

STEP DEVELOPMENT TRUST
(A company limited by guarantee with no share capital)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Charity No: 1062058

Company No: 03339143 (England and Wales)

STEP DEVELOPMENT TRUST
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REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees	G J Silverwood B M Horsman D S Patterson S G Tarff S C Abrahams
Secretary	J Corner
Key Management Personnel	J Corner K Hibberd R Hunt
Company Number	03339143
Charity Number	1062058
Registered Office	The Venue 650 Manchester Road Stocksbridge Sheffield S36 1DY
Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham BR1 2HB
Independent Examiner	H Jones ACA Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU

STEP DEVELOPMENT TRUST
(A company limited by guarantee with no share capital)

REPORT OF THE TRUSTEES (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2022

The Trustees, who are also directors of the Charity for the purposes of the Companies Act 2006, submit their annual report and the financial statements for the year ended 31 March 2022.

The accounts comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objective and activities

The principal objective of the Charity is the promotion, for the public benefit, of urban and rural regeneration in areas of social and economic deprivation (particularly Stocksbridge). STEP has developed a range of regeneration activities to meet this objective including:

- Childcare and early years support to families through a purpose built 52 place day nursery and childcare centre under the Sure Start programme.
- Learning and educational activities through its Community Development Unit.
- Provision of managed workspace at the STEP Business Centre with access to local business support.
- Community engagement, health and arts activities at The Venue, a multi-purpose building for performing arts and related activities.
- Providing opportunities for young people to perform and develop their musical skills.
- Supporting local community groups and offering volunteering opportunities to local residents.

In setting plans and priorities for areas of work, the Trustees of STEP Development Trust have had regard to the guidance from the Charity Commission of the provision of public benefit. In particular, the Trustees consider how planned activities will contribute to meeting the objectives they have set. How STEP delivers its principal charitable objective; that of social and economic regeneration in Stocksbridge and surrounding areas, is demonstrated in the above summary of STEP's objectives and achievements against that plan. Examples of activities are set out in the Annual Report and Overview, which complements this report.

The public benefit arising from STEP's work is implicit in the services delivered and the access to these by the local and surrounding communities thus assisting them in their daily lives, providing opportunities for personal development as well as social and economic benefits to the area.

Achievements and performance

Over the last 12 months STEP has continued where possible to build and develop its range of services which support its community engagement pre-school, learning and enterprise activities.

STEP's wholly owned trading subsidiary, STEP Business Enterprises Limited (SBEL), continued to manage the STEP Business Centre in Deepcar and the management of The Venue Stocksbridge.

The Children's Centre continues to provide multi-agency support to families with children under 5, including those expecting a baby. It offers a range of services including access to integrated childcare and education, health, and family support. STEP operates a purpose-built day nursery and childcare centre as part of the Children's Centre. The Charity manages the facility and the childcare services under contract from Sheffield City Council.

The Nursery's most recent Ofsted inspection was well received and classed the Nursery as Good under two categories ("How well provision meets the needs of the range of children attending" and "The effectiveness of the leadership and management of the early years provision") and excellent in the third ("The contribution to the early

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REPORT OF THE TRUSTEES (INCLUDING DIRECTORS' REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2022

years provision to the wellbeing of children). This is the standard that we seek to maintain and better. The next Ofsted inspection is due very soon.

The Community Development Unit, based at The Venue, continued the delivery of Adult, Community, and ICT education programmes but in a limited manner still suffering from difficulties associated with Covid19. The team previously created a wide-ranging programme that includes something for all ages and members of the community including Family History, Folk Art Painting, Craft Clubs, Introduction to Reading Music, Music and Song and Cake Decorating but as noted this activity has been severely limited. It is hoped to build this back up to previous levels, but this is proving difficult post covid.

The average occupancy levels throughout the year at the STEP Business Centre have been good. Costs continue to be tightly controlled and wherever possible service contracts renegotiated. Recent initiative instigated by staff is the creation of a Business Forum which so far has been very well received by business within the Centre.

The previously reported increase in bookings by dance shows continued and accompanied by a great service provided by the Trust manager and staff all bookings have been successful. Many of the new bookings continue to be from organisations who are not local and appreciate the facilities and level of service provided. This provides a very serious and welcome line of income and is mostly due to them appreciating the facilities available as well as the offer and level of service being provided and thanks are due to the Manager and staff. Continuing to work closely with these groups we have bookings well into 2023 for various dance related events.

The Memory Time cafe and with Musical Memories event continues to be held at The Venue (working in conjunction with the Community Care Group) and has become even more popular.

There continued to be very effective presentation of information on social media by staff mostly relating to The Venue.

The Nursery occupancy levels continue to be good with long periods where some rooms are fully occupied and only a few spaces left on certain days on other rooms. One difficulty has been to recruit new staff, and this has meant that full occupancy has been difficult.

Following the sale of the Community Enterprise Centre the proceeds from that sale and the removal of all debt there has been progress with regard to ensuring long term sustainability and adequate reserves. The Trust Manager has compiled a list of all maintenance requirements to the Business Centre, the Nursery and The Venue and a Board member has been tasked with assessing all items and prioritising expenditure.

Financial statements for the organisation clearly indicate a healthy bank balance particular with greatly increased income at the Venue with best income levels ever recorded again thanks mainly due to the Trust Managers hard work attracting and maintaining many activities and functions particularly the dance shows and competitions. However, due to rising costs, particularly for energy, all finances continue to be tightly controlled and where possible service contracts renegotiated.

Trustees have continued to actively participate in membership of other organisations such as People Keeping Well which deals with wellbeing of people in the local community). The Chair of STEP sits on the Board of the Towns Deal Fund which will bring £24.1 million to the Town and lead to major redevelopment of the Town Centre, environmental projects, new pathways, post 16 education, enhanced digital skills, new cycle ways and transport links.

To ensure the long term future of The Venue the Board have started to consider the appointment of further staff including a Venue Officer with an arts based background which will greatly assist the Trust Manager and allow concentration on core aspect of the Managers role. It is further anticipated that an expansion of the role of some existing staff will take place.

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FOR THE YEAR ENDED 31 MARCH 2022

Given the high levels of attendance at the Nursery, full occupancy at the Business Centre, removal of all debt to the banks there is an overall view of optimism of the organisation for the future and as a going concern.

Volunteer support

STEP provides a range of services and activities that it could not viably deliver, financially or operationally, without the commitment, time and effort of our small band of dedicated volunteers. These volunteers continue to regularly turn out to help run our regular craft fairs, car boot sales, Christmas fair, and performances to provide help with catering, room setup and clearance alongside staff and trustees. In addition, the decoration and upkeep of our buildings are maintained with the help of volunteers. Not only are they an asset to the Charity but the volunteering opportunities provided by STEP facilitates social action, community involvement and helps alleviate issues around social isolation and loneliness for more vulnerable members of the community. These activities include luncheon clubs, community education courses and family events. However, our current group of volunteers are ageing, and we need to be careful to not over commit anyone. Some of the work required such as moving tables and chairs is becoming too difficult for many. We are increasingly aware that we do not know how many volunteers will return following the pandemic, but we are attempting to maintain contact where possible in readiness. STEP needs new volunteers and in particular to embark on a program to attract some new, younger volunteers.

Financial review

The consolidated Statement of Financial Activities set out on page 9 reflects all incoming resources receivable in the year irrespective of when income is spent. During the year there have been significant challenges.

The high level of occupancy at the Business Centre is good news but we continue to need to ensure the level of service provided is of a good level to existing tenants and to this end there has been an ongoing programme of refurbishment and decoration where finance allows to ensure this.

As in recent years it is anticipated that external funding opportunities will continue to be scarce and competition for grants and charitable funds high. Therefore, in common with recent years where the Trustees have seen year-on-year decreases in charitable income, Trustees expect to see a continued decrease in charitable income.

The Charity has net assets of £1,016,459 (2021 - £1,005,144) and will continue in its aim of achieving the levels of reserves as stated by the reserves policy below. The unrestricted funds held by STEP, after making allowance for any restricted funds and the revaluation reserve, are £1,016,459 (2021 - £1,005,144)

The designated fund represents the total of the Charity's tangible fixed assets less the amounts of outstanding loans in respect of those assets and the revaluation reserve as described in note 20.

Reserves policy

It is the policy of the Trustees that unrestricted funds which have not been designated for a specific use should aim to be maintained at a level equivalent to six months' expenditure. The Trustees consider that general reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities whilst consideration is given to ways in which additional funds may be raised. Reserves were not maintained at this required level during the year owing to supporting operating losses experienced within certain areas of the Charity. At the end of the year general reserves amounted to £226,890 as shown in note 20 to the financial statements. The Trustees have therefore looked at ways in which to secure additional funding to bring reserves back to this required level.

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Plans for the future

Looking ahead, the targets for the coming year build on progress made as follows:

- To further develop and consolidate relationships made and established during recent months and to build and strengthen those relationships.
- To expand operations at The Venue with the assistance of the new Venue Officer particularly with arts-based projects.
- To continue to control costs and maximise project and income generation.
- To maintain the high level of occupancy, maximum occupancy where possible, at the STEP Business Centre over the year and produce a net 10% contribution to the Charity and ensure a high level of service to tenants.
- To continue to achieve a 'good' and 'excellent' above Ofsted Rating for the Nursery whilst attaining an average occupancy across all ages taking up places to 90%.
- To look at possibilities of extending the capacity of the Nursery to cater for the influx of new families into the area when large numbers of new houses are built.
- To increase the number of training and development opportunities for local people and providing activities for young people between the ages of 8yrs and 16yrs.

Structure, governance and management

The Charity is a charitable company limited by guarantee, number 03339143. It is a registered charity number 1062058. It is governed by a Memorandum and Articles of Association.

The Trustees, who are also the directors for the purpose of company law, who served during the year (or have been appointed subsequently) were:

B M Horsman
D S Patterson
G J Silverwood
S Tarff
S Abraham

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

On appointment new trustees are provided with induction training in relation to their duties and responsibilities for the Charity. Trustees are also provided with additional training if required and take part in a range of activities to enable them to update and improve their skills and knowledge.

The Trustees have delegated day to day management of the Charity's activities to a Trust Manager with each separate project and area of charitable activity being directly managed by a project manager reporting to the Trust Manager. The Senior Management Team meets on a regular basis and the Board meets on a monthly basis to provide oversight and strategic direction. Sub-committees of the Board meet, if and when required, for more detailed consideration of certain aspects of the Charity's operations. The Board considers monthly financial reports, quarterly performance assessments and conducts a half year review of budgets set against key performance indicators.

The Trustees regularly assess the risks to which the Charity is exposed, in particular major operational and financial risks, and are satisfied that systems are in place to mitigate exposure to the major risks.

The remuneration of the key management personnel identified within the financial statements will be determined, monitored and reviewed by the Board of Directors. Factors taken into account will include level of responsibility, context and complexity of the role, benchmarking from similar providers as well as current and potential business requirements.

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FOR THE YEAR ENDED 31 MARCH 2022

Details of the charity's transactions with its related parties are included in note 21.

Reference and administrative details

Reference and administrative details for the Charity are set out separately on page 1.

Trustees' responsibilities

The Trustees (who are also directors of STEP Development Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the Board on 24-03-23



G J Silverwood
Chairman

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INDEPENDENT EXAMINER'S REPORT
TO THE MEMBERS AND TRUSTEES OF STEP DEVELOPMENT TRUST
FOR THE YEAR ENDED 31 MARCH 2022

Independent Examiner's Report

I report to the trustees on my examination of the consolidated accounts of STEP Development Trust (the charity) and its subsidiary undertaking for the year ended 31 March 2022.

Responsibilities and basis of report

As the charity's trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the consolidated accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the consolidated accounts of the group are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's consolidated accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters than an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the consolidated accounts present a 'true and fair' view, and my report is limited to those specific matters set out in the independent examiner's statement.

I report in respect of my examination of STEP Development Trust's accounts as carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement – matters of concern identified

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material aspect:

1. accounting records were not kept in respect of the charity and its subsidiary as required by section 386 of the Companies Act 2006; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

Matter of concern identified

In carrying out my examination I noted the following matter:

During the year a payment of £4,000 was paid to one of the trustees. The nature of this payment was to remunerate the trustee for his time spent preparing a grant claim submission for a grant of £10,000 which was successful. At the time, the charity did not have the internal resources to prepare the grant claim therefore the trustee stepped in to support the charity, for the payment of £4,000. As the benefit of the grant claim outweighed the cost to the charity, the trustees believed it would be in the best interest of the charity to proceed on this basis. The trustee has stated that he had spent 8 days working on the grant claim, and the trustees believe the payment was fair and reasonable. The charity's articles unfortunately do not permit such a payment to a trustee. This is a breach of the articles and

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INDEPENDENT EXAMINER'S REPORT (continued)
TO THE MEMBERS AND TRUSTEES OF STEP DEVELOPMENT TRUST
FOR THE YEAR ENDED 31 MARCH 2022

reportable within this examination report, however I do want to stress that the trustees do not believe the payment was unreasonable and was in the best interests of the charity.

I have no other concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



H Jones ACA
Hart Shaw LLP
Europa Link
Sheffield Business Park
S9 1XU

Dated: 28 MARCH 2023

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 Unrestricted funds £	2021 Unrestricted funds £
INCOME AND ENDOWMENTS FROM:			
Charitable activities	3	407,412	415,701
Other trading activities	4	262,675	253,644
Investments		-	-
Total		<u>670,087</u>	<u>669,345</u>
EXPENDITURE ON:			
Raising funds	5	190,017	136,939
Charitable activities	6	465,969	397,463
Other		2,786	11,300
Total		<u>658,772</u>	<u>545,702</u>
Net income for the year before transfers	7	11,315	123,643
Transfers between funds		-	-
		11,315	123,643
Other recognised losses:			
Losses on revaluation of fixed assets	11	-	-
Net movement in funds		11,315	123,643
Balance brought forward at 1 April 2021		1,005,144	881,501
Balance carried forward at 31 March 2022		<u>1,016,459</u>	<u>1,005,144</u>

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CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 Unrestricted funds £	2021 Unrestricted funds £
INCOME AND ENDOWMENTS FROM:			
Charitable activities	3	521,242	532,175
Investments		-	-
Total		<u>521,242</u>	<u>532,175</u>
EXPENDITURE ON:			
Charitable activities	6	496,789	430,925
Other		2,786	11,300
Total		<u>499,575</u>	<u>442,225</u>
Net income for the year before transfers	7	21,667	89,950
Transfers between funds		-	-
		<u>21,667</u>	<u>89,950</u>
Other recognised losses:			
Losses on revaluation of fixed assets	11	-	-
Net movement in funds		<u>21,667</u>	<u>89,950</u>
Balance brought forward at 1 April 2021		1,309,560	1,219,610
Balance carried forward at 31 March 2022		<u>1,331,227</u>	<u>1,309,560</u>

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BALANCE SHEETS
FOR THE YEAR ENDED 31 MARCH 2022

		Group		Charity	
	Note	2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible assets	10	789,569	840,155	789,569	840,155
Investments	11	-	250,000	1	250,001
		<u>789,569</u>	<u>1,090,155</u>	<u>789,570</u>	<u>1,090,156</u>
Current assets					
Stocks	14	3,244	677	-	-
Debtors	15	56,468	50,039	518,475	468,718
Cash at bank and in hand		286,431	246,710	90,627	99,201
		<u>346,143</u>	<u>297,426</u>	<u>609,102</u>	<u>567,919</u>
Creditors: amounts falling due within one year	16	119,253	212,815	67,445	178,893
		<u>226,890</u>	<u>84,611</u>	<u>541,657</u>	<u>389,026</u>
Net current assets					
Total assets less current liabilities		1,016,459	1,174,766	1,331,227	1,479,182
Creditors: amounts falling due after more than one year	17	-	169,622	-	169,622
Net assets		<u>1,016,459</u>	<u>1,005,144</u>	<u>1,331,227</u>	<u>1,309,560</u>
Funds					
Restricted funds	19	-	-	-	-
Designated funds					
Capital fund		789,569	899,316	789,569	899,316
Revaluation reserve		-	-	-	-
		<u>789,569</u>	<u>899,316</u>	<u>789,569</u>	<u>899,316</u>
General reserves		226,890	105,828	541,658	410,244
		<u>226,890</u>	<u>105,828</u>	<u>541,658</u>	<u>410,244</u>
Unrestricted funds	20	1,016,459	1,005,144	1,331,227	1,309,560
		<u>1,016,459</u>	<u>1,005,144</u>	<u>1,331,227</u>	<u>1,309,560</u>

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BALANCE SHEETS
FOR THE YEAR ENDED 31 MARCH 2022

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the charity to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the Board on 24-03-23 and signed on its behalf by:



G J Silverwood

Company Registration Number: 03339143

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	22		51,191		180,929
Investing activities					
Purchase of tangible fixed assets		(2,055)		(4,558)	
Proceeds from disposal of Investment property		250,000			
Interest received		-		-	
Net cash used in investing activities			247,945		(4,558)
Financing activities					
Interest paid		(949)		(5,944)	
Repayment of loans		(258,466)		(3,856)	
Net cash used in financing activities			(259,415)		(9,800)
Net increase in cash and cash equivalents			39,721		166,571
Cash and cash equivalents at beginning of year			246,710		80,139
Cash and cash equivalents at end of year			<u>286,431</u>		<u>246,710</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

Charity information

STEP Development Trust is a private company limited by guarantee incorporated in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The registered office is 650 Manchester Road, Stocksbridge, Sheffield, S36 1DY.

The Group consists of STEP Development Trust and its subsidiary, STEP Business Enterprises Limited.

Accounting convention

The accounts have been prepared in accordance with the Companies Act 2006; the Charities Act 2011; FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"); and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate those of STEP Development Trust and its subsidiary (i.e. the entity that the Group controls through its power to govern the financial and operating policies to obtain economic benefits). All financial statements are made up to 31 March 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. On this basis, the Trustees consider it appropriate to prepare the financial statements on the going concern basis.

Fund accounting

General reserves are unrestricted funds which are available for use at the discretion of the Trustees 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 Trustees for particular purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

Incoming resources

Incoming resources are accounted for when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Grants and awards comprise amounts receivable in the UK. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Grants for specific projects and charitable activities are included in incoming resources from charitable activities. General grants are shown as voluntary income in the statement of financial activities. Capital grants receivable are recognised immediately in the Statement of Financial Activities unless they are restricted to future accounting periods.

Gifts in kind, donated for distribution are included at valuation and recognised as income when distributed to the projects. Donated facilities are included at the value to the Charity where this can be quantified, and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Investment income represents bank interest received on the Charity's cash deposits.

Resources expended

Expenditure is charged to the Statement of Financial Activities on an accruals basis, exclusive of VAT where recoverable.

Charitable expenditure comprises those costs incurred in the delivery of its activities and services for its beneficiaries, including both direct and support costs.

Governance costs include those costs associated with meeting constitutional and statutory requirements.

In the opinion of the Trustees, all support costs relate to charitable expenditure.

Cost apportionment

A proportion of costs are allocated to costs of generating funds and costs of charitable activities on the following bases:

- Staff costs – staff time spent on each activity;
- Premises costs – floor area occupied by each activity;
- Other office costs – staff time spent on each activity.

Taxation

STEP Development Trust is a registered charity, and its activities are not currently subject to taxation.

Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost or valuation and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided at rates to write off the cost or valuation of each asset over its expected useful life as follows:

Freehold property	over 50 years
Leasehold property	over life of lease
Office equipment	over 3 years

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years. Although this accounting policy is in accordance with the applicable accounting standards, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the Trustees compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stock

Trading stock is valued at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease.

2. Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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3. Income from charitable activities

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Education and training	-	1,919	-	1,919
Nursery and other charitable activities	407,412	413,782	521,242	530,256
	<u>407,412</u>	<u>415,701</u>	<u>521,242</u>	<u>532,175</u>

4. Income from other trading activities

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Provision of managed workspace	167,353	169,140	-	-
Operation of community centre	95,322	84,504	-	-
	<u>262,675</u>	<u>253,644</u>	<u>-</u>	<u>-</u>

5. Expenditure on raising funds

Group (2022)

	Staff costs	Depreciation costs	Other costs	Total
	£	£	£	£
Provision of managed workspace	24,036	-	72,139	96,175
Operation of community centre	24,973	-	68,869	93,842
	<u>49,009</u>	<u>-</u>	<u>141,008</u>	<u>190,017</u>

Group (2021)

	Staff costs	Depreciation costs	Other costs	Total
	£	£	£	£
Provision of managed workspace	20,942	-	53,435	74,377
Operation of community centre	4,521	-	58,041	62,562
	<u>25,463</u>	<u>-</u>	<u>111,476</u>	<u>136,939</u>

The charity does not have any expenditure on raising funds.

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6. Expenditure on charitable activities

Group (2022)

	Staff costs £	Depreciation costs £	Other costs £	Total £
Education and training	-	-	-	-
Nursery and other charitable activities	324,512	52,640	88,817	465,969
	<u>324,512</u>	<u>52,640</u>	<u>88,817</u>	<u>465,969</u>

Charity (2022)

	Staff costs £	Depreciation costs £	Other costs £	Total £
Education and training	-	-	-	-
Nursery and other charitable activities	355,332	52,640	88,817	496,789
	<u>355,332</u>	<u>52,640</u>	<u>88,817</u>	<u>496,789</u>

Group (2021)

	Staff costs £	Depreciation costs £	Other costs £	Total £
Education and training	-	-	1,490	1,490
Nursery and other charitable activities	287,151	41,641	67,181	395,973
	<u>287,151</u>	<u>41,641</u>	<u>68,671</u>	<u>397,463</u>

Charity (2021)

	Staff costs £	Depreciation costs £	Other costs £	Total £
Education and training	-	-	1,490	1,490
Nursery and other charitable activities	320,615	41,641	67,179	429,435
	<u>320,615</u>	<u>41,641</u>	<u>68,669</u>	<u>430,925</u>

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7. Net income/(expenditure) for the year

This is stated after charging:

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Depreciation	52,640	41,641	52,640	41,641
Interest payable on bank loans	616	2,105	616	2,105
Interest payable on loans from other organisations	7,659	11,165	7,659	11,165
Independent examiner's remuneration	2,438	11,300	2,438	11,300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
And after crediting:				
	£	£	£	£
Bank interest received	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. Trustees' remuneration

There has been one payment of £4,000 to a Trustee, S Tarff during the year for work carried out in relation to the Groundwork Grant (2021 – none). No other trustees received or waived any emoluments during the year. During the year, no Trustees were reimbursed any travel expenses (2021 – none).

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9. Staff costs and numbers	2022 £	2021 £
Salaries and wages	366,248	313,619
Social security costs	17,239	16,787
Defined contribution pension schemes	5,703	2,121
Other staff costs	-	-
	<u>389,190</u>	<u>332,527</u>

No employees received emoluments of more than £60,000 (2021: £60,000).

Termination payments totalling £10,377 (2021: none) were paid during the year in relation to Severance payments.

The average number of employees on the payroll was as follows:

	2022 No	2021 No
Management and financial	2	2
Trading activities	2	4
Charitable activities	11	12
	<u>15</u>	<u>18</u>

Administrative staff, directly supporting projects and paid from project funds, have been included within charitable activities.

10. Tangible fixed assets	Freehold land and buildings	Leasehold land and buildings	Office equipment	Total
Group and Charity				
	£	£	£	£
Cost				
At 1 April 2021	1,152,033	3,392,918	335,515	4,880,466
Additions	-	-	2,055	2,055
At 31 March 2022	<u>1,152,033</u>	<u>3,392,918</u>	<u>337,570</u>	<u>4,882,521</u>
Depreciation				
At 1 April 2021	496,316	3,212,266	331,729	4,040,311
Charge for the year	24,374	22,731	5,536	52,641
At 31 March 2022	<u>520,690</u>	<u>3,234,997</u>	<u>337,265</u>	<u>4,092,952</u>
Net book value				
At 31 March 2022	<u>631,343</u>	<u>157,921</u>	<u>305</u>	<u>789,569</u>
At 31 March 2021	<u>655,717</u>	<u>180,652</u>	<u>3,786</u>	<u>840,155</u>

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11. Investments

Group	Investment property £	Subsidiary undertaking £	Total £
Valuation			
At 1 April 2021	250,000	-	250,000
Disposal	(250,000)	-	(250,000)
At 31 March 2022	-	-	-
Charity	Investment property £	Subsidiary undertaking £	Total £
Valuation			
At 1 April 2021	250,000	1	250,001
Disposal	(250,000)	-	(250,000)
At 31 March 2022	-	1	1

Comparable historical cost for the land and buildings included at valuation:

	2022 £	2021 £
Cost	-	411,758
Accumulated depreciation	-	195,331
	-	216,427

12. Subsidiary

STEP Business Enterprises Limited (company number 05079143) is the Charity's wholly owned subsidiary. It operates the STEP Business Centre in Deepcar and The Venue in Stocksbridge. Its trading results are:

	2022 £	2021 £
Turnover	262,675	253,644
Cost of sales	(13,543)	(2,005)
Gross profit	249,132	251,639
Administrative expenses	(259,484)	(217,947)
Net profit/(loss) for the year	(10,352)	33,692
Net liabilities	(314,766)	(304,417)

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13. Financial instruments

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	20,762	8,654	505,276	445,493
Equity instruments measured at cost less impairment	-	-	1	1
	<u>20,762</u>	<u>8,654</u>	<u>505,277</u>	<u>445,494</u>
Carrying amount of financial liabilities				
Measured at amortised cost	68,262	322,776	35,684	295,719
	<u>68,262</u>	<u>322,776</u>	<u>35,684</u>	<u>295,719</u>

14. Stocks

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Finished goods	3,244	677	-	-
	<u>3,244</u>	<u>677</u>	<u>-</u>	<u>-</u>

15. Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	20,762	8,654	11,836	1,510
Amounts owed by subsidiary company	-	-	493,440	443,983
Prepayments	35,706	41,385	13,199	23,225
	<u>56,468</u>	<u>50,039</u>	<u>518,475</u>	<u>468,718</u>

16. Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	46,335	51,165	35,323	41,250
Tax and social security	8,054	19,035	3,298	14,079
Accruals and deferred income	42,937	41,958	28,463	38,718
Loans	-	81,518	-	81,518
Other creditors	21,927	19,139	361	3,328
	<u>119,253</u>	<u>212,815</u>	<u>67,445</u>	<u>178,893</u>

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17. Creditors: amounts falling after more than one year

	Group 2022 £	2021 £	Charity 2022 £	2021 £
Loans	-	169,622	-	169,622
Aggregate amounts repayable by instalments falling due after more than five years included above	-	-	-	-

The Group and Charity have secured loans totalling £nil (2021 - £190,840). The loans are secured by charges on the Group's and the Charity's freehold and investment properties.

18. Analysis of Group net assets between funds

2022	Fixed assets £	Net current assets £	Long-term liabilities £	Total £
Designated funds	789,569	-	-	789,569
General reserves	-	226,890	-	226,890
Total	789,569	226,890	-	1,016,459

2021	Fixed assets £	Net current assets £	Long-term liabilities £	Total £
Designated funds	1,090,155	(68,111)	(122,728)	899,316
General reserves	-	152,722	(46,894)	105,828
Total	1,090,155	84,611	(169,622)	1,005,144

19. Restricted funds

There were no restricted funds during the current or comparative year.

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20. Unrestricted funds

Group	Balance 1 April 2021 £	Movement in resources		Revaluation of property £	Transfers between funds £	Balance 31 March 2022 £
		Incoming £	Outgoing £			
General reserves	105,829	670,087	(658,772)	-	109,746	226,890
<i>Designated funds</i>						
Capital fund	899,315	-	-	-	(109,746)	789,569
Revaluation reserve	-	-	-	-	-	-
	<u>1,005,144</u>	<u>670,087</u>	<u>(658,772)</u>	<u>-</u>	<u>-</u>	<u>1,016,459</u>
 Charity	 Balance 1 April 2021 £	 Movement in resources Incoming £	 Outgoing £	 Revaluation of property £	 Transfers between funds £	 Balance 31 March 2022 £
General reserves	410,245	521,242	(499,575)	-	109,746	541,658
<i>Designated funds</i>						
Capital fund	899,315	-	-	-	(109,746)	789,569
Revaluation reserve	-	-	-	-	-	-
	<u>1,309,560</u>	<u>521,242</u>	<u>(499,575)</u>	<u>-</u>	<u>-</u>	<u>1,331,227</u>

Capital fund

The capital designated fund represents that part of the Charity's funds invested in property and related assets and thus unavailable for current programme costs or future development. Each year a transfer is made between the fixed asset fund and general reserves equal to the net movement on fixed assets after allowing for any grant and loan finance used for capital expenditure.

21. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2022 £	2021 £
Aggregate compensation	<u>115,310</u>	<u>104,910</u>

Related Party Transactions

The following related party transactions took place during the year.

A transaction of £4,000 to S Tarff for work carried out in relation to the Groundwork Grant (2021 – nil).
S Tarff is a trustee of STEP Development Trust.

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22. Cash generated from operations

	2022	2021
	£	£
Net income for the year	11,315	123,643
Adjustments for:		
Interest payable	8,275	13,270
Depreciation of tangible fixed assets	52,641	41,641
Movements in working capital:		
(Increase)/decrease in stocks	(2,567)	1,605
(Increase)/decrease in debtors	(19,271)	28,108
Increase/(decrease) in creditors	798	(27,338)
Cash generated from operations	51,191	180,929