

STEPPING STONE PROJECTS

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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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
Mr Des Andrew
Ms Paula Du Plessis
Mr David Berry
Mrs Jane Allen

Mr Brian Courtney
Ms Kay Owen
Mr John Woodham
Mr David Earl (resigned 26.11.14)

Chief Executive Officer

Kathleen Barlow

Company Number

2647645

Registered Charity Number

1004375

Registered Office

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

Auditors

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

Bankers

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

Solicitors

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

STEPPING STONE PROJECTS

CONTENTS

| | <u>Page No.</u> |
|------------------------------------|-----------------|
| Report of the Trustees / Directors | 1-7 |
| Report of the Auditors | 8 |
| Statement of Financial Activities | 9 |
| Balance Sheet | 10 |
| Notes to the Financial Statements | 11-19 |

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2015

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 2015.

STRUCTURE, GOVERNANCE & MANAGEMENT

(a) Structure

Stepping Stone Projects is a company limited by guarantee, its governing document being its Memorandum and Articles of Association. The company was incorporated on 20 September 1991 (company number 2647645) and is a registered charity (number 1004375).

The directors of the company are its Trustees for the purposes of charity law and under its Memorandum and Articles of Association are collectively referred to throughout this report as The Board of Trustees.

The Charity's principal objectives are to relieve persons who are homeless or in necessitous circumstances.

(b) Governance

Stepping Stone Projects has a Board of Trustees of up to fourteen members, who are responsible for strategic direction and policy. At present the Charity has eight members from a variety of professional backgrounds relevant to the work of the organisation.

The Trustees during the year were:

Ms Susan Ashby
Mr Des Andrew
Mr Brian Courtney

Mr David Berry
Mr John Woodham
Ms Jane Allen

Ms Kay Owen
Ms Paula Du Plessis
Mr David Earl*

Sadly, David Earl died during the year, following a long period of illness. He was a dedicated Trustee of Stepping Stone Projects for several years, joining just after the merger with Openingdoors Warrington, a charity which he had also supported.

Under the requirements of the Charity's Memorandum and Articles of Association the Chair is elected annually. Other members of the Board of Trustees are elected for a period of three years, after which they must be re-elected at the next Annual General Meeting.

Day-to-day responsibility for the provision of services is delegated to a management team consisting of a Chief Executive, a Head of Resources and five Service Managers. A director in this case is not a director as defined by company law.

The Board of Trustees meets monthly with the agenda focus alternating between finance/strategy and operational/human resource activities.

Recruitment of Trustees to the Board of Trustees

The Board of Trustees tries to ensure that the needs of this group are fully reflected in the diversity of skills and experience of the Trustee body. The Charity has through selective advertising and open networking sought to recruit suitably qualified individuals to use their skills and expertise to assist the Company.

The more traditional business skills are well represented on the Board of Trustees. In an effort to maintain this broad skill base members are requested to provide a comprehensive list of their skills, which is updated annually.

Induction and training

New Trustees are invited and encouraged to attend a series of short induction sessions to familiarise themselves with the Charity and its workings. The Chair and the Chief Executive of the Charity jointly lead

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2015 (*continued*)

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

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

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

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

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

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

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 2015 (*continued*)

STRATEGIC OVERVIEW

Following a period of major change we have continued to work to improve our financial position and achieve stability. During the year we completed a limited review and restructuring of the central staffing structure and achieved an increase in both contract income and rental income (see Financial Overview below). We moved back into a budget surplus position for the year, and have agreed a budget in 2015/16 that will continue to deliver an operational surplus.

The business environment in which we operate has continued to prove demanding. Local Authorities across the region have been required to identify and manage budget cuts year-on-year for non statutory services. In order to do this Authorities continue to review their current contracts in order to identify areas where savings can be made, as well as reviewing needs and provision to inform future commissioning plans.

A number of contracts that were due to expire on 31 March 2015 were extended into 2015/16 to allow time for full commissioning reviews to be carried out. As a result our contract base remained stable during the year. Two contracts were re-commissioned in 2014/15: The Lancashire Dispersed Accommodation service for Young People was tendered at a similar price and we successfully bid for and re-secured a new 2-4 year contract for this service; the 12 month Pilot health funded service in Rochdale to deliver dispersed accommodation and support that was set up as an extension to the Complex Needs grouped accommodation service in January 2013 was extended to 31 March 2015 and subsequently for a further 12 months to 31 March 2016.

As with last year, securing new and repeat business that contributes to long term sustainability, rather than diminishing it, continues to be of the highest priority throughout this ongoing period of austerity and local authority spending cuts. We have continued our focus on securing a more diverse funding stream, and have again this year extended our business, and associated income, in supporting clients whose support and care is funded by health and social care in addition to the traditional Supporting People/Adult Care services.

KEY ACHIEVEMENTS AND REVIEW OF ACTIVITIES IN 2014/15

During this year we have:

- Secured a further 12 months health budget funding following a successful Pilot extending our Rochdale Complex Needs services to support offenders with substance misuse issues in dispersed accommodation.
- Continued our programme of staff development including training for all to a minimum level 3 QCF.
- Continued to achieve level A on the Quality Assessment Framework for housing related services, for new areas reviewed across contracts during service reviews that took place during the year.
- Utilised volunteers to support our work, including the delivery of a new Lifeline service in Wigan to support clients who have 'graduated' from the service with any miscellaneous issues that they may struggle with in relation to their housing. This service provides a short term intervention/support that helps clients into long term independence.
- Continued our programme of offering work experience placements to social work students, providing Practice Education to 6 students during the year.
- Implemented a new Pensions Strategy following a review in 2013/14 to ensure that the organisation continued to offer competitive terms and conditions to employees the new scheme exceeds the requirements of the Auto-enrolment legislation and has an opt-out rate of less than 2%.
- Provided services to 1,050 clients.
- Supported 86% of clients to either establish or maintain independent living.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2015 (*continued*)

- Achieved average utilisation rates of 97 % in our accommodation-based services and average throughput of 220% which exceeded our targets.
- Across our floating support based services we achieved average utilisation rates of 103% and average throughput of 286% which exceeded our targets.
- Developed a number of new service user development / involvement activities across our services including Self Grow Projects, a corporate Photography Project and encouraged client participation in the local and regional Football Projects.
- Extended our interaction with other companies' social responsibility initiatives, including partnership work with regional Registered Providers and delivering an extended project with British Gas for our service in Heywood helping clients to redecorate their flats and carry out improvements to the garden facilities at the Project.

PLANS FOR THE FUTURE

The following strategic approach is designed to support long-term sustainability and to put us in as strong a position as possible to meet the demands of a continuing challenging and competitive environment.

The organisational strategy for the three years to 2017 is little changed from last year, focussing on 'Sustainable Growth through Partnership, Continuous Improvement and Diversification'.

The key strategic objectives for the Charity for the next two years to 2017 are set out below:

- i. Diversify funding and support activities in order to maximise the funding from Supporting People Grant whilst reducing our dependence on it.
- ii. Develop our offer as commissioning priorities change to ensure that we can design, cost and implement services which meet target outcomes that are attractive to commissioners and as a result increase the potential for successful bids to be submitted where new services are commissioned.
- iii. Actively pursue growth through strategic partnerships, potential merger opportunities and tenders for new services in order to achieve 10% growth in income each year.
- iv. Develop and continuously improve services and operations in order to sustain Quality Assessment Framework (QAF) level A across all service areas.
- v. Seek opportunities to innovate and to design / redesign services to meet the needs of commissioners and service users.
- vi. Be proactive in seeking opportunities to extend the work that we do in partnership with other agencies / commissioners.
- vii. Identify and evaluate opportunities for creating long-term strategic business partnerships with other Housing and Support organisations, actively pursuing those partnerships which are most favourable.
- viii. Pro-actively manage partnerships with and influence strategic planners at local and regional level.
- ix. Investigate the feasibility / effectiveness of using reserves to invest in property to generate income and to develop innovative services.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2015 (*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, Lancashire County Council, Wigan MBC and Blackburn with Darwen BC.
- Rental income from tenants and housing benefit paid on behalf of tenants.
- Spot purchase of accommodation and housing-related support, for young people leaving care, by social service departments across the North-West via the North-West Care Leavers Framework.
- Investment income.

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

Overview

Total incoming resources in the year to March 2015 were £2,804,044 (2014 - £2,574,786). This is an increase of 8.9% which is partly due to a £75,000 bequest that was received in the year together with an increase in both contract income of £95,585 and net rental income of £53,306.

The increase in contract income is due to additional payments of £62,385 from Social Services departments for support provided to Care Leavers on what is effectively a spot purchase contract plus an additional £58,200 income on the pilot service funded by the local health budget to extend the Rochdale Complex Needs service which commenced in February 2014. These increases were partially offset by a reduction of £25,000 on the Rochdale Substance Misuse service as a result of the additional funding that was secured in 2013/14 to extend the service for a 12 month period.

The increase in rental income is partly due to annual inflationary rent increases in rent levels but there were also a number of other specific variances. Firstly the Lancashire Dispersed Housing contract had a big increase in voids and bad debts and this reduced rental income by £65,284 compared to 2013/14. This reduction was more than offset though by additional rental income of £88,788 from the Rochdale Complex Needs service due to additional dispersed properties as a result of the extension to the service plus additional income of £34,454 from the NW Care Leavers service as a result of an increase in the number of placements.

Investment income continues to be impacted by low savings interest rates together with a reduction in the amount of cash available to invest and was £5,019 (2014 - £8,788). Investment income is used to support internally funded charitable support to clients and client participation/development activities. Additional charitable funds from reserves were utilised to make up for the reduced investment income and enable us to maintain support for service user activities at similar levels to previous years.

In the year to 31 March 2015 the Charity incurred a net surplus (after including investment income and the bequest) of £49,766 (2014 - £62,053 deficit).

From a financial perspective, this has been another challenging year; however it is pleasing to note that the changes and organisational restructure undertaken in 2012-13 have resulted in all remaining services making a positive contribution to central costs. Despite the increased level of voids and bad debts on the Lancashire Dispersed Housing service, the deficit would have reduced significantly to £25,234 prior to the bequest of £75,000 and the organisation has budgeted for a surplus of £31,419 in 2015/16.

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 - in fact, the proportion increased slightly as follows:

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2015 (*continued*)

Direct charitable expenditure accounted for 99.2% (2014 – 99.1%) and governance costs, including those costs associated with meeting the constitutional and statutory requirements of the charity such as the audit fees and costs linked to the Strategic Management of the charity, accounted for 0.8% (2014 – 0.9%) of total expenditure. Trustees decided that the basis for allocating costs that was adopted in the previous financial year was still the most appropriate method by which to fairly reflect actual expenditure.

Balance Sheet

The net book value of fixed assets reduced to £211,540 from £223,316 in the previous year. The reduction is due to the depreciation charges for the year, primarily on leasehold property, computer equipment, furniture and fittings. The main fixed assets are the four Care Leavers properties in Pendle which had a net book value of £197,849 at the year-end (2014 - £202,135).

Reserves Policy

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

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

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;
- make judgements and estimates that are reasonable and prudent, and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2015 (*continued*)

- 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
Director

2d December 2015

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2015 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

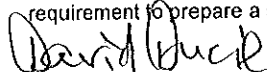
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

WRIGLEY PARTINGTON
Chartered Accountants and
Statutory Auditor

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Date: 2nd December 2015

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2015

| | Note | Unrestricted Funds 2015 £ | Restricted Funds 2015 £ | Total Funds 2015 £ | Total Funds 2014 £ |
|--|------|---------------------------------|-------------------------------|--------------------------|--------------------------|
| INCOMING RESOURCES | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | |
| <i>Activities for generating funds:</i> | | | | | |
| Commercial trading operations | 2 | - | - | - | - |
| Other income | 3 | 86,786 | - | 86,786 | 2,650 |
| Investment income | 4 | 5,019 | - | 5,019 | 8,788 |
| | | 91,805 | - | 91,805 | 11,438 |
| <i>Incoming resources from charitable activities:</i> | | | | | |
| Grants and contracts | 5 | 1,484,738 | | 1,484,738 | 1,389,153 |
| Rents receivable | 5 | 1,227,501 | | 1,227,501 | 1,174,195 |
| Total incoming resources | | 2,804,044 | - | 2,804,044 | 2,574,786 |
| RESOURCES EXPENDED | | | | | |
| <i>Costs of generating funds:</i> | | | | | |
| Commercial trading operations | 6 | - | - | - | - |
| Charitable activities | 6 | 2,733,195 | | 2,733,195 | 2,614,346 |
| Governance costs | 6 | 21,083 | - | 21,083 | 22,493 |
| Total resources expended | 6 | 2,754,278 | - | 2,754,278 | 2,636,839 |
| Net incoming / (outgoing) resources before other recognised gains and losses | | 49,766 | - | 49,766 | (62,053) |
| Net movement in funds | | 49,766 | - | 49,766 | (62,053) |
| <i>Reconciliation of funds</i> | | | | | |
| Total funds brought forward as reported | | 1,105,788 | - | 1,105,788 | 1,167,841 |
| Total funds carried forward | 17 | 1,155,554 | - | 1,155,554 | 1,105,788 |

All incoming resources and resources expended are derived from continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

All recognised gains and losses are included in the statement of financial activities.

STEPPING STONE PROJECTS

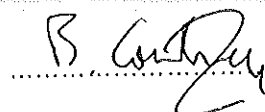
BALANCE SHEET : AS AT 31 MARCH 2015

| | <i>Note</i> | 2015 £ | 2014 £ |
|--|-------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 211,540 | 223,316 |
| | | <u>211,540</u> | <u>223,316</u> |
| CURRENT ASSETS | | | |
| Debtors | 12 | 165,706 | 189,490 |
| Cash at bank and in hand | | 921,851 | 909,698 |
| | | <u>1,087,557</u> | <u>1,099,188</u> |
| CREDITORS: | | | |
| Amounts falling due within one year | 13 | 143,543 | 216,716 |
| | | <u>944,014</u> | <u>882,472</u> |
| NET CURRENT ASSETS | | | |
| | | 1,155,554 | 1,105,788 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>1,155,554</u> | <u>1,105,788</u> |
| NET ASSETS | 18 | | |
| FUNDS | | | |
| <i>Restricted funds</i> | 17 | - | - |
| <i>Unrestricted funds:</i> | | | |
| Designated | 17 | 138,773 | 138,195 |
| General | 17 | 1,016,781 | 967,593 |
| | | <u>1,155,554</u> | <u>1,105,788</u> |
| TOTAL FUNDS | 17 | | |

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

The financial statements were approved by the Board of Trustees and authorised for issue on 2nd December 2015 and signed on their behalf by:

 Trustee/Director

 Trustee/Director

Registration number 2647645

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2015

1 Accounting policies

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are as set out below.

b) **Company status**

The charity is a company limited by guarantee.

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

c) **Incoming resources**

Income from charitable activities including income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related services are provided).

Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Rent is recognised on a receivable basis.

Investment income is recognised on a receivable basis.

d) **Resources expended**

All expenditure is accounted for on an accruals basis and is allocated as follows:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both those costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.

- Expenditure is allocated between the restricted and unrestricted projects/funds, in accordance with contractual obligations or as the Board of Trustees considers appropriate.

- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

- Support costs include central functions and have been allocated to charitable activities on a basis consistent with the use of resources eg. Staff costs by time spent.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2015

1 Accounting policies continued

e) Taxation

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

f) Operating leases

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

g) Tangible fixed assets and depreciation

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

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

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

h) Fund accounting

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

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

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

i) Pensions

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

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2015

| | Unrestricted 2015 £ | Restricted 2015 £ | Total 2015 £ | Total 2014 £ |
|--|---------------------------|-------------------------|--------------------|--------------------|
| 2 Incoming resources from generated funds | | | | |
| The charity does not carry out any fund raising activities or receive income from commercial trading operations. | | | | |
| 3 Other income | | | | |
| Other income | 11,786 | - | 11,786 | 2,650 |
| Donations | 75,000 | - | 75,000 | - |
| | <u>86,786</u> | <u>-</u> | <u>86,786</u> | <u>2,650</u> |
| 4 Investment income | | | | |
| Bank deposit interest | 5,019 | - | 5,019 | 8,788 |
| | <u>5,019</u> | <u>-</u> | <u>5,019</u> | <u>8,788</u> |
| 5 Incoming resources from charitable activities | | | | |
| Grants received regarding accomodation and support | 1,484,738 | - | 1,484,738 | 1,389,153 |
| Rent receivable | 1,227,501 | - | 1,227,501 | 1,174,195 |
| | <u>2,712,239</u> | <u>-</u> | <u>2,712,239</u> | <u>2,563,348</u> |

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2015

6 Total resources expended

| | Charitable activities | | | | Total 2015 £ | Total 2014 £ |
|--|-----------------------|---------------------|---------------------------|-----------------|--------------------|--------------------|
| | Generating funds £ | Basic of allocation | Accommodation and support | Governance £ | | |
| <u>Costs directly allocated to activities</u> | | | | | | |
| Housing costs | | Direct | 925,598 | | 925,598 | 807,675 |
| Housing management services | | Direct | 1,249,041 | | 1,249,041 | 1,210,931 |
| Travel and training | | Direct | 51,611 | | 51,611 | 54,623 |
| Office costs | | Direct | 45,081 | | 45,081 | 63,569 |
| Recruitment | | Direct | 8,490 | | 8,490 | 8,758 |
| Audit | | Direct | | 5,960 | 5,960 | 6,668 |
| Accountancy | | Direct | | 3,426 | 3,426 | 3,832 |
| | | | | | | |
| | | | <u>2,279,821</u> | <u>9,386</u> | <u>2,289,207</u> | <u>2,156,056</u> |
| <u>Support costs</u> | | | | | | |
| Staff costs | | Staff time | 338,243 | 10,616 | 348,859 | 361,789 |
| Office costs | | Staff time | 110,904 | 986 | 111,890 | 115,818 |
| Legal and professional | | Staff time | 3,214 | 50 | 3,264 | 1,200 |
| Bank charges and interest | | Staff time | 30 | 30 | 60 | 55 |
| Depreciation | | Staff time | 983 | 15 | 998 | 1,921 |
| | | | | | | |
| | | | <u>453,374</u> | <u>11,697</u> | <u>465,071</u> | <u>480,783</u> |
| | | | | | | |
| Total resources expended | | | <u>2,733,195</u> | <u>21,083</u> | <u>2,754,278</u> | <u>2,636,839</u> |

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2015

| | Total 2015 £ | Total 2014 £ |
|--|--------------------|--------------------|
| 7 <u>Staff costs</u> | | |
| Total staff emoluments for the year were as follows: | | |
| Wages and salaries | 1,304,531 | 1,280,744 |
| National Insurance | 115,244 | 113,467 |
| Pension, health and life assurance costs | 62,959 | 58,945 |
| | <u>1,482,734</u> | <u>1,453,156</u> |

8 Staff numbers

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

| | Number | Number |
|-----------------------|-----------|-----------|
| Charitable activities | 53 | 53 |
| Generating funds | - | - |
| Governance | 8 | 8 |
| | <u>61</u> | <u>61</u> |

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

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

9 Net movement in funds

| | | |
|--|---------|---------|
| Net movement in funds is arrived at after charging /(crediting): | | |
| Depreciation of tangible fixed assets | 20,052 | 54,772 |
| Auditors' remuneration: | | |
| audit of charitable company | 8,200 | 7,980 |
| Operating lease rentals - land and buildings | 496,231 | 422,562 |

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 2015

11 Tangible fixed assets

| | Leasehold Property | Rented Property Improvements | Office furniture and Equipment | Furniture, fittings and sundry equipment | Computer equipment | Total |
|-----------------------|-----------------------|------------------------------------|---|---|-----------------------|-----------|
| Cost | | | | | | |
| At 1 April 2014 | 214,281 | 129,510 | 149,450 | 376,814 | 186,766 | 1,056,821 |
| Additions | - | - | - | 7,643 | 633 | 8,276 |
| Disposals | - | - | - | (4,375) | - | (4,375) |
| At 31 March 2015 | 214,281 | 129,510 | 149,450 | 380,082 | 187,399 | 1,060,722 |
| Depreciation | | | | | | |
| At 1 April 2014 | 12,146 | 128,377 | 149,450 | 364,420 | 179,112 | 833,505 |
| Charge for the period | 4,286 | 680 | - | 10,778 | 4,308 | 20,052 |
| Disposals | - | - | - | (4,375) | - | (4,375) |
| At 31 March 2015 | 16,432 | 129,057 | 149,450 | 370,823 | 183,420 | 849,182 |
| Net Book Value | | | | | | |
| At 31 March 2015 | 197,849 | 453 | - | 9,259 | 3,979 | 211,540 |
| At 31 March 2014 | 202,135 | 1,133 | - | 12,394 | 7,654 | 223,316 |

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 2015

| 12 Debtors | 2015 | 2014 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 12,553 | 27,371 |
| Rents receivable | 44,245 | 48,312 |
| Prepayments and accrued income | 106,801 | 112,052 |
| Other debtors | 2,107 | 1,755 |
| | <u>165,706</u> | <u>189,490</u> |

| 13 Creditors : amounts falling due within one year | 2015 | 2014 |
|---|----------------|----------------|
| | £ | £ |
| Trade creditors | 37,812 | 61,421 |
| Taxation and social security | 28,330 | 28,896 |
| Accruals and deferred income | 77,401 | 126,399 |
| | <u>143,543</u> | <u>216,716</u> |

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2014 : £20,000) per annum, under a lease expiring on 9th August 2017.

The charitable company also has commitments under management agreements of up to three years duration with Housing Associations and private landlords for the use of properties. The annual commitment for management and occupancy costs as at 31st March 2015 was £481,327 (2014 : £449,524).

15 Pension commitments

The company operates defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in an independently administered fund. The annual commitment under this scheme is for contributions of £62,959 (2014 : £58,945).

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 2015

17 Analysis of charitable funds

Analysis of fund movements:

| | At 1 April 2014 £ | Incoming resources £ | Resources expended £ | Transfers £ | At 31 March 2015 £ |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------|-----------------------------|
| <i>Restricted Funds</i> | - | - | - | - | - |
| <i>Unrestricted funds:</i> | | | | | |
| General Funds | 967,593 | 2,657,853 | (2,684,143) | 75,478 | 1,016,781 |
| Designated Funds | 138,195 | 146,191 | (70,135) | (75,478) | 138,773 |
| Total | 1,105,788 | 2,804,044 | (2,754,278) | - | 1,155,554 |

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 2015 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 | 211,540 | - | - | 211,540 |
| Current assets | 948,784 | 138,773 | - | 1,087,557 |
| Current liabilities | (143,543) | - | - | (143,543) |
| Net assets 31 March 2015 | 1,016,781 | 138,773 | - | 1,155,554 |

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2015

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2014 : £Nil), and were reimbursed mileage expenses of £183 (2014 : £385).

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.