

STEPPING STONE PROJECTS

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Mr Christopher Tait (appointed 27.11.19)
Ms Kathleen Barlow (resigned 27.11.19)

Charity Trustees

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

Ms Paula Du Plessis (resigned 27.11.19)
Mrs Anne Southern (resigned 14.11.19)
Mr Nicholas Cox

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

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 2020

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 2020.

STRUCTURE, GOVERNANCE & MANAGEMENT

(a) Structure

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

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

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

(b) Governance

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

The Trustees during the year were:

Ms Susan Ashby
Ms Paula Du Plessis
Ms Janet Hardwick

Mr David Berry
Ms Jane Allen
Mr Nicholas Cox

Ms Kay Owen
Ms Diane Laming
Ms Anne Southern

Ms Anne Southern resigned on 12 November 2019 whilst Ms Paula Du Plessis retired at the AGM on 26 November 2019 after many years' service. Trustees thank them both for their commitment and contribution to the organisation.

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

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 additional financial, supported housing, ICT and legal expertise. A process for recruitment was agreed in February and commenced. Unfortunately, the Covid crisis and lockdown has meant this process has been delayed.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (continued)

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 Head of Resources, none of whom is a director as defined by company law.

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

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

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

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

An element in the management of financial risk is the setting of a reserves policy and its regular review by the Board of Trustees.

OBJECTIVES & ACTIVITIES FOR THE PUBLIC BENEFIT

The Charity's principal objectives as set out in its Memorandum of Association are to relieve persons who are homeless or in necessitous circumstances by:

- a) Providing counselling and support services in matters relating to housing and associated social and economic problems; and
- b) Providing temporary accommodation or assistance in the provision of permanent accommodation for such persons.

Our mission is to be a provider of high-quality housing, support and charitable services for vulnerable people who are homeless or at risk of losing their home. We achieve this by providing readily accessible support services to vulnerable people to assist them in securing and maintaining their own independent accommodation as soon as they are able.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (continued)

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.

It should be noted that the Board of Trustees reviewed the Stepping Stone Projects Articles and Memorandum of Association in February 2020. This was undertaken with legal advice. They agreed on 4th March 2020 to make some relatively minor changes in these to bring them up to date and better reflect our current operating environment and ways of working. However, due to the Coronavirus crisis, there has been a delay in submitting these newly proposed Articles and Memorandum to Companies House and the Charities Commission for approval and registration. We hope to have this completed by the time of the 2019/20 Stepping Stone Annual General Meeting.

STRATEGIC OVERVIEW

The main impact on SSP in recent years is the demands that have arisen from 10 years of central government austerity measures, resulting in local cuts to commissioned services. In this respect the business environment in which we operate remains challenging.

This challenging and uncertain operating environment has been further heightened at the end of 2019/20 with the impact of the Coronavirus crisis and impending lockdown. This has added unprecedented uncertainty, pace of change and increased demand for 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 with severely restricted capacity and abilities. However, it has also presented SSP with many new opportunities as the Government, local authorities, commissioners and other partners have responded to these coronavirus challenges - especially by accommodating and supporting rough sleepers and homeless people both during the lockdown period and then by providing longer term and move on accommodation and support.

Whilst external funding was reducing prior to the Coronavirus 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. In response we continued to add value by improving productivity, remodelling and restructuring services to achieve financial cost savings for ourselves and commissioners whilst still meeting the needs of clients, responding to demand from a wider customer base (geographically and by service type) and achieving greater autonomy by developing our spot purchase services (e.g. north-west care leavers) and continuing to reduce our reliance on block contract funding.

During 2019/20 operations have been driven by the 2017-20 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. However, in January/February the Board of Trustees reviewed, updated and agreed a new simplified Strategic Plan, along with 4 new Best For Delivery Plans. In 2019/20 we have moved fast to innovate and make changes where necessary, responding proactively to challenges and new opportunities. This has included successfully designing and bidding for the new Lancashire Support and Independent Living Service (SaILS) framework contract for our North-West Care Leavers service. This has led to increases on the number of North West Care Leavers properties and services provided during 2019/20. We also continued to add a significant dispersed element to our Rochdale accommodation contracts.

However, our most significant development in 2019/20 was venturing into our first major asset purchase for several years with the acquisition of St Clare's House, a 15-bedroom HMO in Rochdale. The HMO is intended for use by male customers with long-term low-level support needs, utilising a similar model as to that operated successfully at our Parkside project in Middleton for several years. The project for this use is fully supported by Rochdale Council and enhanced rents to pay for the accommodation and service were agreed in advance of the purchase. The purchase was completed in May 2019 and the required investment works commenced immediately on improving the health and safety and security of the building. Once these works were completed, discussions with Rochdale Council HMO licensing team led SSP to agree a further programme of improvement works to kitchens, bathrooms and communal areas. Despite our major difficulties in appointing a contractor to complete the works, our existing strong partnership with Rochdale Boroughwide Housing, meant they were appointed to deliver these improvement works and work started on site in March. Unfortunately, the Coronavirus lockdown meant works had to cease and have been delayed. They recommenced on site in July 2020.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (*continued*)

A similar new project also commenced in February 2020 at Rockley House in Littleborough, Rochdale with MossCare St Vincents Housing Association. This provides 7 self-contained intensively managed flats for people with low level mental health issues.

During 2019/20 SSP entered into a new A Bed Every Night (ABEN) contract with Rochdale Council to provide initially 5 units of emergency self-contained furnished accommodation and support for rough sleepers under the GMCA Mayor's ABEN programme. This new service has proved to be extremely successful in delivering accommodation and helping provide that bridge for many rough sleepers into permanent move on accommodation with other landlords. This has led to the project being extended to 8 units of accommodation initially and then during the Covid crisis in March 2020 to 16 units of accommodation. The contract has also now been extended until at least 31st March 2021.

This new ABEN service has proved itself to be a model of operating that can easily be replicated or adapted to provide a bespoke solution for other Councils and client groups. During the Covid lockdown crisis the model has been adapted to provide temporary accommodation and support for rough sleepers, homeless and other vulnerable people in Bury and Oldham and from September 2020 in Burnley and Hyndburn.

Being agile and dynamic is the key to our success, whilst keeping internal bureaucracy to a minimum, ensuring our Board meets regularly to make quick decisions and that Trustees receiving detailed and timely reports from the executive is enabling us to deliver on our purpose, mission and vision to make strides forward to doubling in size. This enables us to identify and pursue new opportunities as they arise, either through bidding for new work or responding to invitations to participate in new/extended pilot projects by our current commissioning authorities.

Our newly agreed long-term purpose is 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 vision is to be the best and to double in size.

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

Our Trustees have agreed 4 "pillars" and delivery plans to enable us to deliver on these ambitions. These are the Best For Customers, Colleagues, Partners and Business Plans which still reflect many of the ambitions of the 2017-2020 Business Plan to grow and diversify our offer and services.

Key achievements

During the year 2019-20 we have:

- Provided services to 814 customers; 338 within the Young Person's Services and 476 in Adult Services.
- Achieved an average of 93.8% planned departures across all services (100% for the Young Person's Services and 89.5% for Adult Services).
- Achieved average utilisation rates of 100% in our services and average throughput of 224% both of which exceeded our targets.
- 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 81% colleague satisfaction levels.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (*continued*)

- Successfully bid to become part of the new Lancashire County Council Support and Independent Living (SaILS) framework to provide care leavers services until 2030 and have seen a growth in the number of care leavers we accommodate and support.
- Successfully extended our existing contracts with Lancashire County Council to provide Lancashire Dispersed Housing and Burnley Accommodation Services until at least 30th September 2021.
- Successfully extended our existing contracts with Rochdale Council to provide Complex Needs, Male Only and Generic Floating Support Services until 31st March 2021.
- Been successful in retaining funding from the Rochdale Strategic Health Authority and Public Health England for an innovative dispersed accommodation project for ex-offenders in the Borough until 31st March 2021
- Acquired and improved St Clare's House to provide long term low level intensively managed accommodation.
- Entered into a new management agreement with MossCare St Vincents Housing Association to provide low level intensively managed homes at Rockley House for people with low level mental health needs.
- Successfully retained Silver Accreditation level following our Investors In People assessment in 2019.
- Completed a major upgrade of our ICT infrastructure and hardware.
- Delivered a Trainer Flat project in Burnley as part of a new East Lancashire central government funded Trailblazer Project to provide new and innovative ways of working to prevent youth homelessness. This was originally a Pilot commissioned in 2017, which received extended funding in 2018. Funding ceased for the project on 31st March 2020.
- Been re-commissioned by Rochdale MBC to extend our provision to co-ordinate and deliver a new local ABEN service (A Bed Every Night) for people who are street homeless and/or rough sleeping as part of the Authority's Cold Weather Protocol until 31st March 2020.
- Our long serving Chief Executive, Kath Barlow, retired in December 2019. We appointed and inducted a new Chief Executive, Dave Smith, who commenced in post in November 2019. We also appointed a new Director of Operations in March 2019, Ben Courtney, following the resignation of the previous Head of Operations, Alasdair Manson, in November 2019. Ben has been successfully inducted and embedded into the new Executive Management Team to support growth, diversification and further improved services and performance.
- Continued to develop our website which is more informative / interactive and introduced social media through the development of the Stepping Stone twitter account.

PLANS FOR THE FUTURE

Central government's policy and funding responses to the coronavirus crisis (especially in relation to rough sleeping and homelessness), its continuing and possibly enhanced welfare reform/austerity programme will continue to have the biggest impacts on our future work.

Of particular importance to us is the opportunities and details to be provided by the recently announced £260m+ "Next Steps Accommodation Programme" for rough sleeper and homeless people. We have to be prepared for this opportunity and place ourselves at the forefront of this provision across the North-West over the next 12 months and realise these opportunities.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (*continued*)

Any review of housing benefits, which is a key source of funding for most of our accommodation services, is also key to our success. Whilst government has committed to continue its support for supported accommodation services, the vehicle for funding housing costs is not yet decided, and we will be keeping abreast of announcements/changes in this regard and assessing the impact on our business plan.

Closely working with the new city region Mayors and their administrations is also key for SSP 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. For SSP to start to become an increasing player in these fields is also crucial to us growing and diversifying and this will have to be achieved 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 with whom we already have a significant and strong relationship.

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

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

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

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

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (*continued*)

FINANCIAL REVIEW

Principal funding sources

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

- Housing-related support contract income from Rochdale MBC and Lancashire County Council.
- Rental income from tenants and housing benefit paid on behalf of tenants.
- Spot purchase of accommodation and housing-related support, for young people leaving care, by social service departments across the North-West via the North-West Care Leavers Framework.
- Investment income.

Other sundry sources of income include corporate and individual donations received.

Overview

Total incoming resources in the year to March 2020 were £3,852,273 (2019 - £3,571,854). This is an increase of 7.9% which is due to additional business in our Care Leavers services resulting in increased rental and support income of £97,127 and £93,120 rental income from St. Clare's House which was purchased in May 2019.

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 specific variances relating to improved operational performance. Our Rochdale ABEN service continued to grow and we had a small amount of rental income from Rockley House which we started managing at the end of February 2020.

Investment income continues to be impacted by low savings interest rates and has decreased to £720 (2019 - £2,461) partly as a result of the capital employed to purchase St. Clare's House. Investment income is used to finance internally funded charitable support to clients and client participation/development activities. Additional charitable funds from reserves were utilised to make up for the low level of investment income and enable us to maintain support for service user activities at similar levels to previous years.

Other income has increased to £3,960 (2019 - £1,827).

In the year to 31 March 2020 the Charity made a net surplus (after including investment income) of £107,211 (2019 - £22,284 surplus).

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

The budget for 2020/21 reflects the continuing financial pressures that the sector is under with continuing austerity measures and these are exacerbated by uncertainty surrounding Lancashire's commissioning intentions which will have a direct impact on the future of two of our key contracts.

Despite the ongoing challenging financial circumstances resulting from continuing pressures on Local Authority spending, the charity continued to maximise the proportion of total expenditure on charitable activities – maintaining a very similar proportion of expenditure to the previous financial year.

Direct charitable expenditure accounted for 99.3% (2019 – 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 0.7% (2019 – 0.7%) of total expenditure. Trustees decided that the basis for allocating costs that was adopted in the financial year ending 31 March 2014 was still the most appropriate method by which to fairly reflect actual expenditure.

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (*continued*)

Balance Sheet

The net book value of fixed assets increased to £610,457 from £222,457 in the previous year. The increase is due to the acquisition of St. Clare's House in May 2019. The main fixed assets are the four Care Leavers properties in Pendle which had a net book value of £176,421 at the year-end (2019 - £180,706) plus St. Clare's House which had a net book value of £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 clients.

The Board of Trustees has an annual review of its policy on minimum reserve levels, which are the free reserves of the Charity, earned from previous operations. The current reserves policy was adopted in the 2017-18 financial year when Trustees decided that the reserves policy should provide sufficient reserves to deal with the loss of some or all of the charity's contracts in an orderly manner.

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

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

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

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

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

The reserves policy requires free reserves of £684,719 at 31 March 2020 compared with the actual amount of £1,029,356 and that there is therefore £344.6k available to expand the services that we offer to customers and to provide for any increased costs or uncertainties arising from the coronavirus crisis. This is in addition to the designated reserve of £446,623 which is to provide for renewal of furnishings and any potential dilapidations claims arising if properties are handed back to landlords.

Financial risk management objectives and policies

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

STEPPING STONE PROJECTS

Report of the Trustees for the year ended 31 March 2020 (*continued*)

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

25 November 2020

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS

Opinion

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2020 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 2020 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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

STEPPING STONE PROJECTS

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

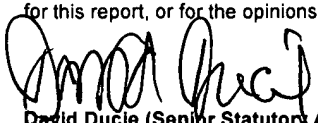
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


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

WRIGLEY PARTINGTON
Chartered Accountants and
Statutory Auditor

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Date: 25th November 2020

STEPPING STONE PROJECTS

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2020

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
<u>INCOME</u>							
Other income	3	3,960	-	3,960	1,827	-	1,827
Income from investments	4	720	-	720	2,461	-	2,461
		4,680	-	4,680	4,288	-	4,288
<i>Income from charitable activities:</i>							
Grants and contracts	5	1,664,257	-	1,664,257	1,600,313	-	1,600,313
Rents receivable	5	2,183,336	-	2,183,336	1,967,253	-	1,967,253
Total income		3,852,273	-	3,852,273	3,571,854	-	3,571,854
<u>EXPENDITURE</u>							
Raising funds	6	-	-	-	-	-	-
Charitable activities	6	3,745,062	-	3,745,062	3,549,570	-	3,549,570
Total expenditure	6	3,745,062	-	3,745,062	3,549,570	-	3,549,570
Net income/(expenditure) for the year		107,211	-	107,211	22,284	-	22,284
Net movement in funds		107,211	-	107,211	22,284	-	22,284
<i>Reconciliation of funds</i>							
Total funds brought forward		1,368,768	-	1,368,768	1,346,484	-	1,346,484
Total funds carried forward	17	1,475,979	-	1,475,979	1,368,768	-	1,368,768

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 2020

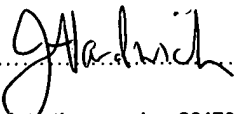
	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	610,457	222,457
Total fixed assets		<u>610,457</u>	<u>222,457</u>
CURRENT ASSETS			
Debtors	12	245,386	204,183
Cash at bank and in hand		750,472	1,067,818
Total current assets		<u>995,858</u>	<u>1,272,001</u>
CREDITORS:			
Amounts falling due within one year	13	130,336	125,690
NET CURRENT ASSETS		<u>865,522</u>	<u>1,146,311</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,475,979	1,368,768
NET ASSETS	18	<u><u>1,475,979</u></u>	<u><u>1,368,768</u></u>
THE FUNDS OF THE CHARITY			
<i>Restricted income funds</i>	17	-	-
<i>Unrestricted income funds:</i>			
Designated	17	446,623	420,140
General	17	1,029,356	948,628
TOTAL CHARITY FUNDS	17	<u><u>1,475,979</u></u>	<u><u>1,368,768</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 25th November 2020 and signed on their behalf by:

 Trustee/Director

 Trustee/Director

Registration number 2647645

STEPPING STONE PROJECTS

STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Net income/(expenditure) for the year	107,211	22,284
<i>Adjustments for:</i>		
Depreciation of tangible assets	49,364	38,803
Income from investing activities	(720)	(2,461)
Decrease/(increase) in debtors	(41,203)	108,850
Increase/(decrease) in creditors	4,646	(27,144)
Cash generated from operations	119,298	140,332
Net cash provided by (used in) operating activities	119,298	140,332
Cash flows from investing activities		
Interest received	720	2,461
Purchase of tangible assets	(437,364)	(36,690)
Net cash used in investing activities	(436,644)	(34,229)
Net increase / (decrease) in cash and cash equivalents	(317,346)	106,103
Cash and cash equivalents at the beginning of the year	1,067,818	961,715
Cash and cash equivalents at the end of the year	750,472	1,067,818

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2020

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 2020

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 2020

	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Total 2019 £
2 <u>Income from fund raising activities</u>				
The charity does not carry out any fund raising activities or receive income from commercial trading operations.				
3 <u>Other income</u>				
Other income and donations	3,960	-	3,960	1,827
	<u>3,960</u>	<u>-</u>	<u>3,960</u>	<u>1,827</u>
4 <u>Income from investments</u>				
Bank deposit interest	720	-	720	2,461
	<u>720</u>	<u>-</u>	<u>720</u>	<u>2,461</u>
5 <u>Income from charitable activities</u>				
Grants received regarding accomodation and support	1,664,257	-	1,664,257	1,600,313
Rent receivable	2,183,336	-	2,183,336	1,967,253
	<u>3,847,593</u>	<u>-</u>	<u>3,847,593</u>	<u>3,567,566</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2020

6 Expenditure

	Raising funds	Charitable activities			Total 2020 £	Total 2019 £
		Basis of allocation	Accommodation and support	Governance		
	£		£	£		
<u>Costs directly allocated to activities</u>						
Housing costs		Direct	1,540,707	-	1,540,707	1,352,537
Housing management services		Direct	1,478,305	-	1,478,305	1,507,612
Travel and training		Direct	89,201	-	89,201	72,855
Office costs		Direct	20,437	-	20,437	27,366
Recruitment		Direct	11,085	-	11,085	7,780
Audit		Direct	-	5,662	5,662	5,825
Accountancy		Direct	-	3,255	3,255	3,348
	-		3,139,735	8,917	3,148,652	2,977,323
<u>Support costs</u>						
Staff costs		Staff time	460,343	14,893	475,236	442,805
Office costs		Staff time	110,573	1,168	111,741	113,313
Legal and professional		Staff time	1,242	22	1,264	9,315
Bank charges and interest		Staff time	16	30	46	30
Depreciation		Staff time	7,978	145	8,123	6,784
	-		580,152	16,258	596,410	572,247
Total expenditure	-		3,719,887	25,175	3,745,062	3,549,570

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2020

	Total 2020 £	Total 2019 £
7 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Wages and salaries	1,421,252	1,433,119
National Insurance	127,928	129,273
Pension, health and life assurance costs	66,050	68,747
	<u>1,615,230</u>	<u>1,631,139</u>

8 Staff numbers

The average headcount for the year:

	Number	Number
Charitable activities	61	65
Generating funds	-	-
Governance	3	3
	<u>64</u>	<u>68</u>

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

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

9 Net movement in funds

Net movement in funds is arrived at after charging /(crediting):		
Depreciation of tangible fixed assets	49,364	38,803
Auditors' remuneration:		
audit of charitable company	5,662	5,825
Operating lease rentals - land and buildings	799,554	732,621

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 2020

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 2019	214,281	129,510	154,032	496,251	242,934	1,237,008
Additions	352,452	19,601	-	18,024	47,287	437,364
Disposals	-	-	-	-	-	-
At 31 March 2020	566,733	149,111	154,032	514,275	290,221	1,674,372
Depreciation						
At 1 April 2019	33,575	129,510	153,667	473,989	223,810	1,014,551
Charge for the period	10,734	2,130	365	19,474	16,661	49,364
Disposals	-	-	-	-	-	-
At 31 March 2020	44,309	131,640	154,032	493,463	240,471	1,063,915
Net Book Value						
At 31 March 2020	522,424	17,471	-	20,812	49,750	610,457
At 31 March 2019	180,706	-	365	22,262	19,124	222,457

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 2020

12 Debtors	2020	2019
	£	£
Trade debtors	2,024	2,415
Rents receivable	59,572	40,661
Prepayments and accrued income	170,222	155,211
Other debtors	13,568	5,896
	245,386	204,183

13 Creditors : amounts falling due within one year	2020	2019
	£	£
Trade creditors	13,856	14,878
Taxation and social security	33,714	34,285
Accruals and deferred income	78,755	68,524
Other creditors	4,011	8,003
	130,336	125,690

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £20,000 (2018 : £20,000) per annum, under a lease expiring on 9th August 2020. The remaining commitment is £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 2020 was £1,071,314 (2019 : £728,350).

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 £ 66,050 (2019 : £68,747).

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 2020

17 Analysis of charitable funds

Analysis of fund movements:

	At 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2020 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted funds:</i>					
General Funds	948,628	3,606,262	(3,634,127)	108,593	1,029,356
Designated Funds	420,140	246,011	(110,935)	(108,593)	446,623
Total	1,368,768	3,852,273	(3,745,062)	-	1,475,979

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 2020 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	610,457		-	610,457
Current assets	549,235	446,623	-	995,858
Current liabilities	(130,336)		-	(130,336)
Net assets 31 March 2020	1,029,356	446,623	-	1,475,979

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2020

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2019 : £Nil), and were reimbursed mileage expenses of £ 350 (2019 : £428).

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.