

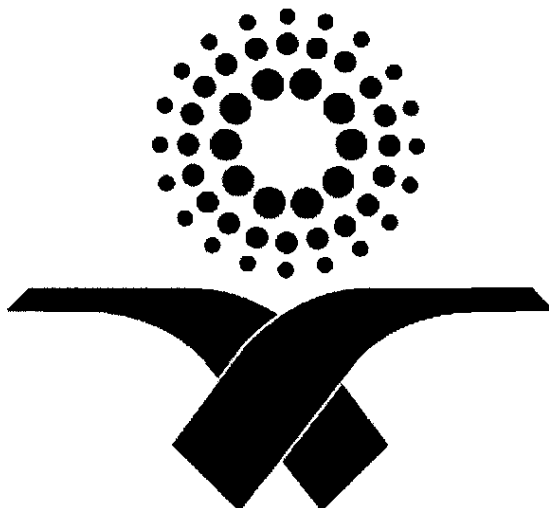
POSITIVE STEPS OLDHAM

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

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007**

Company number 2563094

Registered Charity Number 1017247



**POSITIVE STEPS
OLDHAM**

WRIGLEY PARTINGTON

Chartered Accountants
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

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**POSITIVE STEPS OLDHAM (PSO) GROUP
REPORT OF THE TRUSTEES / DIRECTORS FOR THE YEAR ENDED 31 MARCH 2007**

POSITIVE STEPS OLDHAM

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POSITIVE STEPS OLDHAM (PSO) GROUP
TRUSTEES'/DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

The trustees/directors of Positive Steps Oldham (referred to as 'PSO' for the remainder of this report) present their sixteenth annual report together with the financial statements. The **directors** or **members of the board** of the charitable company (the charity) are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the '**trustees**'

1 Reference and Administrative Information

<u>Charity number</u>	1017247
<u>Company number</u>	2563094
<u>Company Secretary</u>	Alison Driver
<u>Chief Executive</u>	Timothy Mitchell
<u>Principal office</u>	Medtia Place, 80 Union Street, Oldham, Lancashire, OL1 1DT
<u>Auditors</u>	Wrigley Partington, Sterling House, 501 Middleton Road, Chadderton, Oldham, Lancashire, OL9 9LY
<u>Bankers</u>	Barclays Bank plc 25 High Street, Oldham, Lancashire, OL1 3AZ
<u>Solicitors</u>	Wrigley Claydon, 29-33 Union Street, Oldham, Lancashire, OL1 1HH

<u>Trustees</u>	<u>Organisation</u>	<u>Representing</u>
Mr Nicholas Brown OBE	Principal, Oldham Sixth Form College	Other statutory partners
Mr Joseph Fitzpatrick	Chair of Governors, Breeze Hill School	Other statutory partners
Cllr David Hibbert	Oldham Metropolitan Borough Council	Oldham MBC
Mrs Pamela Greenwood	Director – J Greenwood (Builders) Ltd (Retrd)	Community bodies
Dr Robin Henshaw OBE JP	Groundwork Oldham & Rochdale	Community bodies
Cllr Hugh McDonald JP	Oldham Metropolitan Borough Council	Oldham MBC
Mr Roy McHugh	Oldham Association of Training Providers	Other statutory partners
Mr Allen Lester Mills	HR Director – Platt & Hill (Retired)	Community bodies
Dr Charles William Shaw	Director General & Secretary – Oldham Council for Voluntary Youth Services	Community bodies
Mrs Hazel Shaw	Deputy Director – Clinical Services, Oldham Primary Care Trust	Other statutory partners
Cllr Anne Wingate	Oldham Metropolitan Borough Council	Oldham MBC

2 Structure, Governance and Management

2.1 Governing Document

PSO is a company limited by guarantee governed by its Memorandum and Articles of Association which were redrafted on 23rd March 2001, amended August 2005 and November 2006. It is registered as a charity with the Charity Commission. Members are drawn from Oldham's public sector, private business sector, education and training sector, and voluntary sector communities, each of whom agree to contribute £1 in the event of the charity winding up.

2.2 Appointment of trustees

The Memorandum and Articles of Association state that the Board should total twelve members: four elected members of Oldham Metropolitan Borough Council, four from other statutory partners - education, health, crime and disorder, and four community representatives from private business, training and the voluntary sector.

2.3 Trustees' induction and training

A formal induction process for trustees is in place and informal seminars covering key activities, delivered by service managers, supplement this and are held after board meetings. Guidance Notes are issued to all trustees informing them of their rights and responsibilities.

2.4 Organisation

The board delegates day-to-day operations of the company to the Chief Executive (Tim Mitchell). He is assisted by a Director of Corporate Services (Alison Driver) who acts as Company Secretary and a number of Directors with responsibility for operational delivery. It should be noted that these post holders are not Board members.

2.5 Related parties

Close working relationships exist between the Charity and these representatives, which have proved invaluable to the charity in establishing improved links within the community and identifying relevant policy developments and prospective funding.

2.6 Subsidiaries

PSO has two subsidiary companies:

PSO Trading Limited was incorporated on 2nd June 2005 and commenced trading on 31 October 2005. The company is a wholly owned subsidiary of the charity and was formed to provide room hire and other trading activities from the offices of the charity. Any surplus or profit from these trading activities is transferred to PSO under a gift aid arrangement.

Highway to Opportunities was incorporated on 19th April 2005, following a merger between PSO's Adult Careers Guidance Service, Opportunities for Women Ltd and West Pennine Housing Association's *Routes to Employment* programme. It began operations on 3rd May 2005, as a company limited by guarantee and not having a share capital. The company is also a Registered Charity providing information, advice, guidance and basic skills and IT training to adults over the age of 19 living or working in the Oldham Borough. Its activities are under the control of PSO.

3 Objectives and activities

3.1 As an independent sector organisation, PSO is unique in England in the way it provides a range of integrated support services for young people. Its organisational mission is:

To provide an integrated range of advice, information, guidance and support services which enable all individuals, living, working or learning in the community of Oldham, to realise their full potential in work and life.

3 2 95% of income derives from the UK Government (via regional and local funding bodies) and 5% from European funding and PSO Trading Activities

3 3 The Company manages a diverse range of services for the Borough of Oldham, including

- **Connexions Oldham** – part of the Government's national support service for all young people aged 13 - 19 in England. It provides integrated information, advice, guidance, and access to a range of opportunities to help young people make a smooth transition to adulthood and working life. The primary objective of Connexions is to work towards eliminating the number of 16-18 year olds who are not in education, employment or training (NEET). It provides a universal information, advice and guidance service but around 40% of its resources are targeted at those young people who are likely to experience most difficulty in sustaining a settled destination post-16. Oldham is also part of the Greater Manchester Activity Agreement and Learning Agreement pilots, the former aimed at reducing NEET and the latter at converting young people in jobs with no training into apprenticeships or other training. Connexions Oldham commissions the Positive Activities for Young People programme and activities through the Connexions Voluntary Sector Grant. These programmes are delivered by a range of statutory and voluntary organisations and targeted at young people at risk of being NEET, involved in youth crime or school exclusion.
- **Highway to Opportunities** - The Company delivers a range of services within the Borough of Oldham, including
 - **Next Steps** - part of the Government's national information, advice and guidance service for adults over the age of 19 in England. The target group includes clients who have not achieved an NVQ Level 2 or equivalent, Offenders or Ex-Offenders and over 50s (for Enhanced Services). Funding for this service is supplemented by Single Regeneration Budget (SRB6) and local Neighbourhood Renewal Fund (NRF) to extend this service to other adults in the Borough.
 - **Outreach Services** – H2O operates a range of information and advice services relating to education, training, employment, debt and benefits in different community locations.
 - **Training Services** – Basic skills and IT training is provided in the Company's town centre premises and via mobile 'bus' facilities.
- **Personal Development Curriculum Support** - PSO provides a range of services to schools and colleges to support the delivery of the Personal Development Curriculum. This includes Careers Education, Personal Education, MyProgressfile, Citizenship, and Health Education including the National Healthy Schools Standards. Education-Business Links forges partnerships between the worlds of work and education with services that include Work Experience, Placements in Industry for Teachers, Mock Interviews, and other projects which support the work-related curriculum in schools and colleges.
- **Oldham Alcohol and Substance Intervention Service (OASIS)** provides substance misuse advice, information and intervention service for young people from Tier 1 to 4
 - Tier 1 – Universal Education,
 - Tier 2 - Targeted Education,
 - Tier 3 – Targeted Interventions with alcohol and drugs users and children whose parents are users,
 - Tier 4 – Treatment

It also provides training for professionals working with young people, to help them to identify and assist young people who may have substance misuse issues. The service is co-located with Connexions Oldham and is managed through PSO.

- **Oldham Youth Offending Service (YOS)** aims to prevent offending and re-offending by children and young people aged 10 – 17 years. This multi-agency team, which includes staff from Oldham Council's Children, Young People and Families Directorate, Greater Manchester Police, Probation, PSO and local health services, is committed to working in partnership with individual children, young people and their families and the wider community to find effective solutions to youth crime. PSO manages the Youth Offending Service (YOS) through a three year management agreement, with the Council agreed April 2004. It is co-located with other PSO services and delivered from the Connexions Centre. The YOS delivers three core services

- a series of early intervention and prevention activities including Youth Inclusion Projects and Youth Inclusion Support Panels,
 - targeted one to one and group interventions with 10-17 year olds who are either cautioned or convicted of an offence, and
 - rehabilitation of persistent offenders who may have either custodial or community sentences
- **Oldham Drugs and Alcohol Action Team - (DAAT)** is a strategic partnership which co-ordinates the work of local authorities, social services, education, police, probation, health and voluntary organisations to deliver the targets of the National Anti-Drugs Strategy locally. Every borough has a Drugs Action Team (DAT), with Oldham choosing to become a 'DAAT' in recognition of the fact that alcohol is a substance which, when used to excess or in certain circumstances, can cause a great deal of harm to individuals, their families and the community at large
 - PSO is responsible for the **Oldham Teenage Pregnancy Strategy** and is accountable to a multi-agency strategic partnership group which co-ordinates the work of a range of organisations, to deliver the targets of the Government's National Teenage Pregnancy Strategy. Some of these agencies are supported by funding from the Teenage Pregnancy Grant, though most services are delivered through core funding. At a local level the aim is to halve the under 18 conception rate by 2010, and prevent the social exclusion of teenage parents by ensuring that by 2010, 60% of teenage parents will be in training, education or employment

4 Risk management

- 4.1 The trustees and senior managers are mindful of the major risks, both internal and external, facing the organisation and where appropriate, systems or procedures have been established to mitigate those risks. External risks to funding have led to the development of a strategy to continue to diversify activities and to maintain and improve contacts with national and local government officers and other funding bodies
- 4.2 In particular, robust HR systems and processes have minimised employee relations risk, and helped to create a more flexible and generic employee base which has minimised economic dismissals through enabling movement into other posts which have been created as a result of new project demands. Staff turnover and sickness absence are well below industry norms
- 4.3 Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions. Contract negotiation with funding bodies is supported by external legal advice. Detailed procedures and protocols exist which support grievance and disciplinary processes, which are again underpinned by specialist external legal advice
- 4.4 The Company operates a 'safe recruitment' policy developed in partnership with other Connexions providers over the last three years. All posts within the organisation are subject to enhanced CRB disclosure at the point of recruitment and employees directly involved in client contact reviewed every three years. Employees with no direct client contact are reviewed every five years
- 4.5 Other procedures ensure compliance with health and safety regulations for staff, volunteers, clients and visitors and full insurance cover is maintained in relation to public and employer liability
- 4.6 Relationships with the recognised trade union – Unison are extremely good and any proposed changes to terms and conditions of employment or other workplace issues are subject to full consultation. In addition the Company established an Employee Consultative Committee in 2004 which comprises elected representatives from the different service areas of PSO along with the two company-based trade union representatives. Meetings are held bi-monthly
- 4.7 All procedures relating to finance, human resources, IT and professional practice are kept under constant review in the light of changes in legal requirements and improvements in professional standards

5 Achievements and performance

Over 150 separate Key Performance Indicators (KPIs) are set by the Company's funding bodies, the PSO Board agreed a set of 28 primary KPIs which it monitors on a quarterly basis. The table below outlines each of these indicators along with the target set for the 2005-06 financial year and the resulting achievement. The table demonstrates how PSO's targets support the Government's 'Every Child Matters' outcomes. Primary KPIs are revised each year.

Key Performance Indicator	Every Child Matters Outcome	Target	Achievement
1 Number of young people receiving to Tier 2-4 substance misuse services	Be Healthy - Choose not to take illegal drugs	344	1268
2 Number of young people receiving treatment Tier 3-4	Be Healthy - Choose not to take illegal drugs	145	147
3 Number of starts on Activity Agreement pilot	Achieve Economic Well-being -Engage in FE, employment or training on leaving school and be ready for employment	72	99
4 Number of engagements on Learning Agreement pilot	Achieve Economic Well-being -Engage in FE, employment or training on leaving school and be ready for employment	402	401
5 Number of sign ups on Learning Agreement pilot	Achieve Economic Well-being -Engage in FE, employment or training on leaving school and be ready for employment	201	29
6 No of Looked After Children and Young People referred to OASIS for Tier 2-4 service	Be Healthy - Choose not to take illegal drugs	45%	46%
7 Young people involved in active participation	Making a Positive Contribution - Engage in Decision Making and support community and environment	450	581
8 Young people volunteering to be involved in the design of health services delivery	Making a Positive Contribution - Engage in Decision Making and support community and environment	45	108
9 Targeted young people participating in Positive Activities for Young People (PAYP)	Enjoy and Achieve - Achieve personal and social development, attend and enjoy recreation Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment Make a Positive Contribution - Engage in law abiding and positive behaviour in and out of school. Develop self-confidence and successfully deal with significant life changes and challenges	265	400

Key Performance Indicator	Every Child Matters Outcome	Target	Achievement
10 Number of schools achieving Healthy Schools Status	Be Healthy - Physical Health, Mental and emotional health, Sexual health, Healthy Lifestyles, Choose not to take illegal drugs	50%	50%
11 Engage 7 regional networks/agencies in development of learning and employment pathways for young women in SECT	Achieve Economic Well-being - Engage in FE, employment or training on leaving school be ready for employment	7	15
12 Number of first time entrants aged 10-17 to the youth justice system	Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	9	16
13 Reduce secure remands to 30% of all remand decisions	Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	30%	33% (quarterly average)
14 Reduce Detention & Training Orders to 5% of all court disposals	Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	5%	7.9% (quarterly average)
15 Reduce the percentage of young people who re-offend	Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	29.7%	39.7%
16 16-18 Year olds Not in Education, Employment or Training (NEET) [Target is based on average NEET over November – January]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment	6.9%	8.0%
17 Number of 16-18 year olds whose "situation is not known" [Target is based on average over November – January]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment	5.0%	3.1%
18 Total 16-19 yr olds in Education Employment or Training (EET) [Target is based on November data]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment	85.0%	84.3%
19 Total 16-19 yr olds EET in priority wards [Target based on year end]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment	87.5%	85.9%

Key Performance Indicator	Every Child Matters Outcome	Target	Achievement
20 Percentage of teenage parents in EET [Target is based on November data]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	37 0%	37.2%
21 Percentage of care leavers aged 19 in EET [Target is based on November data]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	60%	51 7%
22 Percentage of young people aged 16-19 with Learning and Other Disabilities (LDD) in EET [Target is based on November data]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	81 7%	76.4%
23 Percentage of young offenders at point of YOS closure in EET [Target based on December data]	Achieve Economic Well-being - Engage in FE, employment or training on leaving school and be ready for employment Make a Positive Contribution - Develop self-confidence and successfully deal with significant life changes and challenges	90 0%	57.0%
24 Increase numbers in Tier 3 treatment by 16% from 05/06 baseline of 1000	Adult service target	1164	1134
25 Increase the percentage of clients retained in treatment for 12 weeks or more	Adult service target	59%	75%
26 Young people entering treatment through the criminal justice system -NTA stats	Be Healthy - Choose not to take illegal drugs	348	342
27 Percentage of working days lost through sickness absence	HR target	5 2%	4 3%

Key Performance Indicator	Every Child Matters Outcome	Target	Achievement
28 Employee turnover	HR target	17.0%	4.6%

6 Significant Strategic Factors

6.1 There have been a number of recent significant strategic factors which have the potential to impact on the future strategic direction of the Company

6.1.1 The Government published two key documents in June 2005 and March 2006 **Youth Matters** and, following a consultation period, **Youth Matters. Next Steps**. These documents outline a range of policies which interpret the 'Every Child Matters' agenda for young people. Two key elements of these proposals: Quality-marked Information, Advice and Guidance for young people, and proposals for integrated and targeted youth support services with more challenging needs place PSO in a strong position given its current delivery model which combines Connexions with substance misuse services, teenage pregnancy strategy and the Youth Offending Service.

6.1.2 The Children & Young People Partnership is now undergoing a review as it moves towards a Children's Trust model from April 2008. PSO continues to be represented on key groups: the Children & Young People Partnership Executive Board, Joint Leadership Team, and Local Safeguarding Board. PSO is also a key member of the Annual Performance Assessment process and its Chief Executive leads on the Economic Well-being strand.

6.1.3 The Government continues to indicate a new role for local authorities as strategic leaders and commissioners of services, rather than as service providers. Over the coming years PSO will need to continue to deliver high quality services and achieve outstanding performance, provided using Best Value principles, as more and more council-based services may be externalised and available for tender.

7 Financial review

7.1 The Positive Steps Oldham Group accounts for 2006-07 show overall income has decreased by 1.9% from £9,234,169 in 2005-06 to £9,062,581 in 2006-07. (Income for Positive Steps Oldham alone has decreased by 5.6% from £8,288,636 to £7,822,773).

7.2 The decrease in income is almost wholly due to the reduction in the Youth Offending Service (YOS) budget. This has been brought about by the disaggregating and dissolution of Intensive Supervision and Surveillance Programme budget into the four YOS areas (Oldham had previously managed the whole budget of nearly £1m).

7.3 Although the Group accounts show, initially, an operating surplus of £150,090, actuarial calculations from the Greater Manchester Pension fund indicate a potential liability of £197,000. Once this is taken into account a loss of £46,910 is indicated.

7.4 However, on reviewing the Balance Sheet the net assets (excluding pension liability) have increased from £443,797 to £593,877.

7.5 Moreover the pension liability has reduced from £1,476,000 to £805,000 over a 12 months period.

7.6 Investment Powers and Policy

7.6.1 Under the Memorandum and Articles of Association, the Company has the power to invest in any way the trustees wish. The trustees, having regard to the liquidity requirements of operating the business of the Company and the Reserves Policy, have, where possible, kept available cash funds in an interest bearing deposit account and seek to achieve a rate of interest which matches or exceeds inflation measured by the retail price index.

7.7 Reserves Policy

7.7.1 In November 2006, the trustees approved the following Reserves Policy:

- 7 7 1 1 Reserves should be regarded as realisable 'cash assets' namely cash in the bank, and the difference between moneys owed to creditors and moneys owed by debtors. Capital assets in their current form (i.e. equipment and capitalised building improvements) would not be included,
- 7 7 1 2 Reserves should include cash set aside for essential building maintenance to comply with the leases (e.g. a redecoration schedule) and 'rainy day' funds to cover unforeseen repairs and renewals on repair and maintenance leases,
- 7 7 1 3 Reserves should not include money set aside for in-year revenue costs, e.g. future staff training or additional staffing,
- 7 7 1 4 Reserves should not include in-year capital costs and re-investment in out of date equipment should be built in to annual budgets
- 7 7 1 5 The Reserves Policy is linked to a 'risk assessment' of the future viability of the Company with the following scenarios considered
- a A 'doomsday' scenario where central government policy shifted to such an extent that the main services delivered by PSO – Connexions and Youth Offending Service – no longer existed as national services *This was considered to be very low risk*
 - b Loss of a major contract (either Connexions or YOS) without this being replaced with a contract of a similar scale, would seriously jeopardise the financial viability of PSO as a company *This was considered to be medium risk*
 - c Loss of minor contracts without replacement with others. Funding streams ending or contracts such as teenage pregnancy co-ordination, DAAT etc. transferring to another provider, e.g. the Council or PCT *This was considered to be high risk*
- 7 7 1 6 This part of the Reserves Policy was developed on the basis of scenarios b) and c)
- 7 7 1 7 If scenario b) applied then it is the Board's judgement that the Company would no longer be financially viable as it would represent a reduction of over 40% of PSO's income and call into question the viability of maintaining Media Place as its HQ. In April 2008, there will be 10 years remaining on the lease amounting to over £2.7m
- 7 7 1 8 If the whole of the business transferred to another provider (e.g. the Council), then the transfer agreement would need to take into account both the assets and liabilities of PSO. Under TUPE, the vast majority of staff would transfer with the undertaking, however, the new provider may decide that some of the liabilities including the lease would not
- 7 7 1 9 In the event of non-viability, the Board would need to act quickly to begin to wind down the Company. It is estimated that this would take between 6 and 9 months some of which would include a period of time where no substantive income was being received
- 7 7 1 10 It is estimated that the cost of scenario b) during the winding down period **without income** would be
- | | |
|-------------------------------------|----------|
| Operating costs premises 9 months – | £125,000 |
| Operating costs skeleton staff - | £ 38,000 |
| Legal & Financial Costs - | £ 25,000 |
| Total | £188,000 |
- 7 7 1 11 Scenario c) assumes that the business is able to continue as a viable entity and that where existing minor contracts transfer to another provider, the staff involved would transfer under the provision of TUPE. In the case of minor contracts ceasing completely, provision would need to be made to cover redundancy costs
- 7 7 1 12 A calculation has been made which provides for redundancy payments for 10% of PSO staff. Additionally any scenario which involved a transfer of business and/or staff would incur legal fees for which PSO may be, in part, liable. These two costs have been built in to scenario c) as follows

Redundancy costs of 10% of PSO staff	£122,784
Legal costs	£ 15,000
Total	£137,784

- 8 To summarise, it is estimated that to cover essential repairs and renewals and the 'rainy day' fund £85,000 should be held in reserve. Applying scenario b) an additional fund of £188,000 is added creating the need for reserves of a minimum of £273,000

9 Plans for future periods

- 9 1 National government has indicated a new role for local authorities as strategic leaders and commissioners of services, rather than necessarily as direct providers of services. PSO will ensure that it is well placed to continue to be the natural choice of preferred supplier of young people's support services. To do so it will ensure that it continues to deliver high quality services and achieve outstanding performance using Best Value principles
- 9 2 During the period November 2006 to March 2007 PSO has been providing interim management to the Kickstart Project (a local charity providing motor vehicle-based training for disaffected and disengaged young people) at the request of Kickstart's trustees. Negotiations are on track to transfer Kickstart as a going concern into PSO during 2007-08
- 9 3 If council-based youth support services are externalised in other areas within the sub-region and become available for tender, the trustees will be asked to consider the pros and cons of seeking this business
- 9 4 PSO will continue to work with key partners to encourage them to co-locate similar services in Media Place to provide cost neutral facilities for them and reduce overall premises costs for PSO
- 9 5 The Reward Management review instigated in 2005-06, with Board approval, was undertaken during 2006-07 supported by the consultants Croner. The results of the review will be reported to the Board during 2007-08 with a view to implementing a new reward management structure from 1st April 2008
- 9 6 The trustees have approved a budget for 2007-08 which proposes an operating surplus of in excess of £120k. This surplus will include the second year of recovery of losses incurred through the operation of the Youth Offending Service in 2005-06 and the non-recoverable VAT payment
- 9 7 Finally, every possible means will be utilised to reduce overhead costs by continued prudent investment in additional energy efficiencies e.g. reviewing energy, IT, telephony and other suppliers to ensure cost efficiencies are maximised. PSO will seek to maintain corporate staffing and premises costs at no more than 11.5% of the total annual budget

10 Trustees' responsibilities in relation to the financial statements

- 10 1 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 charity and of its surplus or deficit for that year. In preparing these financial statements, the trustees are required to
- 10 1 1 select suitable accounting policies and then apply them consistently,
 - 10 1 2 make sound judgements and estimates that are reasonable and prudent, and
 - 10 1 3 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- 10 2 The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

10 3 Auditors

The auditors, Wrigley Partington, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

This report was approved by the board on 6th September 2007 and signed on its behalf by

Alison Driver
Company Secretary

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

POSITIVE STEPS OLDHAM

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF POSITIVE STEPS OLDHAM

We have audited the Group financial statements for the year ended 31 March 2007 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement, and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's trustees, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the company's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion


In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the Group as at 31 March 2007 and of its result and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2007.

WRIGLEY PARTINGTON

Chartered Accountants

Registered Auditors

Date


6th September 2007

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

POSITIVE STEPS OLDHAM

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account) : YEAR ENDED 31 MARCH 2007

	<i>Note</i>	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Restated Total Funds 2006 £
<u>INCOMING RESOURCES</u>					
<i>Incoming resources from generated funds:</i>					
<i>Activities for generating funds</i>					
Commercial trading operations	3	69,733		69,733	13,587
Other income	4	50,084		50,084	84,275
<i>Investment income</i>	5	18,108		18,108	19,306
		137,925	-	137,925	117,168
<i>Incoming resources from charitable activities:</i>					
Development funds receivable	6	8,852,328	72,328	8,924,656	9,117,001
Total incoming resources		8,990,253	72,328	9,062,581	9,234,169
<u>RESOURCES EXPENDED</u>					
<i>Costs of generating funds:</i>					
Commercial trading operations	7	67,242	-	67,242	14,244
Charitable activities	7	8,877,811	84,813	8,962,624	9,331,977
Governance costs	7	79,625	-	79,625	82,267
Total resources expended	7	9,024,678	84,813	9,109,491	9,428,488
Net (outgoing) incoming resources before other recognised gains and losses		(34,425)	(12,485)	(46,910)	(194,319)
<i>Other recognised gains and losses</i>					
Actuarial losses on defined benefit pension schemes	20	868,000	-	868,000	(532,000)
Net movement in funds		833,575	(12,485)	821,090	(726,319)
<i>Reconciliation of funds</i>					
Total funds brought forward as reported		(1,070,309)	38,106	(1,032,203)	637,116
Prior year adjustment	23	-	-	-	(943,000)
Restated	21,23	(1,070,309)	38,106	(1,032,203)	(305,884)
Total funds carried forward	21	(236,734)	25,621	(211,113)	(1,032,203)

All incoming resources and resources expended are derived from continuing activities

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

POSITIVE STEPS OLDHAM

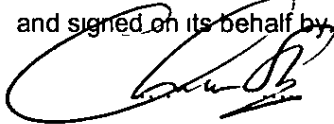
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

	<i>Note</i>	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
FIXED ASSETS					
Tangible assets	12	276,040	364,380	197,902	251,468
Investments	13	-	-	1	1
		<u>276,040</u>	<u>364,380</u>	<u>197,903</u>	<u>251,469</u>
CURRENT ASSETS					
Debtors	14	1,683,175	1,313,222	1,727,175	1,392,995
Cash at bank and in hand		1,038,975	1,019,100	968,947	947,334
		<u>2,722,150</u>	<u>2,332,322</u>	<u>2,696,122</u>	<u>2,340,329</u>
CREDITORS.					
Amounts falling due within one year	15	2,404,303	2,252,905	2,359,225	2,179,290
NET CURRENT ASSETS		<u>317,847</u>	<u>79,417</u>	<u>336,897</u>	<u>161,039</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>593,887</u>	<u>443,797</u>	<u>534,800</u>	<u>412,508</u>
NET ASSETS EXCLUDING PENSION LIABILITY		593,887	443,797	534,800	412,508
Defined benefit pension scheme liability	20	(805,000)	(1,476,000)	(805,000)	(1,476,000)
NET ASSETS INCLUDING PENSION LIABILITY	22	<u>(211,113)</u>	<u>(1,032,203)</u>	<u>(270,200)</u>	<u>(1,063,492)</u>
FUNDS					
<i>Restricted funds</i>	21	25,621	38,106	-	-
<i>Unrestricted funds</i>					
Designated	21	-	-	-	-
General	21	568,266	405,691	534,800	412,508
Pension reserve	21	(805,000)	(1,476,000)	(805,000)	(1,476,000)
TOTAL FUNDS	21	<u>(211,113)</u>	<u>(1,032,203)</u>	<u>(270,200)</u>	<u>(1,063,492)</u>

The accompanying notes are an integral part of these balance sheets

The financial statements were approved by the Board on
and signed on its behalf by

Dr September 2007


C W. SHAW

Trustee/Director

POSITIVE STEPS OLDHAM

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2007

	<i><u>Note</u></i>	2007 £	2006 £
NET CASH INFLOW FROM OPERATIONS	18	37,193	(98,352)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Investment income receipts	5	18,108	19,306
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	12	(35,426)	(107,329)
NET CASH INFLOW FOR THE YEAR		19,875	(186,375)
NET FUNDS 1 APRIL 2006		1,019,100	1,205,475
NET FUNDS 31 MARCH 2007	19	1,038,975	1,019,100

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

1 Accounting policies

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as set out below.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

Certain prior-year figures have been restated due to

- the adoption of SORP 2005
- full disclosure of FRS17 Retirement benefits

b) **Company status**

The charity is a company limited by guarantee. The members of the company are drawn from throughout Oldham's civic, business, education and training, and voluntary sector communities. 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.

c) **Incoming resources**

All incoming resources are included in the SOFA when the charity is legally entitled to the income, there is certainty of receipt and the amount can be quantified with reasonable accuracy.

Grants received to aid the finance of rented property improvements are credited to the SOFA over the remaining term of the lease. Other grants received towards specific project costs are credited to the SOFA when received.

Income relating to contracts is deferred where the services have only been partially performed at the year end.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

d) **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis (eg. number of employees or estimated usage).

- Costs of generating funds are those costs incurred in trading activities that raise funds.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services, and include both the direct costs and support costs relating to these activities.

- 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.

1 Accounting policies continued

e) Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

g) Tangible fixed assets and depreciation

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

Computer equipment - over 3 years

Fixtures and fittings - over 5 and 10 years

Rented property improvements - over the remaining term of the lease

Double decker bus - over 5 years

h) Fund accounting

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

Restricted funds are funds subject to restrictions imposed by the donor or by the specific terms of the appeal under which the funds are raised.

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

i) Pensions

Defined benefit scheme

The cost of providing pension and related benefits is charged to the SOFA over the employees' service lives on the basis of a constant percentage of earnings which is an estimate of the regular cost. Actuarial gains and losses are recognised immediately in the 'Other recognised gains and losses'.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, is presented separately after other net assets on the face of the balance sheet.

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

2 Analysis of consolidated results between the parent charity Positive Steps Oldham, its charitable subsidiary Highway To Opportunities, and its trading subsidiary PSO Trading Limited

	Positive Steps Oldham £	Highway To Opportunities £	PSO Trading Limited £	Total 2007 £	Total 2006 £
Incoming resources	7,822,773	1,173,533	66,275	9,062,581	9,234,169
Costs of generating funds.					
Commercial trading operations	-	-	67,242	67,242	14,244
Charitable activities	7,846,855	1,115,769	-	8,962,624	9,331,977
Governance costs	50,626	28,999	-	79,625	82,267
Total resources expended	7,897,481	1,144,768	67,242	9,109,491	9,428,488
Net (outgoing) incoming resources before other recognised gains and losses	(74,708)	28,765	(967)	(46,910)	(194,319)
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	868,000	-	-	868,000	(532,000)
Net movement in funds	793,292	28,765	(967)	821,090	(726,319)
Balance Sheet					
Tangible fixed assets	197,902	78,138	-	276,040	364,380
Net current assets (liabilities)	336,897	(13,832)	(5,218)	317,847	79,417
Defined benefit pension scheme liability	(805,000)	-	-	(805,000)	(1,476,000)
Net assets (liabilities)	(270,201)	64,306	(5,218)	(211,113)	(1,032,203)
Aggregate share capital and reserves	(270,201)	64,306	(5,218)	(211,113)	(1,032,203)

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

	Unrestricted 2007 £	Restricted 2007 £	Total 2007 £	Total 2006 £
3 <u>Commercial trading operations</u>				
Internet café	937	-	937	660
Room hire	6,390	-	6,390	4,529
Training materials and sundry sales	62,406	-	62,406	8,398
	<u>69,733</u>	<u>-</u>	<u>69,733</u>	<u>13,587</u>
4 <u>Other income</u>				
Sub-let	50,084	-	50,084	33,753
Restricted fund donations	-	-	-	50,522
	<u>50,084</u>	<u>-</u>	<u>50,084</u>	<u>84,275</u>
5 <u>Investment income</u>				
Bank deposit interest	18,108	-	18,108	19,306
	<u>18,108</u>	<u>-</u>	<u>18,108</u>	<u>19,306</u>
6 <u>Incoming resources from charitable activities</u>				
<u>Positive Steps Oldham</u>				
<i>Development funds receivable</i>				
Connexions Core Funding	2,339,932	-	2,339,932	2,255,047
Connexions Other Funding	1,169,184	-	1,169,184	937,526
Drugs and Alcohol Funding	718,506	-	718,506	678,086
EBL/Curriculum Support	509,465	-	509,465	953,928
Teenage Pregnancy	190,823	-	190,823	212,676
Youth Offending Service	2,736,768	-	2,736,768	3,106,677
Miscellaneous Projects	96,462	-	96,462	98,498
	<u>7,761,140</u>	<u>-</u>	<u>7,761,140</u>	<u>8,242,438</u>
<u>Highway To Opportunities</u>				
Adult Guidance and Training Activities	1,091,188	72,328	1,163,516	874,563
	<u>1,091,188</u>	<u>72,328</u>	<u>1,163,516</u>	<u>874,563</u>
<u>Total incoming resources from charitable activities</u>	<u>8,852,328</u>	<u>72,328</u>	<u>8,924,656</u>	<u>9,117,001</u>

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

7 Total resources expended

[a] Positive Steps Oldham

	Generating funds	Charitable activities						Governance	Total 2007 £	Total 2006 £
		Connexions	Drugs & Alcohol	EBU/Curriculum support	Teenage Pregnancy	Youth Offending Service	Misc. Projects			
	£	£	£	£	£	£	£	£		
<u>Costs directly allocated to activities</u>										
Staff costs		2,145,655	481,094	308,649	40,195	1,987,098	5,002	21,888	4,987,581	4,751,567
Relocation/removal costs									-	8,000
Dilapidation charge									-	10,000
Project costs		501,058	5,818	48,174	128,159	334,085			1,013,294	1,751,724
Audit and accountancy								8,116	8,116	5,843
Evaluation and research									-	62
Careers library initiative		13,130							13,130	13,108
Library maintenance		2,293							2,293	4,809
Work experience insurance cost				2,250					2,250	2,250
	-	2,662,136	486,912	356,823	168,354	2,321,183	5,002	30,004	6,026,664	6,547,363
<u>Support costs</u>										
Staff costs		349,326	71,292	57,032	3,565	114,066	3,565	7,129	605,975	723,346
Training and employee costs		91,211	18,814	14,892	931	29,783	931	1,861	158,223	202,592
Rent and property costs		295,080	60,220	48,176	3,011	96,353	3,011	6,022	511,873	383,011
Travel, subsistence and transport		56,932	11,819	9,285	581	18,590	581	1,161	98,759	99,471
Printing and promotions		13,014	2,603	2,024	578	10,413	289		28,921	46,806
Depreciation		40,046	8,009	6,230	1,780	32,037	890		88,982	99,540
Stationery and administration		81,809	16,695	13,356	835	26,713	835	1,670	141,913	141,873
Telephone and data communications		44,443	9,070	7,256	454	14,512	454	907	77,066	77,387
Computer maintenance and software		59,489	12,141	9,712	607	19,425	607	1,214	103,195	92,034
Professional services		13,662	2,788	2,230	139	4,461	139	280	23,699	31,506
Consultancy		18,546	3,785	3,028	189	6,058	189	378	32,171	13,330
Irrecoverable VAT									-	55,985
	-	1,063,558	218,636	173,231	12,670	372,409	11,481	20,622	1,870,817	1,966,881
Total resources expended	-	3,725,694	703,748	528,304	179,024	2,693,592	16,483	50,626	7,897,481	8,514,244

7 Total resources expended (continued)[b] Highway To Opportunities

	Generating funds	Charitable activities		
	£	Adult guidance & training	Governance	
	£	£	£	Total 2007 £
				Total 2006 £
Costs directly allocated to activities				
Staff costs		721,908	21,918	743,824
Rent and property costs		79,319	-	79,319
Relocation/removal costs		-	-	5,908
Printing and promotions		11,751	-	11,751
Depreciation		34,774	-	34,774
Project costs		55,863	-	55,863
Audit and accountancy		-	3,814	3,814
Professional services (legal)		-	-	20,615
Consultancy		12,902	-	12,902
	-	918,515	25,732	942,247
				754,170
Support costs				
Staff costs		86,871	1,424	88,295
Training and employee costs		16,284	267	16,551
Travel, subsistence and transport		6,400	105	6,505
Stationery and administration		44,207	725	44,932
Telephone and data communications		7,090	116	7,206
Computer maintenance and software		33,043	542	33,585
Professional services (employee related)		5,359	88	5,447
	-	199,254	3,267	202,521
				145,830
Total resources expended	-	1,115,769	28,999	1,144,768
				900,000

[c] PSO Trading Limited

Costs directly allocated to activities	67,242	-	-	67,242	14,244
Total resources expended	67,242	-	-	67,242	14,244

	Generating funds	Charitable activities		
	£	£	Governance	
	£	£	£	Total 2007 £
				Total 2006 £
Total resources expended	67,242	8,962,624	79,625	9,109,491
				9,428,488

Support costs have been apportioned using numbers of people per area of activity, or on a basis which is considered consistent with the use of the resources

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

	Total 2007 £	Total 2006 £
8 <u>Staff costs</u>		
Total staff emoluments for the year were as follows		
Salaries	5,320,631	5,221,981
National Insurance	379,851	352,065
Pension	573,497	515,996
FRS17 Retirement Benefits (adjustments)	197,000	1,000
	<u>6,470,979</u>	<u>6,091,042</u>

Salaries includes £267,668 (2006 £452,977) temporary agency staff and tutor costs

9 Staff numbers

The average number of full-time equivalent employees and secondees during the year were as follows

	Number	Number
Charitable activities	197	197
Generating funds	1	-
Governance	4	3
	<u>202</u>	<u>200</u>

The number of employees whose emoluments amounted to over £60,000 in the year were as follows

	Number	Number
£60,001 - £70,000	1	1

All of the employees whose emoluments were greater than £60,000 are part of a defined benefit pension scheme Employer contributions of £7,581 (2006 £7,672) were made during the year for these people

10 Net movement in funds

Net movement in funds is arrived at after charging /(crediting)		
Depreciation of tangible fixed assets		
- unrestricted	111,281	112,412
- restricted	12,485	12,416
Auditors' remuneration		
audit of charitable company	8,116	5,843
audit of subsidiary undertakings	3,814	1,000
Operating lease rentals - land and buildings	386,434	244,057

11 Taxation

The company is a registered charity and no provision is considered necessary for taxation

The trading subsidiary PSO Trading Limited, passes any profits on which tax would be payable to Positive Steps Oldham under a Gift Aid arrangement, accordingly there is no corporation tax payable

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

12 Tangible fixed assets

<i>Group and charity</i>	Double Decker Bus	Rented Property Improvements	Computer & Office Equipment	Total
<u>Cost</u>				
At 1 April 2006	58,171	317,280	330,684	706,135
Additions	-	-	35,426	35,426
Disposals	-	(57,507)	(62,770)	(120,277)
At 31 March 2007	58,171	259,773	303,340	621,284
<u>Depreciation</u>				
At 1 April 2006	12,704	152,311	176,740	341,755
Charge for the year	14,358	31,157	78,251	123,766
Disposals	-	(57,507)	(62,770)	(120,277)
At 31 March 2007	27,062	125,961	192,221	345,244
<u>Net Book Value</u>				
At 31 March 2007	31,109	133,812	111,119	276,040
At 31 March 2006	45,467	164,969	153,944	364,380

Fixed assets include certain donated assets transferred to the company from Opportunities For Women Limited with a net book value of £25,621 (2006 £38,106)

13 Subsidiary undertakings

	<u>Registered in</u>	<u>Percentage of capital held</u>	<u>Number of £1 ordinary shares held</u>
PSO Trading Limited	England and Wales	100%	1
Highway to Opportunities	England and Wales	n/a	n/a

Highway to Opportunities

Highway to Opportunities was incorporated on 19 April 2005 as a company limited by guarantee and not having a share capital. The company is also a Registered Charity providing adult guidance activities under the control of Positive Steps Oldham.

Positive Steps Oldham exercises dominant influence over Highway to Opportunities, and both organisations are managed on a unified basis.

PSO Trading Limited

PSO Trading Limited was incorporated on 2 June 2005 and commenced trading on 31 October 2005. The company is a wholly owned subsidiary of the charity and was formed to provide room hire and other trading activities from the offices of the charity.

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS · YEAR ENDED 31 MARCH 2007

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
14 Debtors				
Development funds outstanding	1,644,685	1,249,798	1,305,518	948,071
Amounts owed by subsidiary undertaking	-	-	395,980	395,332
Prepayments	38,490	32,378	25,677	18,546
Accrued income	-	31,046	-	31,046
	<u>1,683,175</u>	<u>1,313,222</u>	<u>1,727,175</u>	<u>1,392,995</u>

15 Creditors amounts falling due within one year

Trade creditors	1,871,938	1,929,584	1,851,876	1,913,473
Amounts owed to subsidiary undertaking	-	-	15,624	10,400
Taxation and social security	127,374	94,576	127,374	94,576
Accruals	111,148	61,922	111,148	59,148
Deferred income	293,843	166,823	253,203	101,693
	<u>2,404,303</u>	<u>2,252,905</u>	<u>2,359,225</u>	<u>2,179,290</u>

16 Operating lease commitments

At 31 March 2007 the charity had annual commitments under non-cancellable operating leases in respect of land and buildings as follows

Operating leases which expire				
within one year	-	41,929	-	41,929
between two and five years	-	-	-	-
in over five years	355,100	355,100	307,600	307,600
	<u>355,100</u>	<u>397,029</u>	<u>307,600</u>	<u>349,529</u>

17 Share capital

The company has no share capital, and the liability of members is limited by guarantee to £1 per member

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
18 <u>Reconciliation of net incoming resources to net cash inflow from operations</u>		
Net (outgoing) incoming resources	(46,910)	(194,319)
Investment income	(18,108)	(19,306)
Depreciation	123,766	124,828
Restricted fund - donated assets	-	(50,522)
Decrease (increase) in debtors	(369,953)	69,383
(Decrease) increase in creditors	151,398	(29,416)
Increase in pension liability	197,000	1,000
Net cash (outflow)/inflow from operations	<u>37,193</u>	<u>(98,352)</u>

19 Analysis of changes in net cash resources

	Cash at bank and in hand
Net funds 1 April 2006	1,019,100
Net cash (outflow)/inflow for the year	19,875
Net funds 31 March 2007	<u>1,038,975</u>

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

20 Pension fund

The company is an "admitted body" within Greater Manchester Pension Fund

The scheme is a defined benefit pension scheme providing retirement benefits based on final pensionable remuneration. The assets of the scheme are held separately from those of the company, being invested by the appointed advisors of the Management Committee of Greater Manchester Pension Fund.

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method on the basis of annual valuations, and charged to the Statement of Financial Activities as described below.

The pension cost to the company for the year was £455,950 (2006 £ 423,614)

The actuarial valuation described above has been updated at 31 March 2007 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS17. Investments for this purpose have been valued at fair value.

The financial assumptions used by the actuary to calculate the scheme liabilities under FRS17 were as follows:

	2007	2006	2005
	%pa	%pa	%pa
Price increases	3.2	3.1	2.9
Salary increases	4.7	4.6	4.4
Pension increases	3.2	3.1	2.9
Discount rate	5.4	4.9	5.4

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2007		2006		2005	
	Fair value	Expected rate of return	Fair value	Expected rate of return	Fair value	Expected rate of return
	£'000	%pa	£'000	%pa	£'000	%pa
Equities	5,603	7.8	4,715	7.4	3,607	7.7
Bonds	1,336	4.9	1,144	4.6	750	4.8
Property	827	5.8	668	5.5	539	5.7
Cash	622	4.9	670	4.6	432	4.8
Total fair value of assets	8,388	6.9	7,197	6.5	5,328	6.9
Present value of scheme liabilities	9,193		8,673		6,271	
Present value of unfunded liabilities	-		-		-	
Total value of liabilities	9,193		8,673		6,271	
Liability in the scheme	(805)		(1,476)		(943)	

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

20 Pension fund continued

	2007 £'000	2006 £'000
Analysis of the amount charged to operating profit		
Current service cost	667	455
Past service cost	34	-
Settlement and curtailments	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge	701	455
Analysis of the amount credited to operating profit		
Expected return on assets	490	385
Interest on pension scheme liabilities	(446)	(355)
Other finance income credit/(charge) to Statement of Financial Activity	44	30
Movement of deficit during the year		
Deficit in scheme at beginning of year	(1,476)	(943)
Current service cost	(667)	(455)
Contributions	460	424
Contributions in respect of unfunded benefits	-	-
Past service costs	(34)	-
Gains and losses on any settlements or curtailments	-	-
Net return on assets	44	30
Actuarial (loss)/gain	868	(532)
Deficit in scheme at end of year	(805)	(1,476)
Analysis of the actuarial (loss)/gain recognised in the statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	50	883
Experience gains and losses arising on the scheme liabilities	14	1
Changes in financial assumptions underlying the present value of the scheme liabilities	804	(1,416)
Actuarial (loss)/gain in pension plan	868	(532)
Increase / (decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	868	(532)

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2007

20 Pension fund continued

	2007 £'000	2006 £'000	2005 £'000
History of experience gains and losses			
Difference between the expected and actual return on assets	50	883	231
Value of assets	8,388	7,197	5,328
Percentage of assets	0.6%	12.3%	4.3%
Experience gains/(losses) on liabilities	14	1	109
Total present value of liabilities	9,193	8,673	6,271
Percentage of the total present value of liabilities	0.2%	0.0%	1.7%
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses	868	(532)	185
Total present value of liabilities	9,193	8,673	6,271
Percentage of the total present value of liabilities	9.4%	(6.1)%	3.0%

The employee numbers in the scheme at 31 March 2007, and 31 March 2004 (the date of the last triennial actuarial valuation), were

	Number 31 03 07	Number 31 03 04
Active employees	173	136
Deferred pensioners	51	14
Pensioners	8	2

The most recent triennial valuation was carried out as at 31 March 2004 using the following principal assumptions

	%pa
Price increases	2.9
Salary increases	4.4
Pension increases	2.9
Discount rate	5.5

The contributions of the company and employees have been set at 12.8 percent and 6 percent of earnings respectively

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

21 Analysis of charitable funds

Analysis of fund movements

	At 1 April 2006 £	Incoming resources £	Resources expended £	Gains (losses) £	At 31 March 2007 £
<i>Restricted funds</i>					
Donated assets	38,106	-	(12,485)	-	25,621
Big Lottery Funding	-	72,328	(72,328)	-	-
Total restricted funds	38,106	72,328	(84,813)	-	25,621
<i>Unrestricted funds</i>					
Designated funds	-	-	-	-	-
General Fund	405,691	8,990,253	(8,827,678)	-	568,266
Pension Reserve	(1,476,000)	-	(197,000)	868,000	(805,000)
Total unrestricted funds	(1,070,309)	8,990,253	(9,024,678)	868,000	(236,734)
Total	(1,032,203)	9,062,581	(9,109,491)	868,000	(211,113)

The donated assets relate to fixed assets transferred to the company from Opportunities For Women Limited following the merging of activities and the formation of Highway To Opportunities in April 2005

The Big Lottery Funding above relates to "Oldham Communities into Learning and Work" and is regarded as restrictive funding

22 Analysis of group net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	250,419	-	25,621	276,040
Current assets	2,722,150	-	-	2,722,150
Current liabilities	(2,404,303)	-	-	(2,404,303)
Defined benefit pension liability	(805,000)	-	-	(805,000)
Net assets 31 March 2007	(236,734)	-	25,621	(211,113)

23 Prior-year adjustments

Following the introduction of SORP 2005, and FRS17 Retirement Benefits, comparative figures in the Statement of Financial Activities and the Balance Sheet have been revised to comply with these accounting requirements

The adoption of FRS17 has reduced the total funds of the company by £805,000

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Fund balance brought forward as reported	(1,070,309)	38,106	(1,032,203)	637,116
Prior-year adjustments-pension	-	-	-	(943,000)
Fund balance restated	(1,070,309)	38,106	(1,032,203)	(305,884)
Net movement in funds	833,575	(12,485)	821,090	(726,319)
Total funds carried forward	(236,734)	25,621	(211,113)	(1,032,203)

POSITIVE STEPS OLDHAM

NOTES TO THE FINANCIAL STATEMENTS · YEAR ENDED 31 MARCH 2007

24 Related party transactions

During the year Positive Steps Oldham had transactions and balances with subsidiary undertakings on an arms length basis as follows

	2007	2006
<u>Highway To Opportunities</u>		
Recharge of staff costs and other transactions	£ 728,886	£ 729,819
Amount owed by Highway To Opportunities at 31 March 2007	£ 364,783	£ 395,332
Amount owed to Highway To Opportunities at 31 March 2007	£ 10,400	£ 10,400
 <u>PSO Trading Limited</u>		
Recharge of administrative costs	£ 9,650	£ 6,925
Recharge of staff costs	£ 41,457	£ -
Amount owed by PSO Trading Ltd at 31 March 2007	£ 31,197	£ -
Amount owed to PSO Trading Ltd at 31 March 2007	£ 5,224	£ -

Members of the Board of Trustees are drawn from Oldham Metropolitan Borough Council, and representatives of business, education and training, and voluntary sector communities

Close working relationships exist between the Charity and these representatives, which have proved invaluable to the charity in establishing improved links within the community and identifying relevant policy developments and prospective funding

Where any transactions take place between the charity and organisations with which the trustees might be connected they are on normal commercial terms

The charity trustees were not paid or reimbursed expenses during the year and no charity trustee received any emoluments or payment for professional or other services