

Young People. Hard Times. Bright Futures.

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**



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LEGAL AND ADMINISTRATIVE INFORMATION  
For the year ended 31 March 2019

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**Directors**

Mr K Gathergood, Chairman  
Mr R James, Treasurer – resigned as Treasurer 24<sup>th</sup> April 2019, continues as Director  
Mr J Devlin  
Dr A Murphy  
Mr P Cummins  
Mr P Kent  
Mrs L James – appointed 22<sup>nd</sup> September 2018  
Mr A Auteri – appointed 17<sup>th</sup> November 2018  
Mrs C Thomas – appointed 10<sup>th</sup> December 2018  
Mr M Scoular – appointed 12<sup>th</sup> April 2019  
Sir J Portal – appointed 15<sup>th</sup> April 2019  
Mr S Mylvaganam, Treasurer – appointed 24<sup>th</sup> April 2019  
Miss S Hamiduddin – Resigned 6<sup>th</sup> August 2018

**Company Registration Number**

2431825

**Charity Registration Number**

900308

**Address & Registered Office**

36 Crimea Road, Aldershot, Hampshire, GU11 1UD

**Company Secretary**

Mr A Chapman

**Chief Executive**

Mr B Harman

**Head of Young People Services**

Mrs D Moreton

**Head of Fundraising**

Mrs J Oliver – stepped down 6<sup>th</sup> August 2018  
Mrs J Westmoreland – appointed 6<sup>th</sup> August 2018, resigned 26<sup>th</sup> April 2019

**Head of Innovation & Development**

Mr S McMullan – Resigned – 17<sup>th</sup> September 2018

**HR Manager**

Ms D Daley – appointed 1<sup>st</sup> June 2018

**Finance Manager**

Mrs M Bareham – appointed 1<sup>st</sup> June 2018

**Auditors**

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

**Bankers**

Caf Bank Limited, 25 Kings Hill Avenue, West Malling, Kent, ME19 4TA

**Solicitors**

Barlow Robbins LLP, Concord House, 165 Church St East, Woking GU21 6HJ

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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The Directors of the Company for the purposes of the Companies Act, who are also Trustees of the Charity for the purposes of the Charities Act, submit their annual report and the financial statements for Step by Step Partnership Limited (the Charity) for the year ended 31 March 2019. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Documents**

The Charity was incorporated under the Companies Act 1985 on 12 October 1989 and is limited by guarantee. It has been registered as a charity since 25 January 1990. As a charitable company limited by guarantee, operations are governed by the Charity's Memorandum and Articles of Association.

### **Directors and Method of Appointment**

The Directors of the Charity, who are also its Trustees, are elected at an AGM (or may be appointed during the year by the Board with election at the next AGM). The candidature of people with skills, experience and/or interests relevant to the Charity's activities is encouraged through advertising publicly, employing specialist recruitment agencies and soliciting local organisations. They may serve for up to three years before re-election.

### **Organisation and Decision Making**

The Governance structure is made up of a Board and two types of subcommittee which are known as a Board Executive Committee (BEC) and Board Subcommittees (BS). The BEC is based on delegated decision making powers handed down from the main Board whilst BS's are based on advice and recommendations being requested by the Board.

Board members are appointed to fulfil the terms of reference of specific roles that the Board wishes to add to its Board team through a process managed by a Board Appointments Subcommittee. The Chief Executive is not a Director but a permanent non-voting member of the Board with the right to attend all Board Meetings unless a conflict of interest exists. The Board meets every two months. An induction procedure is used for all new members of the Board and includes learning about the history, ethos and day-to-day operation of the Charity as well as outlining their responsibilities, conduct at meetings and relations with staff. The induction is usually carried out by the Chairman and another Director, supported by the Chief Executive. Directors are encouraged to attend training events relevant to their roles or assigned interests within the Charity. The Charity operates in a consistent way by following the policies set out and agreed by the Board, supported and implemented by the Chief Executive and staff.

Day-to-day operational responsibility rests with the Chief Executive, who is responsible for all staff and volunteers who provide valuable support to young people.

To secure the standards of its work and to provide young people with excellent services Step by Step (SbS) needs to attract and retain high quality employees. A number of its services benefit from very qualified and competent staff and from a continuity of care that demands a continuity of service. Consequently, SbS's salary policy is to reward its talented people fairly, equitably and consistently in accordance with their value to the organisation and in order to ensure their motivation and engagement.

The Charity employs the National Joint Council (NJC) pay scales in order to administer its salary programme in a consistent and transparent manner. However, it also accesses relevant salary survey data to confirm that all the staff at SbS are compensated equitably and fairly with regard to both their pay and benefits. The Board of SbS therefore requires

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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that a salary and benefits survey be conducted at least every three years and, where wage inflation or other business reasons require, more regularly. The organisations and jobs to be surveyed will be agreed by the Audit and Remuneration Sub Committee (ARSC), prior to the commencement of the survey. It is the general principle of the Charity that the salaries and benefits, on average, be positioned competitively in the local marketplace at a level to be determined by the ARSC.

As length of service increases it is anticipated that staff will move through their salary scale until they reach the maximum level of their individual scale. It is fundamental to the salary and benefits programme of the Charity that an increase will only be permitted if the individual has achieved a satisfactory level of performance, following the annual appraisal and development process.

Key personnel remuneration is decided by the ARSC and approved by the Board. With regard to the Leadership Team (those roles which report directly to the CEO) the CEO makes individual recommendations to the ARSC which reflect the individual's performance, the market situation of their role and the overall contribution to the Charity of the individual. With regard to the CEO's salary and benefits review, the Chairperson conducts an annual appraisal, utilising feedback from the Board members. The ARSC will then use this appraisal to develop a salary and benefits recommendation in line with the overall salary programme of the Charity, which is put to the Board for approval. In the light of current best practice, it is not anticipated that the CEO's salary will be more than five times greater than the lowest paid full time employee of the Charity.

#### **Risks**

The Charity operates a Risk Management process that meets the requirements of the Charity Commission. The significant risks to which the Charity could be exposed are:

- a. The welfare and safety of the young people we accommodate and support, particularly where they may be engaging in risk taking behaviours.
- b. Loss of income due to an inability to deliver fundraising income, contract losses or the impact of welfare reform.
- c. Loss of key personnel and difficulty to attract suitable candidates.

Priority is given to managing and mitigating these potential risks effectively. Key mitigating actions to manage these risks have been implemented in the year. These include:

- a. Safeguarding – delivery of an ongoing programme of safeguarding training for all staff. Safeguarding is an agenda item at Leadership Team and Board meetings.
- b. Loss of income – we have developed new cost effective and high quality services in partnership with local authorities and successfully retendered for new contracts. Fundraising delivered their income targets in what continues to be a challenging environment.
- c. Loss of key personnel – recruitment lead times have reduced and we have been able to recruit suitable staff. We monitor the reasons for staff leaving SbS and take corrective action where required.

#### **Relationships with Other Organisations**

The Charity works with many organisations including local authorities, voluntary organisations, Children's Services, Youth Support Services, the Police and the Probation Service and Offender Management Service, all of whom refer young people to the Charity and with whom we seek to further their interests. The Charity works in partnership with Vivid Housing Association, Gosport Borough Council, Sovereign Housing Association and London & Quadrant Housing Association to accommodate vulnerable young people.

Funders are another group of stakeholders who have a continuing interest in the Charity's performance and its use of resources. Major funders include Local Authorities, charitable trusts and foundations and other charities. We are also supported by voluntary donations - mainly from individuals, local churches, schools, and organisations such as

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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Rotary, Round Table and Lions. To all of them, the Trustees give their thanks on behalf of the most important stakeholders, the young people and their families that we serve.

## OBJECTIVES AND ACTIVITIES

### Objectives

As stated in the Memorandum of Association, the Charity's objective is to relieve the need of the homeless, unemployed and other people by reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

### Mission

The mission of the Charity is empowering young people and preventing homelessness. This is achieved by providing staged accommodation that allows progressively more independence over time, with tailored support, which includes support planning with a STEP Worker (Skills, Talents, Empowerment & Progress Worker) or Talent Coach as well as informal education and learning provided through our Training and Development Services. These offer a number of different programmes all designed to progress people towards independence. At the present time young people are aged between 11 and 25 years and mainly fall into the 16-21 age group.

### Public Benefit

The Trustees confirm that they have complied with the guidance of the Charities Act 2011 to have due regard to the public benefit guidance in determining the activities undertaken by the Charity.

The Charity Commission, in its "Charities and Public Benefit" Guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public.

The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charity which during the year under review has worked directly with about 1,065 young people and family members, and has educated a further 2,206 young people via school and community talks, a total beneficiary number of 3,271. A number of our key achievements during 2018/19 are detailed on page 7 under 'Key Achievements' in 'Achievements and Performance'. In the year to 31st March 2019, 49% of young people were male and 51% female and 79% of young people were teenagers. Residential accommodation for 73 homeless young people aged 16-21 (or to 25 under certain circumstances) was available at any one time at the end of the year (170 young people resident during the year). In addition, Supported Lodgings accommodation, with carefully vetted local families, was available to another 134 young people at any one time at the end of the year (220 young people resident over the year).

It may be surprising that homelessness is a problem in prosperous counties like Hampshire, Surrey, West Berkshire and Dorset but demand for places consistently exceeds bed capacity by a factor of 3 to 1. A noticeable shift in the year is that young people are tending to favour Supported Lodgings accommodation rather than Residential accommodation. However, the primary criteria is what best suits the needs of the young person. Most young people are in a downward spiral when they arrive with 58% unemployed but 90% of young people positively progressed or stabilised their circumstances. The key point about the 11-25 age group is that they are young enough and still adaptable enough to be helped. When they do succeed, the benefit to both them and the local community is enormous.

The Charity's aim is to help young people accept and deal with their problems, turn their

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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lives around and become independent and successful members of the community who are able to realise their aspirations. This is done by a combination of individual advice and motivation, insistence on clear standards of acceptable behaviour and the provision of a range of training schemes covering:

- **basic skills** to ensure that young people can look after themselves properly - cooking, hygiene, laundry etc;
- **health and fitness** - registration with the NHS, physical and emotional health, teenage pregnancy and sexual health, drug and alcohol misuse, motivation;
- **understanding finance** - dealing with debts and gambling and learning to budget and to successfully maintain independence on a low income.
- **education and employment** - getting into work or training is very important; our services helped young people access 179 Education or Employment opportunities during the year under review to move from Not in Education, Employment or Training (NEET) to Education, Employment or Training (EET), a considerable achievement in the current economic climate with real benefit for the local community;
- **community contribution** - controlling anger, ceasing offending, and taking part in volunteering schemes organised by the Charity to encourage community involvement. This included a large 'peer education' project where young people talked to 2,206 local school children and people in the local community last year about the dangers and realities of drugs, alcohol and homelessness and what to do if they needed help.

The Charity provides a unique combination of progressive accommodation steps, training opportunities for getting young people into work and further education and one to one mentoring to ensure that each young person receives the support they need. The Trustees believe that this, together with the achievements outlined above, provide considerable evidence of the significant public benefit the Charity achieves.

### ACHIEVEMENTS AND PERFORMANCE

**Accommodation Services:** At the end of the financial year (March 2019) the Charity was providing up to 207 accommodation beds for young people at any one time.

The Charity provides **Staged accommodation** support to those who meet the referral criteria of the accommodation services which include emergency placements, short term 'assessment' placements, 'Step 1' (1<sup>st</sup> stage accommodation) and 'Step 2' (2<sup>nd</sup> stage / move on accommodation).

Referrals are from a number of agencies with whom the Charity has a relationship, as well as from young people themselves. This year the Charity accommodated 30% of all referrals made to Step 1 staged accommodation, receiving 232 referrals and making 69 admissions. During the course of the year 144 young people were accommodated, with up to 73 in residence in our staged accommodation services at any one time (year-end position). Annual utilisation of bed space was 68%. Positive progression or stabilisation was achieved by 90% of young people in the staged accommodation services overall.

In addition, the charity provides **Supported Lodgings** family placements for 134 young people at any one time across five counties (year-end position) with 220 resident during the year, and 90% of young people achieving positive progress or stabilisation.

**Training Services:** The training services programme provides a range of sessions targeted at enhancing the key life skills of our young people and supporting them into employment and educational opportunities, identifying opportunities which match their talents and their aspirations. This year we were able to run training activities in our Aldershot, Havant,

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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Fareham & Gosport, and Basingstoke foyer services. 180 young people used the training services during the year, with 88 of these attending groups; 27 of the 180 were provided with recreational opportunities including access to CyberShed IT facilities. 40 of the 180 were supported with one-to-one sessions. A further 83 worked with the Future Steps mentors in Guildford and Waverley. Both group and one-to-one sessions were aimed at building life skills, obtaining and sustaining employment, and education opportunities. The sessions delivered by this programme are AQA accredited, and a total of 200 Unit award certificates were achieved by 58 young people during the 2018/19 year.

Young People accessed 179 Educational or Employment opportunities over the course of the year, an outstanding achievement significantly benefitting the local community.

The young people peer education team delivered presentations to a total audience of 2,206, mainly in schools in the local community in the North of Hampshire and South of Surrey, doing effective prevention work in the fields of homelessness and drugs. Feedback from our audiences at these presentations is consistently positive, and in addition we have been able to record increases in self-esteem and confidence, improved communication and presentation skills, self-realisation and enjoyment of helping others for the young people involved in delivering the presentations during the year.

**Youth AIMS:** Youth AIMS is a drop-in advice and guidance service operating in Aldershot and Fleet and supporting young people across the boroughs of Rushmoor and Hart. The service also administers a rent deposit fund on behalf of Rushmoor Borough Council. The service delivered advice, guidance, information and advocacy to 145 young people in the year. Youth AIMS incorporates **Step Chat** which is a real-time messaging system on our web site through which young people in particular can communicate with our staff online. Our Youth AIMS team conducted 143 chat sessions in the year.

**Family Mediation:** Prevention of homelessness is a key objective of the Charity and it offers family mediation with the aim of rebuilding relationships. During the year this resulted in 38 young people returning home after being accommodated in the Charity's staged accommodation services.

**Counselling:** As a specialist provider of youth counselling for young people aged 11 – 25, and against a backdrop of rising youth mental ill health we were pleased to be able to support 530 young people in the year who attended 1,788 counselling sessions.

**Fundraising:** The charity is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees support the aims of this legislation. The majority of the charity's income comes from other charitable bodies and local authorities. The charity undertakes very little direct fundraising activity involving individual donors. Examples include our online giving page, Open Doors appeal and events which are promoted generally through communications, rather than targeting specific individuals. The charity considers the origin of unsolicited donations and legacies. The charity does not share or purchase any donor data with or from third parties. During the year ended 31 March 2019, the charity did not engage with independent professional fundraisers. During the year ended 31 March 2019, the charity did not receive any complaints in relation to fundraising or raise any matter with regulators.

**Public Relations:** The Charity has continued to receive regular positive media coverage including on local radio and in the press. No negative publicity has been received.

**Young people's Initiatives/Participation:** The Charity has worked to maximise young people involvement in all aspects of service provision and the ethos of the Charity places emphasis on ensuring the young peoples' interests are at the heart of service delivery. The organisation takes an asset based approach to working with young people, meaning very



## DIRECTORS' REPORT

### For the year ended 31 March 2019

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simply, that the focus is on their strengths and their talents, optimising these qualities in order to support young people to realise their potential and fulfil their aspirations. This approach encourages responsibility and accountability, and young people are able to plan and implement community based projects, to support delivery of training sessions, and mentor their peers via the young person's Ambassador Project.

**Volunteers:** The Charity has again been successful in increasing the number of volunteers providing valuable support to the services. Volunteers contribute to areas such as premises maintenance and development, community fundraising, finance and administration, support of a database and recording system, as well as helping to deliver training sessions and the Charity's drop in advice and guidance service. Their various and significant contributions are greatly appreciated and the Charity aims to increase the number of volunteers supporting our staff team further in the coming year.

**Outcomes Monitoring:** The Outcomes Star system, which is a nationally recognised formal outcome monitoring system, has been used with continuing positive results. Credible outcome information is critical in assessing the effectiveness of our services to progress our young people and we continue to maintain accurate and comprehensive data records through the Inform young people record management system.

**Governance:** An annual self-assessment process to review Board performance is a well-established practice and provides a productive vehicle for continuous improvement. However, given the nature of the issues faced by the Board in the 2017/18 year of restructuring it was felt that it was right to undertake a more rigorous review of Board performance and this resulted in 9 improvement actions being set that includes a tightening of aspects of operational management and control. Following through with the implementation of those improvement actions has been a characteristic of the 2018/19 year.

As part of these improvement actions the Board has defined the profile and experience it requires going forward and as a number of Trustees/Directors naturally retire this year the Board has entered a refresh period based on that target profile. Six new Trustees/Directors have been or are in the process of being appointed including a new Treasurer. The Board has noted the introduction of the General Data Protection Regulations (GDPR) from May 2018 and a significant programme has been put in place to ensure compliance with the regulations.

**Key Achievements:** The Charity is proud that despite a challenging environment for UK charities we have remained focused on our mission and the numbers of young people supported has been maintained. Some of our key achievements in 2018/19 include:

- A total of 3,271 beneficiaries were supported by the Charity in 2018/19;
- 1,065 young people were directly supported in services across Hampshire, Surrey, West Berkshire, Dorset, and West Sussex;
- Our counselling services continued to grow, working with 530 young people in the year;
- Our Supported Lodgings service has continued to grow and we now operate across the whole of Hampshire and in Swindon;
- Following a restructure in 2017 the Charity returned from a deficit to a surplus budget and is more financially sustainable;
- We worked in partnership with Hampshire County Council (HCC) to pilot a new, more financially sustainable, model of supported accommodation which led to better outcomes for young people. Following a successful pilot, this new model was adopted throughout Hampshire.

# DIRECTORS' REPORT

## For the year ended 31 March 2019

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### FINANCIAL REVIEW FOR THE YEAR

The Statement of Financial Activities is set out on **page 14** and shows the net movement in funds for the year.

After a challenging couple of years for Step by Step, a surplus of £212,680 was recorded. This surplus is a result of the restructuring programme undertaken in 2017-2018 where SbS terminated non-financially affordable services, reduced overheads, renegotiated contracts with local authorities and refreshed the management team. In 2018-19 there was higher than budgeted income from rising demand for our Supported Lodgings service and we kept tight control on expenditure.

We continue to review our income and expenditure on a monthly basis. We seek new contracts and utilise our fundraising resources to increase income. We also continuously review our cost base to ensure that our resources are applied efficiently and effectively to meet our objectives.

### Reserves Policy

The Charity's policy is to establish and maintain a level of reserves which ensures there are adequate funds to meet all current and known liabilities as well as committed development expenditure. In practice the Directors regularly review reserves to ensure that they are sufficient to cover a minimum of:

- Six to nine months cover of committed income less budgeted expenditure for the next 12 months. Committed income for the next 12 months is £3.040m; committed expenditure against the income streams is £3.272m. Six to nine months' cover is therefore between £116k and £174k
- Proposed development and committed capital expenditure for at least the next 12 months of £68k

Total Reserves as at 31<sup>st</sup> March 2019 are £424,721 comprising of restricted funds of £11,775, designated funds of £133,789 and unrestricted funds of £279,157.

After allowing for restricted and designated funds, the free reserves were £279,157 at the year end. Free reserves are funds that have not been restricted by the funder or designated by the Charity for a specific service or investment. Free reserves meet the reserves requirement as stated in the Reserves Policy agreed by the Trustees.

### Going Concern

In our previous annual report and accounts, we stated that:

- we had recorded deficits in both the year to 31 March 2017 and 2018
- the deficit in the year to 31 March 2018 was partly due to non-recurring expenditure related to restructuring of the charity's operations to help the organisation operate sustainably in the future
- we had a business plan and budget for the year to 31 March 2019 which generated a surplus, and we were confident of over-achieving against that plan, which is what we achieved.

In determining that the charity continues to be a going concern for the purposes of preparing these financial statements, the Trustees have considered the following:

- The financial performance of the charity since the 31 March 2019 and current balance sheet position

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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- 2019/20 Budgets and forecasts of performance of the charity to 30<sup>th</sup> September 2020, including cash flow
- That major contracts will be either re-tendered or extended in the year to 31 March 2020, and we have considered the consequences of renewing or extending those contracts at a different rate, or not renewing the contracts
- the new contract opportunities that are being progressed that evidence the benefit of the new foundations set for the charity as a result of the restructuring

Through this review, the Trustees have assessed that the charity continues to be a going concern.

#### **Investment Policy**

All investment decisions are to be taken in the best interests of the charity achieving its charitable purpose and follow the Charity Commission's guidance on investment matters as stated in their publication "Charities and Investment Matters: a guide for Trustees"

#### **Financial Investment**

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable. All such investments by Step by Step are subject to risk assessment as part of the formulation of financial investment cases. These may vary from very low risk investments e.g. cash reserves investment to support the Reserves Policy invested under FSCS guarantees, through to relatively high risk assessments e.g. funding Social Enterprise with the objective of creating trading profit to support the charitable purpose.

#### **PLANS FOR THE YEAR AHEAD**

Following the necessary restructuring in the 2017/18 year, Step by Step reaped the benefits of that process in the 2018/19 year as evidenced by this report. Put simply Step by Step plans to continue that successful regeneration process. The charity's future plans will continue to be heavily influenced by the impact of on-going government social and welfare funding cuts. As circa 85% of the charity's income is from such sources this is naturally a material planning factor. The cuts impact on what a Council can commission and the price they feel able to pay for them. Step by Step accepts that is the reality of the situation and works with Councils to find services that both meet critical need, are affordable to a Council, and are financially acceptable to Step by Step. The impact on Step by Step's future plans can be summarised as a journey based on quality of service delivery and financial sustainability. At all times Step by Step will stay true to its Mission. Step by Step is a highly focused charity working to help and support vulnerable and disadvantaged young people. That remains the case. Every decision is made based on what is in the best interests of the client group we seek to help and support; providing it can be supported in a financially affordable way for both a Commissioner and Step by Step. A 2019/20 year Business Plan and Budget has been set in accordance with the above principles. In addition, some higher targets have been set to continue the theme of Step by Step wishing to support as many young clients as possible. However, growth is not the primary objective. Quality of service delivery and sound financial sustainability are the primary objectives.

In the 19/20 year we expect to support about 2,000 young people across Hampshire, Surrey, Berkshire, Dorset, West Sussex and expand into Wiltshire, delivering services to about 1,000 young people and educating a further 1,000 children and young people via peer education activities. We expect to work with Councils on piloting innovative new forms of service that address areas of critical need in affordable ways.

## DIRECTORS' REPORT

### For the year ended 31 March 2019

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We will also focus on improving the quality of our support to young people by developing our long-term impact reporting to ensure that young people's progression is sustained. We will be assessing and deciding on the merits of becoming a member of the Independent Fostering Agency (IFA) specifically focused on such services for 16 – 20 year olds.

The fund raising environment has become particularly challenging for charities as they attempt to plug the gaps left by reductions in government social and welfare funding for young people through increased fund raising. Step by Step is taking a cautious view. We have reduced our targets for the 2019/20 year but at the same time are stepping up our activity in seeking new sources of income that will sit in parallel to contract income and traditional fund raised income.

Step by Step has now laid new foundations on which to build a successful future for the charity both in terms of continuing to deliver on its Mission and in a financially sustainable way.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also Directors of Step by Step Partnership Limited for the purposes of company law) are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements, for each financial year, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Trustees 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 UK Accounting Standards have been followed, subject to any material 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 Charitable Company will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

DIRECTORS' REPORT  
For the year ended 31 March 2019

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**APPROVAL**

This report was approved by the Board on 16 September 2019 and signed on its behalf, by:

A handwritten signature in black ink, appearing to read 'K. Gathergood', written in a cursive style.

Keith Gathergood  
Chair

# AUDITORS' REPORT

## For the year ended 31 March 2019

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEP BY STEP PARTNERSHIP LIMITED

#### Opinion

We have audited the financial statements of Step by Step Partnership for the year ended 31 March 2019 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of the charitable company's net movement in funds, including the 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 charity 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.

#### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11, the 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, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

#### 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

# AUDITORS' REPORT

## For the year ended 31 March 2019

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, 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 material 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.

### Opinions on other matters 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' Annual Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

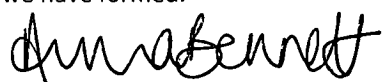
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which 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
- the charitable company 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 from the requirement to prepare a strategic 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 Auditor's 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.



Anna Bennett (Senior Statutory Auditor)

For and on behalf of Haymacintyre LLP, Statutory Auditors

Date: 14/10/19

10 Queen Street Place  
London  
EC4R 1AG

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating income and expenditure account)  
For the year ended 31 March 2019

	Notes	Restricted Funds 2019 £	Designated Funds 2019 £	Unrestricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>INCOME FROM:</b>						
Donations and legacies	2	12,130	-	261,672	273,802	218,363
Charitable activities	3	153,792	-	2,629,238	2,783,030	2,747,522
Investments		-	-	1,126	1,126	14,102
<b>TOTAL INCOME</b>		<b>165,922</b>	<b>-</b>	<b>2,892,036</b>	<b>3,057,958</b>	<b>2,979,987</b>
<b>EXPENDITURE ON:</b>						
Raising funds	5	-	-	207,668	207,668	226,135
Charitable activities	6	167,045	-	2,470,565	2,637,610	3,205,861
<b>TOTAL EXPENDITURE</b>		<b>167,045</b>	<b>-</b>	<b>2,678,233</b>	<b>2,845,278</b>	<b>3,431,996</b>
<b>NET INCOME/ (EXPENDITURE)</b>		<b>(1,123)</b>	<b>-</b>	<b>213,803</b>	<b>212,680</b>	<b>(452,009)</b>
<b>Transfer between funds</b>		<b>-</b>	<b>109,399</b>	<b>(109,399)</b>	<b>-</b>	<b>-</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,123)</b>	<b>109,399</b>	<b>104,404</b>	<b>212,680</b>	<b>(452,009)</b>
<b>TOTAL FUNDS AT 1 APRIL 2018</b>		<b>12,898</b>	<b>24,390</b>	<b>174,753</b>	<b>212,041</b>	<b>664,050</b>
<b>TOTAL FUNDS AT 31 MARCH 2019</b>		<b>11,775</b>	<b>133,789</b>	<b>279,157</b>	<b>424,721</b>	<b>212,041</b>

All above results are derived from continuing activities.

Movement in funds are disclosed in Note 16 of the Financial Statements. The notes on pages 17 to 34 form an integral part of these accounts.

There are no other recognised gains and losses other than those shown above.



**BALANCE SHEET**  
As at 31 March 2019

	Note	£	2019	£	£	2018	£
<b>FIXED ASSETS</b>							
Tangible fixed assets	11			13,570			24,390
<b>CURRENT ASSETS</b>							
Debtors	12	245,007				139,068	
Cash at bank		517,202				555,102	
		<u>762,209</u>				<u>694,170</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(351,058)				(506,519)	
<b>NET CURRENT ASSETS</b>				411,151			187,651
<b>NET ASSETS</b>				<u>424,721</u>			<u>212,041</u>
<b>CHARITY FUNDS</b>							
Restricted Funds	16			11,775			12,898
Unrestricted – Designated Funds	16			133,789			24,390
Unrestricted – General Funds	16			279,157			174,753
				<u>424,721</u>			<u>212,041</u>

The financial statements were approved and authorised for issue by the Board and were signed on their behalf on the 16<sup>th</sup> September 2019 by:

  
S. Mylvaganam  
Treasurer Director

  
K. Gathergood  
Chair

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 17 to 34 form an integral part of these accounts.

**STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2019

		2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>Note</b>		
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	21	<b>(38,288)</b>	<b>(440,349)</b>
		_____	_____
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Dividends, interest and rents from investments		<b>1,126</b>	<b>14,102</b>
Purchase of property, plant and equipment		<b>(738)</b>	<b>(5,135)</b>
		_____	_____
<b>CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>388</b>	<b>8,967</b>
		_____	_____
<b>CHANGE IN CASH AND CASH EQUIVALENT IN THE REPORTING PERIOD</b>		<b>(37,900)</b>	<b>(431,382)</b>
		=====	=====
Cash and cash equivalents at the beginning of the year		<b>555,102</b>	<b>986,484</b>
<b>Cash and cash equivalents at the end of the year</b>		<b><u>517,202</u></b>	<b><u>555,102</u></b>

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2019 £	2018 £
Cash in hand	421,664	389,325
Notice deposits	<u>95,538</u>	<u>165,777</u>
<b>Total cash and cash equivalents</b>	<b><u>517,202</u></b>	<b><u>555,102</u></b>

The notes on pages 17 to 34 form an integral part of these accounts.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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## 1. ACCOUNTING POLICIES

The principle accounting policies adopted judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Step by Step 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(s).

### 1.2 Accounts on a going concern basis

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

### 1.3 Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charities accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 1.4 Company status

Step by Step Partnership Limited is a Company limited by guarantee. The members of the Company include the Directors named on page 3. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company

### 1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which have been raised by the Charity for particular purposes and which have to be used in accordance with specific restrictions imposed by donors. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

### 1.6 Income

All income is recognised once the charity has entitlement to income, and it is probable that the income will be received and the amount of income receivable can be measured reasonably.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2019

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Income from donations and grants is included in the financial statements when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods;
- When donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met;
- Income tax on donations received under gift aid is reclaimed from the Inland Revenue and credited to income in the year in which the related donations are received;
- Legacy income is included in the SOFA when there is entitlement, probability of receipt and the amount of income can be measured reliably;
- Housing benefit and rental income in respect of persons living in the Charity's accommodation are taken to income in the year to which they relate.

#### 1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a settlement will be required, and the amount of the obligation be measured reliably.

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources.

Raising funds are those costs incurred in seeking voluntary contributions and include disseminating information about the Charity in order to attract such funding.

Charitable expenditure comprises services, supplies and activities undertaken which directly support the Charity's objectives.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity, and these costs are allocated to the direct charitable services of the charity based on the amount of support resource utilised by each service. Please see Note 7 for a full explanation of the apportionment of these costs.

Governance costs are also support costs and are those incurred in connection with enabling the Charity to comply with external regulation, constitutional and statutory requirements and in providing support to the Directors in the discharge of their statutory duties.

#### 1.8 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Property (building)	-	2%	straight line
Long term Leasehold Property	-	over the life of the lease	
Furniture and Fixtures	-	20%	straight line
IT & Computer Equipment	-	33%	straight line

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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### **1.9 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 Statement of Financial Activities (SOFA) as incurred.

### **1.10 Pensions**

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the Scheme in respect of the year.

### **1.11 VAT**

The Charity is not registered for VAT. In common with many other charities, Step by Step Partnership Limited's expenses include VAT, which cannot be recovered.

### **1.12 Taxation**

The Company is a registered charity (registered number 900308) and is not liable to UK corporation tax on income derived from its charitable activities.

### **1.13 Other employee benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits are accounted for on an accrual basis and in line with FRS 102.

### **1.14 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

### **1.15 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**1.16 Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.17 Creditors, provisions and estimates**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. The trustees confirm that there were no significant estimates in the year.

<b>2. INCOME FROM DONATIONS AND LEGACIES</b>	<b>Restricted Funds 2019 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>	<b>Total Funds 2018 £</b>
Churches	-	9,203	9,203	18,815
Secular organisations	12,130	174,526	186,656	105,785
Individuals	-	58,655	58,655	40,635
Legacies	-	-	-	30,000
Events	-	14,568	14,568	23,128
Other	-	4,720	4,720	-
<b>Total</b>	<b>12,130</b>	<b>261,672</b>	<b>273,802</b>	<b>218,363</b>

Full comparative figures for the year ended March 2018 are shown in note 24.

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Restricted Funds 2019 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>	<b>Total Funds 2018 £</b>
Accommodation	22,055	2,287,188	2,309,243	2,203,113
Training	53,717	6,868	60,585	169,581
Counselling & support	73,020	335,182	408,202	352,648
Development Projects	5,000	-	5,000	22,180
<b>Total</b>	<b>153,792</b>	<b>2,629,238</b>	<b>2,783,030</b>	<b>2,747,522</b>

Full comparative figures for the year ended March 2018 are shown in note 25.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2019

**4. INCOME FROM CHARITABLE ACTIVITIES BY FUNDER**

	<b>Restricted Funds 2019 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>	<b>Total Funds 2018 £</b>
<b>Grants and Contracts</b>				
Trust Income	148,492	21,367	169,859	356,967
Local Authority Grants	5,300	197,150	202,450	250,392
	<u>153,792</u>	<u>218,517</u>	<u>372,309</u>	<u>607,359</u>
<b>Housing &amp; Supported Lodgings related incomes</b>				
Local Authority Contracts	-	2,390,983	2,390,983	2,112,529
Rent & Personal Charges	-	17,711	17,711	19,869
Sundry Income	-	2,027	2,027	7,765
	<u>-</u>	<u>2,410,721</u>	<u>2,410,721</u>	<u>2,140,163</u>
	<u>153,792</u>	<u>2,629,238</u>	<u>2,783,030</u>	<u>2,747,522</u>

Full comparative figures for the year ended March 2018 are shown in note 26.

**5. EXPENDITURE ON RAISING FUNDS**

	<b>Restricted Funds 2019 £</b>	<b>Unrestricted Funds 2019 £</b>	<b>Total Funds 2019 £</b>	<b>Total Funds 2018 £</b>
Staff costs	-	140,086	140,086	167,047
Direct Costs	-	47,192	47,192	35,404
Support costs	-	20,390	20,390	23,684
	<u>-</u>	<u>207,668</u>	<u>207,668</u>	<u>226,135</u>
Total	<u>-</u>	<u>207,668</u>	<u>207,668</u>	<u>226,135</u>

Expenditure on raising funds in 2018 were for unrestricted purposes.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**6. EXPENDITURE ON CHARITABLE ACTIVITIES**

	Activities Undertaken Directly £	Direct staff Costs £	Support Costs £	Total Funds 2019 £	Total Funds 2018 £
Accommodation	1,009,206	833,740	234,610	2,077,556	2,346,651
Training	20,621	53,909	38,581	113,111	190,190
Counselling & support- D'n'A	-	-	-	-	101,930
Counselling & support	76,368	205,571	74,626	356,565	372,937
New Build – costs	-	-	-	-	257
Growth & Development	3,100	47,317	39,961	90,378	193,896
<b>Total</b>	<b>1,109,295</b>	<b>1,140,537</b>	<b>387,778</b>	<b>2,637,610</b>	<b>3,205,861</b>

Full comparative figures for the year ended March 2018 are shown in note 27.

**7. SUPPORT COSTS ALLOCATIONS TO ACTIVITIES**

	Raising funds £	Accommodation £	Training £	Counselling & Support £	Growth & Development £	Total 2019 £	Total 2018 £
Staff costs	12,907	138,340	22,833	44,291	39,961	258,332	320,549
Staff recruitment, training and travel	831	13,163	2,097	3,872	-	19,963	18,413
Administrative costs	1,072	13,524	2,115	4,439	-	21,150	20,254
Building, maintenance costs & running costs	46	1,037	157	323	-	1,563	6,478
Marketing costs	2	872	139	241	-	1,254	7,555
Legal & professional	906	25,805	3,995	7,812	-	38,518	93,746
Activities cost	-	-	-	-	-	-	-
Other costs	136	765	144	291	-	1,336	417
Governance costs (see below)	4,490	41,104	7,101	13,357	-	66,052	73,774
<b>Total</b>	<b>20,390</b>	<b>234,610</b>	<b>38,581</b>	<b>74,626</b>	<b>39,961</b>	<b>408,168</b>	<b>541,186</b>

Support costs have been allocated to services based on the amount of overhead resource used by each function within the charity based upon a combination of the number of people employed within each activity and the amount of floor area occupied by an activity.

Full comparative figures for the year ended March 2018 are shown in note 28.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

<b>8. GOVERNANCE COSTS</b>	<b>Unrestricted Funds £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Direct Costs	10,800	10,800	9,840
Support costs – Staff	43,659	43,659	63,653
Support costs – other	11,593	11,593	281
	<u>66,052</u>	<u>66,052</u>	<u>73,774</u>

<b>9. NET (EXPENDITURE)/INCOME</b>	<b>2019 £</b>	<b>2018 £</b>
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	11,558	16,575
Auditors' remuneration - audit services (excluding VAT)	10,800	9,840
- other services	1,170	-
Pension costs	31,593	25,657
Operating lease rentals - land and buildings	30,766	30,766
Operating lease rentals - photocopier	1,536	582
	<u>115,423</u>	<u>113,475</u>

<b>10. STAFF COSTS AND NUMBERS</b>	<b>2019 £</b>	<b>2018 £</b>
Staff costs were as follows:		
Wages and salaries	1,401,647	1,670,941
Social security costs	117,856	143,208
Redundancy and termination costs	31,518	71,543
Pension costs	31,593	25,657
	<u>1,582,614</u>	<u>1,911,349</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**10. STAFF COSTS AND NUMBERS (continued)**

The average monthly head count was 84 staff (2018: 92) and the average monthly numbers of full-time equivalent employees during the year were as follows:

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Governance, Management and Admin	<b>7.5</b>	<i>7.5</i>
Fundraising	<b>5.9</b>	<i>4.5</i>
Accommodation and other service staff	<b>40.0</b>	<i>46.4</i>
Cleaner	<b>0.4</b>	<i>0.4</i>
	<b>53.8</b>	<i>58.8</i>

During the year, one employee received remuneration amounting to more than £60,000, falling within the range of £60,000 to £69,999 (2018 – One Employee in the range £80,000 to £89,999) and the employer pension contribution was £1,220 (2018 - £2,841).

The key management personnel of the charity are considered to be the Chief Executive, Head of Young People Services, Head of Innovation and Development, Head of Fundraising, HR Manager and Finance Manager. The total employee benefits of the key management personnel were £318,671 (2018 - £238,467).

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2019

11. TANGIBLE FIXED ASSETS	Furniture, fittings & equipment	Total
	£	£
<b>Cost</b>		
At 1 April 2018	174,361	174,361
Additions	738	738
Disposals	(10,514)	(10,514)
	<hr/>	<hr/>
At 31 March 2019	164,585	164,585
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 April 2018	149,971	149,971
Charge for the year	11,558	11,558
Disposals	(10,514)	(10,514)
	<hr/>	<hr/>
At 31 March 2019	151,015	151,015
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 March 2019	13,570	13,570
	<hr/>	<hr/>
At 31 March 2018	24,390	24,390
	<hr/>	<hr/>
 12. DEBTORS: Due within one year	 2019	 2018
	£	£
Trade debtors	180,536	86,132
Other debtors	5,944	6,981
Prepayments	58,527	45,955
	<hr/>	<hr/>
	<u>245,007</u>	<u>139,068</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

<b>13. CREDITORS: Amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	160,156	184,966
Deferred income (see note 15)	107,289	190,096
Social security and other taxes	31,758	29,679
Accruals	39,488	94,003
Other creditors	12,367	7,775
	<u>351,058</u>	<u>506,519</u>

**14. FINANCIAL INSTRUMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Cash at bank	517,202	555,102
Financial Assets measured at amortised cost (a)	127,953	93,113
Financial liabilities measured at amortised cost (b)	(319,300)	(476,840)
<b>Net financial assets measured at amortised cost</b>	<b><u>325,855</u></b>	<b><u>171,375</u></b>

- (a) Financial assets measured at amortised cost include: trade debtors, other debtors and accrued income. Impairment losses charged to financial assets measured as amortised cost in the year amounted to £26,546 (2018: £107,414)
- (b) Financial liabilities measured at amortised cost include: trade creditors, other creditors, accruals and deferred income.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

15. DEFERRED INCOME	2019	2018
	£	£
Balance at 1 April 2018	190,096	318,889
Amounts released in the current year	(190,096)	(318,889)
Amounts deferred in the current year	107,289	190,096
	<u>107,289</u>	<u>190,096</u>

16. STATEMENT OF FUNDS	Brought Forward	Income	Expenditure	Transfers in/(out)	Carried Forward
	£	£	£	£	£
<b>DESIGNATED FUNDS</b>					
Capital & Maintenance Fund	-	-	-	67,545	67,545
Remuneration Review Fund				52,674	52,674
Fixed Asset Fund	24,390	-	-	(10,820)	13,570
Subtotal	<u>24,390</u>	<u>-</u>	<u>-</u>	<u>109,399</u>	<u>133,789</u>
<b>GENERAL FUNDS</b>	<u>174,753</u>	<u>2,892,036</u>	<u>(2,678,233)</u>	<u>(109,399)</u>	<u>279,157</u>
<b>TOTAL UNRESTRICTED FUNDS</b>	<u><u>199,143</u></u>	<u><u>2,892,036</u></u>	<u><u>(2,678,233)</u></u>	<u><u>-</u></u>	<u><u>412,946</u></u>

**Designated Funds:**

**Capital and Maintenance Fund**

This has been designated for the necessary replacement and upgrade of IT equipment, including main server and hardware during 2019.

**Remuneration Review Fund**

This fund has been designated to provide for costs of staff salary uplifts following the results of a bench-marking review.

**Fixed Asset Fund**

This Fund has been designated to match the net book value of the Charity's fixed assets

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2019

**16. STATEMENT OF FUNDS (continued)**

	Brought Forward	Income	Expenditure	Transfers in/(out)	Carried Forward
	£	£	£	£	£
<b>RESTRICTED FUNDS</b>					
Supported Accommodation	-	2,888	(2,888)	-	-
Family Mediation	-	8,616	(1,940)	-	6,676
Counselling & Support Services	-	64,404	(59,305)	-	5,099
Young people Training and Activities	4,498	85,014	(89,512)	-	-
HR Software	-	5,000	(5,000)	-	-
Development	8,400	-	(8,400)	-	-
Total Restricted Funds	<u>12,898</u>	<u>165,922</u>	<u>(167,045)</u>	<u>-</u>	<u>11,775</u>

**Supported Accommodation**

This fund is restricted funding to be used to secure host families for young peoples in the supported lodgings service.

**Family Mediation**

This fund is to provide specialist mediation support for young people and their families and specialist mediation training for Step by Step staff

**Counselling & Support Services**

This fund provides specialist one to one counselling services and a drop-in service providing information, guidance and support to young people and their families

**Young people Training and Activities**

This fund supports a number of services, which offer a combination of support, skills training, activities and constructive occupation of time.

**HR Software**

This fund is a specific contribution to the cost of HR software.

**Development**

This fund comprises of the Big Lottery Funding for the professional fees in relation to purchasing property for Step 3 and Step 4 move on accommodation.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**16. STATEMENT OF FUNDS (continued)**

<b>SUMMARY OF FUNDS</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers in/(out)</b>	<b>Carried Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Designated Funds	24,390	-	-	109,399	133,789
General Funds	174,753	2,892,036	(2,678,233)	(109,399)	279,157
Sub total	199,143	2,892,036	(2,678,233)	-	412,946
Restricted funds	12,898	165,922	(167,045)	-	11,775
Total of funds	212,041	3,057,958	(2,845,278)	-	424,721

Full comparative figures for the year ended March 2018 are shown in note 29.

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	13,570	13,570	24,390
Current assets	11,775	750,434	762,209	694,170
Creditors due within one year	-	(351,058)	(351,058)	(506,519)
Total	11,775	412,946	424,721	212,041

Full comparative figures for the year ended March 2018 are shown in note 30.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 18. OPERATING LEASE COMMITMENTS

The Charity's future minimum operating payments are as follows:

	2019	2018	2019	2018
	£	£	£	£
Expiry date:	Equipment	Equipment	Building	Building
Within 1 year	1,536	1,536	30,766	30,766
Between 2 to 5 years	4,224	5,760	123,034	123,034
More than 5 years	-	-	374,320	435,852
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 19. SHARE CAPITAL

Step by Step Partnership Limited is a charitable company limited by guarantee and has no share capital. Each member is liable to contribute a sum, not exceeding £1, in the event of the Charity being wound up.

## 20. PENSION SCHEME

The charity operates a Defined Contribution Scheme. Amounts paid into the scheme were £31,593 (2018: £25,657). Amounts outstanding at the end of the year were £8,494 (2017 £3,639).

## 21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net movement in funds	212,680	(452,009)
Add back depreciation charge	11,558	16,575
Deduct interest income shown in investing activities	(1,126)	(14,102)
Increase)/(decrease) in debtors	(105,939)	82,914
(Decrease) in creditors	(155,461)	(73,727)
<b>Net cash used in operating activities</b>	<u><b>(38,288)</b></u>	<u><b>(440,349)</b></u>

## 22. CONTINGENT LIABILITIES

There are no contingent liabilities.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**23. RELATED PARTIES**

During the year no Directors received benefits in kind (2018-NIL)

During the year no Directors received consultancy fees (2018-£136,000)

During the year two Directors received reimbursements for expenses of £39 (2018 - NIL)

During the year four Directors donated £1,145 to the charity (2018 - £955)

**24. INCOME FROM DONATIONS AND LEGACIES – 2018**

	<b>Restricted Funds 2018 £</b>	<b>Unrestricted Funds 2018 £</b>	<b>Total Funds 2018 £</b>	<i>Total Funds 2017 £</i>
Churches	-	18,815	18,815	14,110
Secular organisations	12,180	93,605	105,785	111,733
Individuals	-	40,635	40,635	70,801
Legacies	-	30,000	30,000	-
Events	-	23,128	23,128	29,120
Other	-	-	-	-
<b>Total</b>	<b>12,180</b>	<b>206,183</b>	<b>218,363</b>	<b>225,764</b>

**25. INCOME FROM CHARITABLE ACTIVITIES - 2018**

	<b>Restricted Funds 2018 £</b>	<b>Unrestricted Funds 2018 £</b>	<b>Total Funds 2018 £</b>	<i>Total Funds 2017 £</i>
Accommodation	48,949	2,154,164	2,203,113	2,107,487
Training	88,938	80,643	169,581	158,784
Counselling & support	47,957	304,691	352,648	569,233
Development Projects	22,180	-	22,180	20,980
<b>Total</b>	<b>208,024</b>	<b>2,539,498</b>	<b>2,747,522</b>	<b>2,856,484</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**26. INCOME FROM CHARITABLE ACTIVITIES BY FUNDER - 2018**

	<b>Restricted Funds 2018 £</b>	<b>Unrestricted Funds 2018 £</b>	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
<b>Grants and Contracts</b>				
Trust Income	208,024	148,943	356,967	440,329
Local Authority Grants	-	250,392	250,392	294,240
	<u>208,024</u>	<u>399,335</u>	<u>607,359</u>	<u>734,569</u>
<b>Housing &amp; Supported Lodgings related incomes</b>				
Local Authority Contracts	-	2,112,529	2,112,529	2,079,861
Rent & Personal Charges	-	19,869	19,869	32,747
Sundry Income	-	7,765	7,765	9,307
	<u>-</u>	<u>2,140,163</u>	<u>2,140,163</u>	<u>2,121,915</u>
	<u>208,024</u>	<u>2,539,498</u>	<u>2,747,522</u>	<u>2,856,484</u>

**27. EXPENDITURE ON CHARITABLE ACTIVITIES - 2018**

	<b>Activities Undertaken Directly £</b>	<b>Direct staff Costs £</b>	<b>Support Costs £</b>	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Accommodation	1,136,789	906,823	303,039	2,346,651	2,253,465
Training	31,294	109,306	49,590	190,190	172,180
Counselling & support- D'n'A	6,222	88,877	6,831	101,930	73,736
Counselling & support	67,908	217,289	87,740	372,937	427,063
New Build - costs	257	-	-	257	1,796
Growth & Development	85,789	37,805	70,302	193,896	97,807
Total	<u>1,328,259</u>	<u>1,360,100</u>	<u>517,502</u>	<u>3,205,861</u>	<u>3,026,047</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**28. SUPPORT COSTS ALLOCATIONS TO ACTIVITIES - 2018**

	Raising funds	Accommodation	Training	Counseling & Support	Growth & Development	Total 2018	Total 2017
	£	£	£	£	£	£	£
Staff costs	13,778	159,415	26,325	50,729	70,302	320,549	300,663
Staff recruitment, training and travel	840	11,986	1,837	3,750	-	18,413	46,623
Administrative costs	1,087	12,907	2,066	4,194	-	20,254	25,542
Building, maintenance costs & running costs	335	4,144	647	1,352	-	6,478	8,784
Marketing costs	4	5,264	838	1,449	-	7,555	21,994
Legal & professional	2,540	63,245	9,910	18,051	-	93,746	58,366
Activities cost	-	-	-	-	-	-	-
Other costs	15	278	45	79	-	417	61
Governance costs (see below)	5,085	45,800	7,922	14,967	-	73,774	57,829
<b>Total</b>	<b>23,684</b>	<b>303,039</b>	<b>49,590</b>	<b>94,571</b>	<b>70,302</b>	<b>541,186</b>	<b>519,862</b>

**29. STATEMENT OF FUNDS - 2018**

	Brought Forward	Income	Expenditure	Transfers in/(out)	Carried Forward
	£	£	£	£	£
<b>DESIGNATED FUNDS</b>					
Development Capital Fund	191,070	-	-	(191,070)	-
Development Expenses Fund	-	-	(175,325)	175,325	-
Capital & Maintenance Fund	174,000	-	-	(174,000)	-
Fixed Asset Fund	35,829	-	-	(11,439)	24,390
<b>Subtotal</b>	<b>400,899</b>	<b>-</b>	<b>(175,325)</b>	<b>(201,184)</b>	<b>24,390</b>
<b>GENERAL FUNDS</b>	<b>241,748</b>	<b>2,759,783</b>	<b>(3,027,962)</b>	<b>201,184</b>	<b>174,753</b>
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>642,647</b>	<b>2,759,783</b>	<b>(3,203,287)</b>	<b>-</b>	<b>199,143</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**29. STATEMENT OF FUNDS (continued)**

	Brought Forward	Income	Expenditure	Transfers in/(out)	Carried Forward
	£	£	£	£	£
<b>RESTRICTED FUNDS</b>					
Supported Accommodation	-	25,500	(25,500)	-	-
Family Mediation	2,645	5,000	(7,645)	-	-
Young people Training and Activities	15,505	157,524	(168,531)	-	4,498
Premises	1,093	-	(1,093)	-	-
Development	2,160	32,180	(25,940)	-	8,400
Total Restricted Funds	<u>21,403</u>	<u>220,204</u>	<u>(228,709)</u>	<u>-</u>	<u>12,898</u>

**SUMMARY OF FUNDS**

	Brought Forward	Income	Expenditure	Transfers in/(out)	Carried Forward
	£	£	£	£	£
Designated Funds	400,899	-	(175,325)	(201,184)	24,390
General Funds	241,748	2,759,783	(3,027,962)	201,184	174,753
Sub total	<u>642,647</u>	<u>2,759,783</u>	<u>(3,203,287)</u>	<u>-</u>	<u>199,143</u>
Restricted funds	<u>21,403</u>	<u>220,204</u>	<u>(228,709)</u>	<u>-</u>	<u>12,898</u>
Total of funds	<u>664,050</u>	<u>2,979,987</u>	<u>(3,431,996)</u>	<u>-</u>	<u>212,041</u>

**30. ANALYSIS OF NET ASSETS BETWEEN FUNDS -2018**

	Restricted Funds	Unrestricted Funds	Total 2018	Total 2017
	£	£	£	£
Tangible fixed assets	-	24,390	24,390	35,829
Current assets	12,898	681,272	694,170	1,208,467
Creditors due within one year	-	(506,519)	(506,519)	(580,246)
Total	<u>12,898</u>	<u>199,143</u>	<u>212,041</u>	<u>664,050</u>