)	-	-	-	-
At 31 March 2021	707,081	147,900	154,032	537,776	300,661	1,847,450
<b><u>Depreciation</u></b>						
At 1 April 2020	44,309	131,640	154,032	493,463	240,471	1,063,915
Charge for the period	12,210	4,986	-	19,489	22,606	59,291
Disposals	-	-	-	-	-	-
At 31 March 2021	56,519	136,626	154,032	512,952	263,077	1,123,206
<b><u>Net Book Value</u></b>						
At 31 March 2021	650,562	11,274	-	24,824	37,584	724,244
At 31 March 2020	522,424	17,471	-	20,812	49,750	610,457

Leasehold property comprises 4 terraced properties purchased from Pendle Borough Council in 2011 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.

In addition to the above a property known as St Clare's House in Rochdale was purchased in May 2019, and is operated by the charity as a House of Multiple Occupation (HMO).

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2021

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<b>12 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	208,678	2,024
Rents receivable	101,021	59,572
Prepayments and accrued income	199,350	170,222
Other debtors	38,591	13,568
	<u>547,640</u>	<u>245,386</u>

<b>13 Creditors : amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	4,214	13,856
Taxation and social security	41,963	33,714
Accruals and deferred income	213,960	78,755
Other creditors	1,290	4,011
	<u>261,427</u>	<u>130,336</u>

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

The charitable company rents its head office accommodation at a cost of £20,000 (2020 : £20,000) per annum, under a lease expiring on 9th August 2021. The remaining commitment is £6,666.

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 2021 was £ 1,483,015 (2020 : £1,071,314).

#### **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 £ 79,560 (2020 : £66,050).

#### **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 2021

#### 17 Analysis of charitable funds

##### Analysis of fund movements:

	At 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2021 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted funds:</i>					
General Funds	1,029,356	4,681,946	(4,395,296)	145,173	1,461,179
Designated Funds	446,623	324,345	(169,291)	(145,173)	456,504
<b>Total</b>	<b>1,475,979</b>	<b>5,006,291</b>	<b>(4,564,587)</b>	<b>-</b>	<b>1,917,683</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 2021 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	724,244	-	-	724,244
Current assets	998,362	456,504	-	1,454,866
Current liabilities	(261,427)	-	-	(261,427)
Net assets 31 March 2021	1,461,179	456,504	-	1,917,683

## STEPPING STONE PROJECTS

### NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2021

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#### 19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2020 : £Nil), and were reimbursed mileage expenses of £Nil (2020 : £350).

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.