

STEP ONE CHARITY

England & Wales · Charity number 235434

Details

Other names	ST LOYE'S COLLEGE, ST LOYE'S COLLEGE FOR TRAINING THE DISABLED FOR COMMERCE AND INDUSTRY, ST LOYE'S COLLEGE FOUNDATION, ST LOYE'S FOUNDATION, THE ST LOYE'S COLLEGE FOR THE TRAINING AND REHABILITATION OF THE DISABLED, ST LOYE'S
Status	Registered
Legal form	Charitable company
Company number	00393477
Registered	1964-07-02
Register	View on the Charity Commission register

Contact

Address	The X Centre Commercial Road Exeter EX2 4AD
Phone	01392255428
Email	info@steponecharity.co.uk
Website	www.steponecharity.co.uk

Activities

Objects: A) TO PROVIDE FOR THE REHABILITATION BY ANY MEANS WHATEVER OF PERSONS EXPERIENCING SUBSTANTIAL IMPAIRMENT OF THEIR PHYSICAL OR MENTAL HEALTH (CLIENTS) B) TO UNDERTAKE THE TEACHING AND PRACTICE OF SKILLS OR VOCATIONS WHICH MAY ASSIST IN THE REHABILITATION OF CLIENTS TO ANY PERSONS WHATEVER BY ANY MEANS WHATSOEVER INCLUDING THE MAINTENANCE AND OPERATION OF A SCHOOL OR ESTABLISHMENT FOR SUCH TEACHING AND FOR THE TRAINING OF SUCH PERSONS. C) TO TRAIN CLIENTS FOR ANY FORM OF EMPLOYMENT, TO HELP THEM FIND EMPLOYMENT AND TO PROVIDE SUPPORT FOR SUSTAINED EMPLOYMENT. D) TO RESEARCH INTO AND ADVISE UPON METHODS OF REHABILITATION OF CLIENTS AND TO DISSEMINATE THE USEFUL RESULTS OF SUCH RESEARCH.

Activities: Step One supports people with physical, mental health, sensory and other disabilities, or those with long-term health conditions, to improve their quality of life and degree of independence and have the opportunity to achieve their potential through personal development, training and employment.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Other Charitable Activities
- **What:** Education/training, Disability
- **Who:** People With Disabilities, Other Defined Groups

Geography

- **Area of benefit:** EXETER AND BEYOND
- Devon
- Torbay

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£3,254,419	£4,237,986	£11,043,552	110
2024-03-31	£2,994,819	£3,973,475	£11,694,321	101
2023-03-31	£3,625,085	£3,873,576	£12,452,973	101
2022-03-31	£3,253,579	£3,100,447	£12,894,648	103
2021-03-31	£3,314,820	£3,595,614	£13,815,647	99

Trustees

Name	Role	Appointed
David Hawes		2021-09-21
Kay Sarah O'Shaughnessy		2022-10-27
Lorna Collingwood-Burke		2026-01-01
Mark Lambert		2021-12-14
Matthew McVicar		2025-02-24
Paul Anthony Cawthron		2019-06-26
Robert Mark Richard Stevens		2025-02-25
Sam Green		2025-02-24
Stephen Jonathan Lyons		2025-02-24

STEP ONE CHARITY

England & Wales - Charity number 235434

Accounts

Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2025**

Directors and Trustees	Mrs S Sutherland, Chair to 1 April 2025, Interim Chair from 19 June 2025 (appointed 19 June 2025, resigned 31 March 2025) Mr R Williams Dr P Cawthron Mr D Hawes Mr M Lambert Mrs K O'Shaughnessy Mr D Blackford (appointed 4 April 2025) Mr M McVicar (appointed 24 February 2025) Mr R Stevens (appointed 24 February 2025) Mr S Green (appointed 24 February 2025) Mr S Lyons (appointed 24 February 2025) Mr R Goffon (resigned 10 December 2024) Mrs J Lyttle, Chair from 1 April 2025 (appointed 24 February 2025, resigned 19 June 2025) Mr C Pallot (resigned 30 June 2024) Mr A Antony (terminated 11 October 2024)
Company registered number	00393477
Charity registered number	235434
Registered office	The X Centre Commercial Road Exeter Devon EX2 4AD
Chief Executive Officer	Mr B Greaves
Independent auditors	Bishop Fleming LLP Chartered Accountants Brook House Winslade Park Manor Drive Clyst St Mary Exeter EX5 1GD
Bankers	National Westminster Bank Plc 59 High Street Exeter Devon EX4 3DP

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2024 to 31 March 2025. The Annual Report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable Company comply with the current statutory requirements, the requirements of the charitable Company's governing document, and the provisions of the Statement of Recommended Practice (SORP) 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).

OBJECTIVES

Step One Charity ('SOC') provides support for people with physical, mental health, sensory and other disabilities, or those with long-term health conditions, in order to improve their quality of life and degree of independence and provide the opportunity to achieve their potential through personal development, training and employment. Specifically, the Objects, as set out in the Articles of Association, are:

- a) To provide for the rehabilitation by any means whatever of persons experiencing substantial impairment of their physical or mental health ("Clients").
- b) To undertake the teaching and practice of skills or vocations which may assist in the rehabilitation of Clients to any persons whatever by any means whatsoever including the maintenance and operation of a school or establishment for such teaching and for the training of such persons.
- c) To train Clients for any form of employment, to help them find employment and to provide support for sustained employment.
- d) To research into and advise upon methods of rehabilitation of Clients and to disseminate the useful results of such research.

Vision. A society that values mental health and wellbeing and where everyone can thrive in their local community.

Mission. We support people to build a pathway to independence, live a fulfilling life and reach their own potential through a range of specialist mental health and wellbeing services.

STRATEGIC REPORT

The following sections constitute the strategic report for the purposes of the Companies Act 2006. This strategic report forms part of the Report of the Board.

The 5-Year Strategic Plan, launched in 2023-24, was designed to deliver meaningful outcomes for our beneficiaries, ensure financial resilience, and deliver growth to secure the charity's long-term future. To achieve this, the plan is based on three strategic objectives:

- a) **Secure the Core.** Prioritise the consolidation and continuous improvement of existing services, safeguarding the foundation of the charitable mission.
- b) **Build New Business.** Strengthen financial and operational resilience by diversifying revenue streams and enhancing service efficiency.
- c) **Diversify the Client Base.** Expand the reach and inclusivity of services, ensuring accessibility to a broader spectrum of individuals in need.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public and confirms it has complied with the duties as set out. This report outlines how our achievements during the period have benefited the public. In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

KEY ACHIEVEMENTS & BUSINESS DEVELOPMENTS

The Charity remains committed to delivering exceptional services that positively impact the communities it supports. SOC's dedicated teams consistently achieve outstanding outcomes, as evidenced by rigorous evaluations conducted by internal and external bodies. This external assurance not only affirms the high quality of the services but also reinforces SOC's reputation for excellence and commitment to continuous improvement.

Cypress Hospital. Following a review during 2023-24 with the Provider Collaborative, Integrated Care Board (ICB), and Devon Partnership Trust, into the needs of the community and wider system, Cypress Hospital transitioned from crisis care to intensive rehabilitation and recovery inpatient care, offering 8 of its 14 beds under a new two-year test of change model. This contract commenced in October 2024, with a £0.2m increase in income per year, over the previous rehabilitation contract. Over the last 12 months, 19 individuals with complex mental health needs benefited from this service, averaging 166 days of stay. As part of this transition, SOC have introduced successful contract review meetings with our statutory partners which has enabled development of an even stronger partnership, contributing to robust governance and a strong working relationship.

Supported Living. This service provides a safe and supportive environment for people with mental health concerns and/or autism spectrum conditions to live more independently. During July 2024, the refurbishment of the existing Granvue property as a 6 bed 24-hour supported living property was completed with full occupation achieved in December 2024. This is the first service of this type provided by SOC and is proving to be an invaluable support for those individuals with more complex support needs. Combined with the existing 3 properties, over the last year, 27 individuals were positively impacted through these services during the year.

Community Support. This is a one-to-one support service providing individually tailored support to people with mental health challenges, autism spectrum conditions, or learning disabilities, helping them to live more independently in their community. 54 individuals benefited from these services during the year and the amount of support that can be provided continues to grow through the development of a self-funded offer. This is an invaluable service for those individuals who require support but cannot get it publicly funded.

BeWell@StepOne. Over the past year, 451 sessions have been provided and 647 individuals engaged with BeWell@StepOne, accessing mental health support through online and face-to-face workshops and peer support groups. To grow this capability, in September 2024 SOC welcomed a Business Development and Delivery Manager. They are working closely with a new inhouse clinical psychology expert, to focus on developing the support offered, including community well-being and workplace mental health improvements through Wellbeing@Work. From October 2024, the addition of a Volunteer Coordinator has helped to expand the opportunities for volunteering with SOC and in particular supporting the BeWell@StepOne activities.

Devon Mental Health Alliance ('DMHA'). The DMHA contract, initially set for three years to January 2025, has been extended through to January 2027. As contract holders, SOC have taken on a proactive leadership role, enhancing partnership dynamics. The SOC Recovery Practitioners who work across the eastern and southern localities of Devon to provide psychologically informed interventions to individuals that fall in 'the gap' between primary and secondary services, delivered over 3,300 support sessions to 392 individuals during the year. DMHA partners have delivered better processes and systems to engage with the waiting list and plan to position the service for continued delivery beyond the five-year contract extension.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Fundraising. The external fundraising landscape has presented significant challenges over the past 12 months, further intensified by key staff changes. In response, we have proactively strengthened our approach by appointing a new combined role of Fundraising & Communications Manager, bringing fresh leadership and vision to this critical area. During the year the team were successful with being awarded a £44k grant award from The Wolfson Foundation towards the cost of replacing and repairing the roof at Cypress. This work is planned to take place in the summer of 2025 (and the grant income received) and, along with generous donations from several other supporters, we will be able to carry out the vital improvements which will promote the longevity of the building. Fundraising activities also included an inaugural Every Step Count campaign, which was kindly sponsored by John Lewis and encourages people to get active while raising awareness of the importance of mental health support. Other activities included providing onsite support for the Great West Run, Make a Will Week and for the more adventurous, a Skydive challenge.

Our people. SOC colleagues are passionate about what they do, the work can be incredibly challenging, and the Trustees are grateful for the hard work of the colleagues, volunteers and supporters. Every day the teams make a real difference to the lives of people who come to SOC for support.

FUTURE DEVELOPMENTS

Reflecting the challenging environment in which SOC is operating, with a reduction in the availability of public funding, at the same time as costs are increasing and the mental health needs of the people in Devon continue to grow, SOC is conducting a strategic review of the 5-Year Strategic Plan to ensure it continues to be fit for purpose and financial sustainable. With respect to the ongoing services provided by SOC the future priorities include:

- **Cypress Hospital.** The team will be working towards completing a successful test of change contract and to secure further contracts to optimise capacity of the facility.
- **Supported Living.** A new property was purchased in June 2025 and after a short period of refurbishment will open as an additional 6 or 7 bed supported living property during summer 2025, with full occupancy planned by December 2025.
- **Community Services.** Continued growth in the amount of community support that is being provided, including further development of the self-funded support offering.
- **BeWell@StepOne.** This free service will continue to grow and support those individuals who would benefit from online or face-to-face workshops and groups.
- **Wellbeing@Work.** During May 2025, the Wellbeing@Work service was officially launched. This service seeks to support organisations to build inclusive, mentally healthy workplaces where people can thrive and can provide a range of courses or work with organisations to develop ad-hoc tailored programmes which meet their needs.
- **Devon Mental Health Alliance.** This partnership will continue to focus on reducing the list of individuals who are waiting for support, whilst piloting new support initiatives and expanding community engagement.
- **Psychologically Informed Environment.** This concept for community and accommodation services, will continue to be developed in association with commissioning partners and our new inhouse clinical psychologist.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

FINANCIAL REVIEW

The financial statements show a total income for the year of £3.3m, an increase of £0.3m from 2024. This overall increase in income reflects an uplift in contract income relating to the Cypress rehabilitation contract of £0.2m a year, with £0.1m reflected in this financial year, and £0.2m of income from a new 24hr supported living accommodation which opened in July 2024.

Total expenditure for the year was £4.2m which was £0.2m higher than 2024. Included in the £4.2m is £0.2m of exceptional costs related to the historic defined benefit pension scheme. If these were ignored, the expenditure for the year would be £4.1m which was £0.1m higher than the prior year. This largely reflects the benefit of cost saving measures put into place during the year, which have then been offset the impact of inflationary pressures on staffing costs and general areas of expenditure and £0.1m of costs relating to the new property.

The net expenditure before investment and pension revaluations are taken into account, was a deficit of £1.0m compared to £1.0m deficit in 2024. If the exceptional transaction costs were excluded the deficit would be £0.8m and the £0.2m reduction in the deficit, is largely due to the additional income earned during the year.

The investments of SOC are held in two separately managed portfolios that are balanced in order to maintain potential for longer term growth in capital value, but which also allow for funds to be withdrawn at short notice should the need arise. The investment performance reflected the turbulent market conditions and a net gain of £0.1m on the investment valuation is recognised.

In December 2024, regarding the defined benefit pension scheme, Trustees entered into a Buy In agreement with Legal & General and this process of transitioning to a Buy Out, which is expected to complete during 2026. Fees related to the pension scheme were £0.2m (2024: £88k), including £145,000 related to the transaction. These exceptional costs have been separately disclosed within SOC's expenditure for the year and are then offset by release of some of the scheme surplus as part of the other recognised gains and losses for the year.

The annual update of the pension scheme valuation as at 31 March 2025 showed a decrease in the value of the scheme assets by £4.4m to £17.6m, this largely represents a reduction in investment values of £3.7m. The present value of the scheme liabilities has decreased by £1.9m to £15.1m as there was an actuarial loss of £1.2m and pension benefits paid exceeded the increased costs incurred by the scheme. The Charity has an unrecognised surplus of £2.4m in respect of its defined benefit pension scheme compared to a surplus of £4.5m in 2024. However, in line with accounting disclosures contained within the FRS 102 year-end pension report, the recognised assets have been restricted to the value of the defined benefit obligation only, meaning this surplus is not recognised as a gain within the consolidated statement of financial activities for 2025. No contributions have been made to the defined benefit pension scheme during the year (2024: £Nil) and are not expected to be needed going forward due to the Buy In agreement.

Taking all of the above into account results in an overall net reduction of funds of £0.7m with total funds carried forward of £11.0m at the year-end (2024: £11.7m).

FINANCIAL POSITION

Financially, SOC has performed ahead of the budget originally approved by Trustees but remains in a deficit position. The key drivers for this are a lack of sufficient inflationary uplifts to the commissioned service contracts, coupled with inflationary pressure on staff and overhead costs. The 5-Year Strategic Plan addresses this deficit and is designed to bring SOC to a break-even point. Trustees continue to scrutinise and probe the financial plans through the Finance & Audit Committee and Board. Financial performance continues to be tracked, with quarterly financial reforecasts, enabling relevant levers to be used at quarterly finance committee meetings and Boards according to performance. The financial plans also ensure that SOC has appropriate funds available to support the delivery of its objectives.

**STEP ONE CHARITY
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

As such, after making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

In the Trustees' view, a minimum level of unrestricted reserves should be maintained to provide adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Board reviews the amount of reserves required at least on an annual basis and receives financial reporting on a regular basis to allow them to monitor the likely movement on reserves in any given year.

The Trustees propose to maintain general unrestricted reserves at a level which is at least equivalent to six months' operational expenditure. The target level of reserves for 2024-25 had been set at £2.0m and at the year-end this had not been achieved with a level of reserves of £1.4m. The Trustees are aware of this position and have agreed this temporary position while SOC is working towards eliminating the ongoing deficit and releasing some of the designated reserves to support the level of undesignated reserves. During June 2025, the pension escrow of £1.6m has been returned to the Charity and as a result this amount has transferred to an undesignated reserve.

At the year end there were £71,000 (2024: £77,000) of restricted reserves which relate to specific grants and funding.

The Trustees are obliged to designate funding to offset pension liabilities as assessed by the Foundation's actuary. The designated reserve should match the amounts held in the escrow account that cover the pension scheme funding deficit and any amounts due under the current schedule of contributions. The escrow account fund had a balance of £1.6m at year end making a total of £1.6m designated for pension liabilities.

The Trustees also designate funds to support other specific purposes with separately identifiable costs and a business case demonstrating clear benefit across the organisation and support for the charitable objects. Further details of these designations are provided in the notes to the accounts.

RISKS AND UNCERTAINTIES

The Trustees have a strong framework in place to monitor and mitigate major risks to which it may become exposed. Risks are regularly reviewed by the Board and its sub-Committees or Working Groups. Commercial and financial risks are considered by the Finance & Audit Committee using external advice where appropriate. There are robust systems for quality assurance and compliance through the Quality Assurance and Improvement Committee that are used to inform a process of continuous improvement and provide further assurance on identification and management of risk.

The principal business risks that have been identified as facing SOC over the next 12 months, including the key mitigating action to reduce this risk, includes:

- Cashflow shortfall, arising from the deficit position and failure to secure new income. The 5-Year Plan provided the basis for SOC to achieve a break-even position through developing new commissioned services, developing more commercial offerings and continual review of the cost base. The Board have considered the financial plan developed to support the 5 Year Plan and are satisfied that SOC has sufficient level of investments and reserves to support the current deficit position.
- Lack of new contract opportunities and the potential loss of current levels of public funding. The management team are continuing to discuss opportunities with the various commissioning bodies to secure and grow SOC's future income. There is also an ongoing review to ensure greater operational resilience through the review of other income opportunities. The launch of Wellbeing@Work is one of those opportunities.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

- Ensuring there are adequate and skilled staff to deliver services and fulfil contractual obligations. Recruitment and retention within the healthcare sector continues to be a challenge across the country and SOC continues to review appropriate staffing levels, the mix of staff being used and ways to recruit and retain staff.
- Reduced availability of fundraising income due to the challenging external environment. A new fundraising strategy has been developed, targeting grant acquisition, enhanced regular giving initiatives and strategic corporate partnerships.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Step One Charity ('SOC') is a company limited by guarantee (No. 00393477) and is registered as a charity with the Charity Commission (No. 235434) in England and Wales. The name was changed from St Loye's Foundation on 21 December 2016 to provide a new trading name for the then Group following the acquisition of Community Care Trust (South West) Limited as a subsidiary in 2015. Community Care Trust (South West) Limited ("CCT") was a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. Following the merger with SOC on 31 March 2022, both charities have now been brought together under the single name of SOC and CCT is now a dormant company.

The Trustees constitute the Board of Management of the Charity and are also directors of the charitable Company with overall responsibility for governance. The Board meets to agree strategic and operational plans and monitor progress against them. Board members may also serve on Committees or operational groups.

Sue Sutherland concluded her seven-year tenure as the Chair of Trustees on 31 March 2025. Colleagues and Trustees are very grateful for her dedicated service to the charity, combining her sharp strategic insight with a human touch. Jacqui Lyttle was appointed as the new Chair of Trustees from 1 April 2025, however due to personal reasons, Jacqui resigned from the post on 19 June 2025. As a result, Sue Sutherland kindly agreed to resume the chair role on an interim basis from 19 June 2025.

In addition, five other new Trustees have been appointed during February and March 2025. They have been selected for their diverse skills and experience to enhance the Board's strategic capacity.

The Senior Leadership Team ('SLT') consists of the Chief Executive, Director of Finance and Business Services, Head of Operations and a Head of Psychological Practice & Development. The Board delegates the day to day running of the charity to Senior Leadership Team, providing advice and guidance as appropriate.

**STEP ONE CHARITY
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

The following Trustees served during the year (and subsequently):

- Ms S Sutherland (Chair, resigned 31 March 2025, appointed 19 June 2025 as Interim Chair)
- Ms J Lyttle (appointed 24 February 2025 and Chair from 1 April 2025, resigned 19 June 2025)
- Mr R Williams (Vice-Chair).
- Mr D Blackford (appointed 4 April 2025)
- Dr P Cawthron
- Mr S Green (appointed 24 February 2025)
- Mr D Hawes
- Mr M Lambert
- Mr S Lyons (appointed 24 February 2025)
- Mr M McVicar (appointed 24 February 2025)
- Ms K O'Shaughnessy
- Mr R Stevens (appointed 24 February 2025)
- Mr R Gofton (resigned 10 December 2024)
- Mr A Antony (terminated 11 October 2024)
- Mr C Pallot (resigned 30 June 2024)

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum and Articles of Association.

The Trustees have assessed the major risks to which the Charity are exposed, in particular those related to the operations and finances of the group and the company and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The Charity used a recruitment firm during the year to help recruit suitable Trustees who can support and help to deliver the charity's mission and who complement the skills and experience of the existing Trustees. All candidates were interviewed by a panel of existing Trustees and had the opportunity to meet with the Senior Leadership Team. The Trustees on joining undergo an induction programme to brief them of their legal obligations under company and charity law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, approval of the annual operating plans and budgets and review of strategy and performance. They are also encouraged to spend time meeting employees and service users (where it appropriate to do so) and visiting the Charity's sites so they can see for themselves how the Charity operates and to obtain first hand feedback.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP (FRS 102);
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of Charity 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 group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- So far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware; and
- That Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

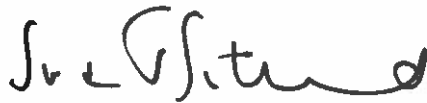
**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

AUDITORS

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, and signed on its behalf by:



Mrs S Sutherland
(Interim Chair of Trustees)

Date: 15 JULY 2025

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

OPINION

We have audited the financial statements of Step One Charity (the 'charity') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

**STEP ONE CHARITY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Trustees' Report and Financial Statements other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Trustees' Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the charity sector, control environment and charity performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Charity's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Charity's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- how the Charity ensured it met its obligations arising from it being financed by and subject to the governance requirements, including around ensuring there is no material unauthorised use of funds and expenditure

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, purchase ledger and payroll, and identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

We also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, the Charities Act 2011, Charity SORP, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Charity's ability to operate or to avoid a material penalty. These included Care Quality Commission Regulation, Health and Social Care Act, data protection regulations, occupational health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the laws and regulations that

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

Step One Charity are subject to;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

USE OF OUR REPORT

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

Bishop Fleming LLP

Mark Munro FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Brook House

Winslade Park

Manor Drive

Clyst St Mary

Exeter

EX5 1GD

Date: *25/07/2025*

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
INCOME FROM:					
Donations and legacies	4	81,487	-	81,487	113,169
Charitable activities	5	2,800,409	6,768	2,807,177	2,592,997
Investments	6	81,617	-	81,617	93,141
Other income	7	284,138	-	284,138	195,512
TOTAL INCOME		3,247,651	6,768	3,254,419	2,994,819
EXPENDITURE ON:					
Exceptional expenditure	8	144,952	-	144,952	-
Charitable activities	9	4,082,390	10,644	4,093,034	3,973,475
TOTAL EXPENDITURE		4,227,342	10,644	4,237,986	3,973,475
NET (EXPENDITURE)/ INCOME BEFORE NET GAINS ON INVESTMENTS					
		(979,691)	(3,876)	(983,567)	(978,656)
Net gains on investments		100,798	-	100,798	132,004
NET EXPENDITURE		(878,893)	(3,876)	(882,769)	(846,652)
Transfers between funds	20	1,500	(1,500)	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/ (LOSSES)					
		(877,393)	(5,376)	(882,769)	(846,652)
OTHER RECOGNISED GAINS/ (LOSSES):					
Other gains	20	232,000	-	232,000	88,000
NET MOVEMENT IN FUNDS		(645,393)	(5,376)	(650,769)	(758,652)
RECONCILIATION OF FUNDS:					
Total funds brought forward		11,617,469	76,852	11,694,321	12,452,973
Net movement in funds		(645,393)	(5,376)	(650,769)	(758,652)
TOTAL FUNDS CARRIED FORWARD	20	10,972,076	71,476	11,043,552	11,694,321

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 £	2024 £
FIXED ASSETS			
Intangible assets	14	22,186	-
Tangible assets	15	3,566,546	3,604,531
Investments	16	5,545,923	6,206,222
		<u>9,134,655</u>	<u>9,810,753</u>
CURRENT ASSETS			
Debtors	17	546,985	441,811
Investments	18	1,628,584	1,561,599
Cash at bank and in hand	23	854,677	1,201,811
		<u>3,030,246</u>	<u>3,205,221</u>
Creditors: amounts falling due within one year	19	(1,121,349)	(1,321,653)
		<u>1,908,897</u>	<u>1,883,568</u>
NET CURRENT ASSETS		1,908,897	1,883,568
TOTAL ASSETS LESS CURRENT LIABILITIES		11,043,552	11,694,321
TOTAL NET ASSETS		11,043,552	11,694,321
CHARITY FUNDS			
Restricted funds	20	71,476	76,852
Unrestricted funds			
Designated funds	20	9,574,044	9,325,738
General funds	20	1,398,032	2,291,731
		<u>10,972,076</u>	<u>11,617,469</u>
TOTAL FUNDS		11,043,552	11,694,321

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Mrs S Sutherland
(Chair of Trustees)

Date: 15 July 2025

The notes on pages 18 to 39 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £	2024 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	22	(1,064,418)	(1,182,757)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		-	(2,393)
Purchase of tangible fixed assets		(25,450)	(933,655)
Proceeds from sale of investments		750,000	1,500,000
Interest received		15,595	5,431
Purchase of intangible fixed assets		(22,861)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		717,284	569,383
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(347,134)	(613,374)
Cash and cash equivalents at the beginning of the year		1,201,811	1,815,185
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	854,677	1,201,811

The notes on pages 18 to 39 form part of these financial statements

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1. GENERAL INFORMATION

Step One Charity is a registered charitable company limited by guarantee and was set up by a Memorandum of Association on 26 February 1945. The Charity is a registered Company (Company number: 00393477) and registered Charity (Charity number: 235434) in England and Wales.

The registered office is The X Centre, Commercial Road, Exeter, Devon, EX2 4AD.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Step One Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 INCOME

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Charity, can be reliably measured.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2. ACCOUNTING POLICIES (continued)

2.3 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.4 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.5 INTANGIBLE ASSETS AND AMORTISATION

Intangible assets costing £Nil or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	- 20 % straight line
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2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION (CONTINUED)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Freehold land	- Not depreciated
Fixtures and equipment	- 10-33% straight line

2.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

2.8 DEBTORS

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

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.11 FINANCIAL INSTRUMENTS

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.13 PENSIONS

Defined benefit scheme

The Charity operated a defined benefit scheme, which required contributions to be made to a separately administered fund. This scheme was closed to new members with effect from 6 April 1998, and closed to future benefit accrual from 1 September 2001. For a defined benefit scheme the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments over the period until vesting occurs. The interest cost and the expected return on assets are included as other financial income. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities. Defined benefit pension schemes are funded in separate trustee administered funds, with the assets of the scheme held separately from those of the Foundation. Full actuarial valuations are obtained every three years and are updated at each Balance Sheet date. The resulting defined benefit asset, from the latest valuation, has not been recognised and has been capped at the value of the liabilities.

Defined contribution scheme

The Charity operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes and are set out in the notes to the accounts

2.14 FUND ACCOUNTING

General funds 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. The aim and use of each designated fund is set out in the notes to the financial statements.

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. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

The valuation of the defined benefit pension scheme is a key area of judgement for the Charity. The risk of causing a material adjustment to the carrying amount of the scheme is reduced due to the use of an independent actuary, with the assumptions assess for reasonableness.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Donations	13,368	13,368	19,437
Legacies	68,119	68,119	93,732
	<u>81,487</u>	<u>81,487</u>	<u>113,169</u>
TOTAL 2024	<u>113,169</u>	<u>113,169</u>	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Employment and training services	233,304	-	233,304	45,352
Health and social care	2,567,105	6,768	2,573,873	2,547,645
	<u>2,800,409</u>	<u>6,768</u>	<u>2,807,177</u>	<u>2,592,997</u>
TOTAL 2024	<u>2,547,697</u>	<u>45,300</u>	<u>2,592,997</u>	

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

6. INVESTMENT INCOME

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income from listed investments	77,004	77,004	87,710
Interest	4,613	4,613	5,431
	<u>81,617</u>	<u>81,617</u>	<u>93,141</u>
TOTAL 2024	<u>93,141</u>	<u>93,141</u>	

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Rental income	284,138	284,138	195,512
TOTAL 2024	<u>195,512</u>	<u>195,512</u>	

8. EXCEPTIONAL EXPENDITURE

	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Defined benefit pension scheme exit fees	144,952	144,952	-

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2025 £	Support costs 2025 £	Total funds 2025 £	Total funds 2024 £
Employment and training services	374,450	-	374,450	574,578
Health and social care	2,466,652	1,251,932	3,718,584	3,398,897
	<u>2,841,102</u>	<u>1,251,932</u>	<u>4,093,034</u>	<u>3,973,475</u>
TOTAL 2024	<u><u>2,674,603</u></u>	<u><u>1,298,872</u></u>	<u><u>3,973,475</u></u>	

ANALYSIS OF SUPPORT COSTS

	Total funds 2025 £	Total funds 2024 £
Staff costs	703,943	725,620
Depreciation	64,110	65,018
Other support costs	183,483	270,313
Premises costs	48,409	21,809
IT costs	222,264	198,996
Governance costs	29,723	17,116
	<u><u>1,251,932</u></u>	<u><u>1,298,872</u></u>

10. AUDITORS' REMUNERATION

	2025 £	2024 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<u><u>17,850</u></u>	<u><u>17,000</u></u>

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

11. STAFF COSTS

	2025 £	2024 £
Wages and salaries	2,544,498	2,369,881
Social security costs	225,040	207,104
Pension	133,119	137,606
	<u>2,902,657</u>	<u>2,714,591</u>

The average number of persons employed by the Charity during the year was as follows:

2025 No.	2024 No.
110	101
<u>110</u>	<u>101</u>

The average headcount expressed as full-time equivalents was:

2025 No.	2024 No.
83	80
<u>83</u>	<u>80</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2025 No.	2024 No.
In the band £60,001 - £70,000	2	-
In the band £70,001 - £80,000	-	-
In the band £80,001 - £90,000	1	2

The total amount of employee benefits received by the key management personnel for their services was £261,129 (2024: £275,905).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2024: £Nil).

During the year ended 31 March 2025, expenses totalling £76 were reimbursed or paid directly to 1 Trustee (2024: £111 to 1 Trustee).

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13. NET (LOSSES)/ GAINS ON INVESTMENTS

The breakdown of the gain of £100,798 (2024: gain of £132,004) shown on the Statement of Financial Activities is broken down as follows:

		2025 £	2024 £
Fixed asset investment revaluations	16	33,812	(17,299)
Escrow account revaluations	18	66,986	149,303
		<u>100,798</u>	<u>132,004</u>

14. INTANGIBLE ASSETS

	Computer software £
COST	
Additions	22,861
At 31 March 2025	<u>22,861</u>
AMORTISATION	
Charge for the year	675
At 31 March 2025	<u>675</u>
NET BOOK VALUE	
At 31 March 2025	<u>22,186</u>
At 31 March 2024	<u>-</u>

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

15. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and equipment £	Total £
COST OR VALUATION			
At 1 April 2024	3,693,136	138,462	3,831,598
Additions	24,090	1,360	25,450
At 31 March 2025	3,717,226	139,822	3,857,048
DEPRECIATION			
At 1 April 2024	187,784	39,283	227,067
Charge for the year	49,487	13,948	63,435
At 31 March 2025	237,271	53,231	290,502
NET BOOK VALUE			
At 31 March 2025	3,479,955	86,591	3,566,546
At 31 March 2024	3,505,352	99,179	3,604,531

16. FIXED ASSET INVESTMENTS

	Listed investments £
COST OR VALUATION	
At 1 April 2024	6,206,222
Disposals	(765,595)
Revaluations	61,850
Interest and dividends	48,695
Investment manager fees	(5,249)
AT 31 MARCH 2025	5,545,923
NET BOOK VALUE	
AT 31 MARCH 2025	5,545,923
AT 31 MARCH 2024	6,206,222

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

17. DEBTORS

	2025	2024
	£	£
DUE WITHIN ONE YEAR		
Trade debtors	268,238	198,699
Other debtors	91,895	62,537
Prepayments and accrued income	186,852	180,575
	546,985	441,811

18. ESCROW ACCOUNT

	2025	2024
	£	£
Investments	1,628,584	1,561,599

The Escrow account is established under a deed between the company and the Trustees of the St Loye's Foundation Pension & Assurance Scheme and is used to provide contributions to the Scheme under an agreed recovery plan. Assets from the account can be returned to the company when the Scheme is over-funded per the funding based actuary valuation. During June 2025, it was agreed that due to the funding position of the Scheme, that the monies could be returned to the Charity. These were received on 24 June 2025.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Trade creditors	177,145	182,739
Other taxation and social security	52,131	49,362
Other creditors	452	-
Accruals and deferred income	891,621	1,089,552
	1,121,349	1,321,653
	2025	2024
	£	£
Deferred income at 1 April 2024	1,042,597	1,362,997
Resources deferred during the year	844,387	1,042,597
Amounts released from previous periods	(1,042,597)	(1,362,997)
	844,387	1,042,597

The main constituent balance within deferred income relates to the Alliance Partnership. This is part of the cash balance owed to members of the alliance at year end.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 March 2025 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme Escrow	1,561,598	-	-	-	66,986	1,628,584
Tangible fixed asset reserve	3,604,531	-	(63,435)	25,451	-	3,566,547
Intangible fixed asset reserve	-	-	(675)	22,861	-	22,186
Future sustainability	121,063	-	-	-	-	121,063
Investment volatility reserve	1,781,343	-	-	46,158	33,812	1,861,313
Unrealised Investment revaluation	2,257,203	-	-	117,148	-	2,374,351
	<u>9,325,738</u>	<u>-</u>	<u>(64,110)</u>	<u>211,618</u>	<u>100,798</u>	<u>9,574,044</u>
GENERAL FUNDS						
General funds	2,291,731	3,247,651	(4,163,232)	(210,118)	232,000	1,398,032
TOTAL UNRESTRICTED FUNDS	<u>11,617,469</u>	<u>3,247,651</u>	<u>(4,227,342)</u>	<u>1,500</u>	<u>332,798</u>	<u>10,972,076</u>
RESTRICTED FUNDS						
BeWell@StepOne	15,000	-	(10,644)	-	-	4,356
Cypress	61,852	6,768	-	(1,500)	-	67,120
	<u>76,852</u>	<u>6,768</u>	<u>(10,644)</u>	<u>(1,500)</u>	<u>-</u>	<u>71,476</u>
TOTAL OF FUNDS	<u><u>11,694,321</u></u>	<u><u>3,254,419</u></u>	<u><u>(4,237,986)</u></u>	<u><u>-</u></u>	<u><u>332,798</u></u>	<u><u>11,043,552</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

20. STATEMENT OF FUNDS (CONTINUED)

Designated Funds

Pension Scheme Escrow

This relates to funds invested in related to the defined benefit pension scheme are held in an escrow account, managed by Legal & General on behalf of the Charity. These investments are not realisable in the short term and are to be used to meet the pension scheme liabilities and hence an amount equal to the liability is designated for these purposes.

Tangible Fixed Asset Reserve

This relates to funds invested into tangible fixed assets and is equivalent to the net book value of tangible fixed assets at the year end. Expenditure against the fund relates to depreciation, with transfers in being any capital additions in the year.

Intangible Fixed Asset Reserve

This relates to funds invested into intangible fixed assets and is equivalent to the net book value of intangible fixed assets at the year end. Expenditure against the fund relates to amortisation, with transfers in being any capital additions in the year.

Future Sustainability

This relates to funds set aside to provide for the costs associated with organisational changes and developments in order to support sustainability in a changing funding environment. This provides for essential restructuring costs and investment in business development and the creation of new revenue streams in line with the strategic plan.

Investment Volatility Fund

This relates to funds set aside to help guard against any future volatility in either investment valuations of movement in the pension fund deficit.

Unrealised Investment Reserve

This relates to funds equivalent to the cumulative revaluation gains within our investment portfolio. The balance fluctuates year on year in line with the performance of the portfolio. When an investment is disposed of, any gain at that time becomes realised and is transferred into general funds.

Restricted Funds

BeWell@StepOne

This relates to funds set up to support mental health and elbowing to those in the community.

CF03

This relates to funds for use to set up to replace the Change Maker fund. It is a voluntary programme funded by the Shaw Trust designed to help people within the justice system prepare for when they leave custody and re-enter the community.

Health and Social Services

This relates to funds that were transferred from CCT (subsidiary Charity) on 31 March 2022. As the objects of CCT are narrower than those of Step One Charity, the unrestricted funds of CCT have been treated as restricted funds within the financial statements. The subsidiary remained dormant in the year. .

South Devon Community Housing

This relates to funds received from South Devon Community Housing Society to provide support to people aged over 16 in South Devon.

Cypress

This relates to funds received from a legacy in the year ending March 2021. This has been used in the year for funding for an ECG machine, for an OT room and for the employment of a psychologist at Cypress.

Where capital items have been purchased out from restricted funds, the expenditure is shown on the

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

20. STATEMENT OF FUNDS (CONTINUED)

Statement of Financial Activities and Statement of Funds note as a transfer out from restricted into the designated tangible/ intangible fixed asset funds.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme Escrow	1,412,295	-	-	-	149,303	1,561,598
Tangible fixed asset reserve	2,735,185	-	(64,309)	933,655	-	3,604,531
Intangible fixed asset reserve	140,578	-	(19,515)	-	-	121,063
Investment volatility reserve	1,828,422	-	(29,780)	-	(17,299)	1,781,343
Unrealised Investment revaluation	-	-	-	2,257,203	-	2,257,203
	<u>6,116,480</u>	<u>-</u>	<u>(113,604)</u>	<u>3,190,858</u>	<u>132,004</u>	<u>9,325,738</u>
GENERAL FUNDS						
General funds	4,382,263	2,949,519	(3,769,056)	(1,358,995)	88,000	2,291,731
Unrealised investment revaluation	1,819,214	-	-	(1,819,214)	-	-
	<u>6,201,477</u>	<u>2,949,519</u>	<u>(3,769,056)</u>	<u>(3,178,209)</u>	<u>88,000</u>	<u>2,291,731</u>
TOTAL UNRESTRICTED FUNDS	<u>12,317,957</u>	<u>2,949,519</u>	<u>(3,882,660)</u>	<u>12,649</u>	<u>220,004</u>	<u>11,617,469</u>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
RESTRICTED FUNDS						
BeWell@StepOne	-	27,300	(16,165)	3,865	-	15,000
CF03	2,768	8,000	(6,903)	(3,865)	-	-
South Devon Community Housing	56,747	-	(56,747)	-	-	-
Cypress	75,501	-	(1,000)	(12,649)	-	61,852
Beacon Lane Build	-	10,000	(10,000)	-	-	-
	<u>135,016</u>	<u>45,300</u>	<u>(90,815)</u>	<u>(12,649)</u>	<u>-</u>	<u>76,852</u>
TOTAL OF FUNDS	<u>12,452,973</u>	<u>2,994,819</u>	<u>(3,973,475)</u>	<u>-</u>	<u>220,004</u>	<u>11,694,321</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £
Tangible fixed assets	3,566,546	-	3,566,546
Intangible fixed assets	22,186	-	22,186
Fixed asset investments	5,545,923	-	5,545,923
Current assets	2,958,770	71,476	3,030,246
Creditors due within one year	(1,121,349)	-	(1,121,349)
TOTAL	<u>10,972,076</u>	<u>71,476</u>	<u>11,043,552</u>

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	3,604,531	-	3,604,531
Fixed asset investments	6,206,222	-	6,206,222
Current assets	3,128,369	76,852	3,205,221
Creditors due within one year	(1,321,653)	-	(1,321,653)
TOTAL	11,617,469	76,852	11,694,321

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

	2025 £	2024 £
Net expenditure for the year (as per Statement of Financial Activities)	(882,769)	(846,652)
ADJUSTMENTS FOR:		
Depreciation charges	63,435	53,215
Amortisation charges	675	-
Losses/ (gains) on investments	(100,798)	(132,004)
Dividends, interests and rents from investments	(77,004)	(90,176)
Loss on the sale of fixed assets	-	11,094
Decrease/(increase) in debtors	(105,174)	70,301
Decrease in creditors	(200,032)	(366,315)
Difference between pension charge and cash contributions	232,000	88,000
Investment fees	5,249	29,780
NET CASH USED IN OPERATING ACTIVITIES	(1,064,418)	(1,182,757)

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2025 £	2024 £
Cash in hand	200,044	295,114
Alliance Partnership - ringfenced cash	654,633	906,697
TOTAL CASH AND CASH EQUIVALENTS	854,677	1,201,811

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2024 £	Cash flows £	Changes in market value and exchange rate movements £	At 31 March 2025 £
Cash at bank and in hand	1,201,811	(347,134)	-	854,677
Liquid investments	1,561,599	-	66,985	1,628,584
	2,763,410	(347,134)	66,985	2,483,261

25. PENSION COMMITMENTS

The Charity operates a defined benefit pension scheme.

Step One operates a pension scheme for all qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The scheme closed to future accrual on 1 September 2001. A schedule of contributions is agreed between the Charity and the Trustee after each comprehensive actuarial valuation.

The most recently completed full actuarial valuation took place as at 5 April 2023. Under the agreed schedule of contributions from 5 April 2020, Step One paid contributions to the scheme of £17,500 per month until 31 March 2022 and one-off payments of £442,698 in April 2021, £1,595,762 in June 2021 and £459,000 before 31 March 2022. No further contributions have been required since 31 March 2023. At the date of the triennial valuation, the pension scheme was in a net asset position of £3,768,000 or 119%.

During December 2024, the pension Trustees entered into a Buy In agreement with L&G. The processes to complete the Buy Out transaction will continue through 2025-26 and is expected to conclude during 2026-27.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

25. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	At 31 March 2025 %	At 31 March 2024 %
Discount rate	5.6	4.7
Rate of price inflation - RPI	4.1	4.0
Rate of price inflation - CPI	3.3	3.2
Deferred pension increases (non-GMP)	3.3	3.2
Pension increases in payment	5.0	5.0

	At 31 March 2025 Years	At 31 March 2024 Years
MORTALITY RATES (IN YEARS)		
- for a male aged 65 now	20.6	20.5
- at 65 for a male aged 45 now	21.5	21.5
- for a female aged 65 now	23.1	23.1
- at 65 for a female aged 45 now	24.2	24.2

The Charity's share of the assets in the scheme was:

	At 31 March 2025 £000s	At 31 March 2024 £000s
Buy-in policy	12,421	-
Gilts	-	10,690
Corporate bonds	-	3,820
Cash and other liquid assets	280	1,315
Absolute return / Diversified growth funds	2,068	2,561
Insured annuities	2,795	3,576
TOTAL FAIR VALUE OF ASSETS	17,564	21,962

The actual return on scheme assets was a reduction of £2,738,000 (2024: an increase of £1,150,000).

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

25. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in the Statement of Financial Activities are as follows:

	2025 £000s	2024 £000s
Interest cost	(237)	(205)
Administrative expenses	232	88
Impact of surplus restriction	237	205
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	232	88

Movements in the present value of the defined benefit obligation were as follows:

	2025 £000s
Opening defined benefit obligation	(16,929)
Benefits paid	1,428
Interest cost on defined benefit obligation	(762)
Actuarial (gain)/loss	1,187
CLOSING DEFINED BENEFIT OBLIGATION	(15,076)

Movements in the fair value of the Charity's share of scheme assets were as follows:

	2025 £000s
Opening fair value of scheme assets	21,962
Interest Income	999
Return less interest income on scheme assets	(3,737)
Benefits paid	(1,428)
Administration Expenses	(232)
CLOSING FAIR VALUE OF SCHEME ASSETS	17,564

The Charity has an unrecognised surplus of £2,488,000 (2024: £5,033,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

Furthermore, as the pension Trustees have entered into an agreement to sell the scheme, it is expected that any remaining surplus is returned to the Charity on completion of the transaction. Given that this is not expected to happen until later in 2026, the amount of any surplus at that point is not known with any certainty and therefore has not been recognised as an asset.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

26. OPERATING LEASE COMMITMENTS

At 31 March 2025 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2025 £	2024 £
Not later than 1 year	109,231	78,181
Later than 1 year and not later than 5 years	95,507	154,442
	<u>204,738</u>	<u>232,623</u>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

27. RELATED PARTY TRANSACTIONS

The Charity has an outstanding balance of £425 for payments on behalf of Community Care Trust, a related party to 4 of the Trustees at 31 March 2025.

28. POST BALANCE SHEET EVENTS

The Charity has purchased a property to provide supported living accommodation. The cost of the property was £575,000 and the purchase completed on 23 June 2025.

29. CONTROLLING PARTY

The Charity is controlled by the Trustees.

STEP ONE CHARITY

England & Wales - Charity number 235434

Accounts

Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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**STEP ONE CHARITY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2024**

Directors and Trustees	Mr R Gofton Mr R Williams Mrs S Sutherland, Chair Dr P Cawthron Mr D Hawes Mr M Lambert Mr C Pallot (resigned 11 June 2024) Mrs K O'Shaughnessy Mr A Antony (appointed 12 December 2023) Mr M Taylor (resigned 12 December 2023)
Company registered number	00393477
Charity registered number	235434
Registered office	The X Centre Commercial Road Exeter Devon EX2 4AD

**STEP ONE CHARITY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Chief executive officer Mr B Greaves

Independent auditors Bishop Fleming LLP
Chartered Accountants
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers National Westminster Bank Plc
59 High Street
Exeter
Devon
EX4 3DP

STEP ONE CHARITY (A COMPANY LIMITED BY GUARANTEE)

INTRODUCTION

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2023 to 31 March 2024. The Annual Report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives

The principal objectives of the Charity are to provide support for people with physical, mental health, sensory and other disabilities, or those with long-term health conditions, in order to improve their quality of life and degree of independence and provide the opportunity to achieve their potential through personal development, training and employment.

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public and confirms it has complied with the duties as set out. This report outlines how our achievements during the period have benefited the public. In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

The following sections constitute the strategic report for the purposes of the Companies Act 2006. This strategic report forms part of the Report of the Board.

Following the strategic review which was completed during the previous year, the Charity has started to deliver the 5-Year Plan which, is based on:

- a. Securing the core – ensuring that existing services and protected and developed as a cornerstone of delivering our charitable objectives;
- b. Building new business – providing operational and financial resilience to the business model; and
- c. Diversifying the client base – ensuring that we deliver our services to as many people that need them as possible.

In delivering these strategic objectives, during the year the charity has: secured new commissioned contracts, diversified the property estate, acquired a new head office and delivery space (The X Centre); rebranded; and developed our fundraising capability.

These achievements and an overview of developments in the business are covered in more detail below.

1) Cypress Hospital. Following a review of the wider bed strategy in Devon with The Provider Collaborative, Integrated Care Board (ICB) and Devon Partnership Trust (DPT), Cypress Hospital changed its service provision during the year, from crisis to intensive rehabilitation and recovery, and was commissioned to provide 8 beds from a total availability onsite of 14. This was a smooth and successful transition and since April 2024, Cypress is full against this commission.

The Cypress contract ended in March 2024, with a 6-month extension through to 30 September 2024 was agreed to enable negotiations for a new two-year contract to be finalised. As part of this negotiation, we are seeking an inflationary uplift in income.

Cypress received an unannounced Quality Care Commission Mental Health Act (MHA) monitoring visit in August 23. The visiting team identified no concerns regarding the use of the MHA and compliance with the Codes of Practice and raised no actions as a result of the visit. Colleagues at Cypress continue to provide an outstanding level of service and during the year, 33 people with complex mental health needs received expert care.

STEP ONE CHARITY (A COMPANY LIMITED BY GUARANTEE)

2) Granvue. This property which had provided crises care had been removed from the overall Cypress/Granvue contract in order to maximise the value of the contract for Step One Charity (SOC). Since then, Granvue has been commissioned separately into a 24hr supported living property. As at the end of the financial year, Granvue was undergoing refurbishment and is scheduled to be operational in Q1 of the next financial year. This is a new service for SOC and whilst there is some uncertainty over the viability of any new model, there is a high level of confidence that this will not only provide an invaluable service to the community and wider NHS provision in the area but also generate meaningful income that can be replicated elsewhere in the region.

3) Support Living and Community Support. This service has continued to run effectively and all properties have been close to full occupancy during the year. The Beacon Lane extension was successfully completed during the year, increasing the number of separate bedrooms to 6 and helping to realise the projected income for this particular property. 70 people were supported through this service to thrive in the community.

4) BeWell@StepOne. Whilst the service has continued to do well with 550 people receiving mental health support during the year, progress on the development of this service has been slower than we planned due to changes in staffing. The operating model for the service, which balances the delivery of free services to those in the community most in need, with commercial, fee-paying services designed to ultimately fund the service, is now in place, with delivery starting in the next financial year.

5) The Devon Mental Health Alliance ('DMHA'). SOC are the contract holders for this partnership, and we have recently solidified what that means in terms of our role. This sees us in much more of a proactive leadership role, being present at the Contract Review Meetings with our statutory partners as well as delivering the Recovery Practitioner service. The Alliance is currently working through a series of 'blue sky thinking' events with the statutory partners to see how we can best shape the Alliance for the future and this indicates a positive desire for the Alliance to continue into the short to medium term at least. Whilst the Alliance is unlikely to generate significant income, it does enable the Charity to build its influence and partnerships in support of the 5-Year Plan. Over 3,000 sessions were delivered by DMHA during the year.

6) Employment Services. This contract with the justice system and referred to as CF03 was due to end in August 2023 but was extended to the 31 December 2023 to provide time to try and secure a new contract. We were not able to do this, however, as the contract owner essentially disinvested from the CF03 service provision. During the eight years of this service, over 1,000 people were supported with release and integration into the community.

7) Fundraising. Following the recruitment of a new fundraising manager a revised fundraising strategy has been approved by Trustees and the team is now beginning the delivery phase of this. The development of the new BeWell@StepOne service is integral to this as it presents the most tangible and visible opportunity to fundraise for and we can, therefore, expect to see the impact of this in 2024. The new team has also been very proactive in developing strategic partnerships and we have already seen site visits (with donations) to The X Centre from a number of large national and multi-national organisations.

8) Acquisition of a new head office. The purchase of The X Centre was successfully completed at the end of October 2023. We designed a phased pathway to occupation from initial to full operating capability, reaching the latter at the end of the financial year. Staff use The X Centre as a head office and have the ability to work in both hybrid and flexible ways and it provides a truly outstanding location to work from on the Exeter quayside. The X Centre is also used as a delivery space for BeWell@StepOne and other services and provides a warm welcome to our service users and visible presence for the Charity in the city of Exeter.

9) Leadership. During the year, there have been several personnel changes amongst the Senior Leadership Team (SLT). Whilst this has caused a period of change and a lack of continuity, it has provided an opportunity to design a more effective and leaner SLT structure, hiring talent that can deliver the 5-Year Plan. This team is now in place, and we are looking forward to a more settled period of leadership to drive forward the vision.

10) Our people. Our people are our most important asset and whilst the broader market conditions make recruitment and retention challenging, we have, and continue to, invest in our people through a wide and deep range of people focused initiatives. The work our people do is incredibly challenging, and it is difficult to remunerate our people as much as we would like to. We endeavour to offset that through other measures such as, staff wellbeing initiatives and by creating an inclusive, supportive culture.

STEP ONE CHARITY (A COMPANY LIMITED BY GUARANTEE)

Future developments

The priorities for the next year include:

- Finalising negotiations for the new Cypress contract;
- Expanding services delivered from accommodated property through a combination of the existing supported living models; 24hr supported living; and/or a new concept in development known as Psychologically Informed Environments (PIE). The Charity is currently conducting analysis around the best options which balance the need to meet our charitable objectives to provide excellent services to our beneficiaries with the service which offers the best return on investment.
- Development of commercial services within BeWell@StepOne, which will enable the charity to build its reputation, brand and partnerships which, in turn, will enable income generation and the momentum required of the growth programme.
- Delivery of the new Fundraising Strategy, including the championing of various fundraising events during the year.

Financial Review

The financial statements show a total income for the year of £3.0m, a decrease of £0.6m from 2023. The prior year income included one off income of £0.6 from the sale of Beaufort House and therefore if this were excluded, the income of the charity has only decreased by £17k year on year. This overall fall in income is the result of the loss of the CF03 employment services contract and a fall in income from the Charity's listed investments, offset by an increase in support provided by the community teams, increased rentals from the supported living accommodation and the receipt of a £75k legacy.

Total expenditure for the year was £3.9m compared to £3.8m in 2023. This largely reflects the impact of inflationary pressures on staffing costs and general areas of expenditure.

The net expenditure before investments and pensions are taken into account was a deficit of £1.0m compared to £0.2m deficit in 2023. This £0.7m decline, is largely due to the £0.6m one off income from the sale of property in 2023.

The investments of the Charity are held in two separately managed portfolios that are balanced in order to maintain potential for longer term growth in capital value, but which also allow for funds to be withdrawn at short notice should the need arise. The investment performance reflected market conditions and a gain of £0.1m on the investment valuation is recognised, compared to a net loss of £0.3m in 2023.

The annual update of the pension scheme valuation as at 31 March 2024 showed a decrease in the value of the scheme assets by £0.4m to £22.0m as the benefits paid were more than the investment returns and fees paid to advisors. The present value of the scheme liabilities has also decreased by £1.0m to £17.0m as the benefits paid and actuarial gain have exceeded the increased costs. The Charity has an unrecognised surplus of £4.5m in respect of its defined benefit pension scheme compared to a surplus of £4.4m in 2023. However, in line with accounting disclosures contained within the FRS 102 year-end pension report, the recognised assets have been restricted to the value of the defined benefit obligation only, meaning this surplus is not recognised as a gain within the consolidated statement of financial activities for 2024. No contributions have been made to the defined benefit pension scheme during the year (2023: nil).

Taking all of the above into account results in an overall net reduction of funds of £0.8m with total funds carried forward of £11.7m at the year end.

Financial Position

Financially, the Charity has performed in line to the forecast approved by Trustees but remains in a deficit position. The key drivers for this are a lack of inflationary uplifts to our commissioned service contracts, coupled with inflationary pressure on the staff and overhead costs. The 5-Year Plan addresses this deficit and is designed to bring the Charity to a break-even point. Of note, the Trustees applied additional scrutiny and challenge to the deficit position, convening an Extraordinary Board to do so. As a result, the 5-Year Plan has been underpinned and evidenced by financial forecast scenario planning which the Board have been involved in and approved. Financial performance can now be tracked much more accurately and effectively, enabling relevant levers to be used at quarterly finance committee meetings and Boards according to performance. The financial plans also ensure that the Charity has appropriate funds available to support the delivery of its objectives.

STEP ONE CHARITY (A COMPANY LIMITED BY GUARANTEE)

As such, after making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

In the Board's view, a minimum level of unrestricted reserves should be maintained to provide adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Board reviews the amount of reserves required at least on an annual basis and receives financial reporting on a regular basis to allow them to monitor the likely movement on reserves in any given year.

The Board proposes to maintain general unrestricted reserves at a level which is at least equivalent to six months' operational expenditure, plus redundancy provision. The target level of reserves for 2024 had been set at £2.2m and at the year-end this has been achieved with a level of reserves of £2.3m.

At the year end there were £77,000 (2023: £135,000) of restricted reserves which relate to specific grants and funding.

The Board is obliged to designate funding to offset pension liabilities as assessed by the Foundation's actuary. The designated reserve should match the amounts held in the escrow account that cover the pension scheme funding deficit and any amounts due under the current schedule of contributions. The escrow account fund had a balance of £1.6m at year end making a total of £1.6m designated for pension liabilities.

The Board also designates funds to support other specific purposes with separately identifiable costs and a business case demonstrating clear benefit across the organisation and support for the charitable objects. Further details of these designations are provided in the notes to the accounts.

Risks and uncertainties

The organisation has a strong framework in place to monitor and mitigate major risks to which it may become exposed. Risks are regularly reviewed by the Board and its sub-Committees or Working Groups. Commercial and financial risks are considered by the Finance & Audit Committee using external advice where appropriate. There are robust systems for quality assurance and compliance through the Quality Assurance and Improvement Committee that are used to inform a process of continuous improvement and provide further assurance on identification and management of risk.

The principal business risks that have been identified as facing the charity over the next 12 months, including the key mitigating action to reduce this risk, includes:

- a. Cashflow shortfall, arising from the deficit position and failure to secure new income. The 5 Year Plan provides the basis for the Charity to achieve a break-even position through developing new commissioned services and developing more commercial offerings. The Trustees have considered the financial plan developed to support the 5 Year Plan and are satisfied that the Charity has sufficient level of investments and reserves to support the current deficit position.
- b. Lack of new contract opportunities and the potential loss of the Cypress contract. The SLT are continuing to discuss opportunities with the various commissioning bodies in order to secure and grow the charity's future income. Negotiations regarding the Cypress contract remain ongoing at the year end but the Trustees are hopeful for the contract to be extended through to March 2026 and for there to be an uplift in contract value.
- c. Ensuring there are adequate and skilled staff to deliver services and fulfil contractual obligations. Recruitment and retention within the healthcare sector continues to be a challenge across the country and the Charity continues to review appropriate staffing levels, the mix of staff being used and ways to recruit and retain staff.
- d. Reduced availability of fundraising income arising in part from the cost-of-living crises. A new fundraising strategy has been developed, to help focus the activities of the fundraising team and this has been supported by the charity's rebranding in 2023/24 and programme of fundraising activities developed for 2024/25.

STEP ONE CHARITY (A COMPANY LIMITED BY GUARANTEE)

Structure, governance and management

SOC is a company limited by guarantee and is registered as a charity with the Charity Commission (No. 235434). The name was changed from St Loye's Foundation on 21 December 2016 to provide a new trading name for the group following the acquisition of Community Care Trust (South West) Limited as a subsidiary in 2015 and a period of review and consultation. The Trustees constitute the Board of Management of the charity and are also directors of the company with overall responsibility for governance. The Board meets to agree strategic and operational plans and monitor progress against them. The Board delegates the day to day running of the charity to Senior Leadership Team, providing advice and guidance as appropriate. Board members may also serve on Committees or operational groups.

Community Care Trust (South West) Limited ("CCT") was a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. Following the merger with Step One on 31 March 2022 both charities have now been brought together under the single name of Step One and CCT is now a dormant company.

The following Trustees served during the year (and subsequently):

- Ms S Sutherland (Chair).
- Mr R Williams (Vice-Chair).
- Dr P Cawthron.
- Mr R Gofton.
- Mr D Hawes.
- Mr M Lambert.
- Mr C Pallot (resigned 11 June 2024).
- Ms K O'Shaughnessy.
- Mr Aloysious Antony (appointed 12 December 2023).
- Mr M Taylor (resigned 12 December 2023).

The management of the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum and Articles of Association.

The Trustees have assessed the major risks to which the Company are exposed, in particular those related to the operations and finances of the group and the company and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The Trustees undergo an induction programme to brief them of their legal obligations under company and charity law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, approval of the annual operating plans and budgets and review of strategy and performance. They are also encouraged to spend time meeting employees and service users (where it appropriate to do so) and visiting the Charity's sites so they can see for themselves how the Charity operates and to obtain first hand feedback.

Statement of Trustee's responsibilities

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- a. Select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles of the Charities SORP (FRS 102);

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

- c. make judgments and accounting estimates that are reasonable and prudent;
- d. state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- a. So far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware; and
- b. That Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on and signed on their behalf by:



Mrs S Sutherland
Chair
Step One Charity

10 September 2024

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

OPINION

We have audited the financial statements of Step One Charity (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the charity sector, control environment and charity performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Charity's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Charity's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- how the Charity ensured it met its obligations arising from it being financed by and subject to the governance requirements, including around ensuring there is no material unauthorised use of funds and expenditure

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, purchase ledger and payroll, and identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, The Charities Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Charity's ability to operate or to avoid a material penalty. These included Care Quality Commission Regulation, Health and Social Care Act, data protection regulations, occupational health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the laws and regulations that Step One Charity are subject to;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

USE OF OUR REPORT

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

Bishop Fleming LLP

Mark Munro FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: *1/10/2024*

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Income from:					
Donations and legacies	4	113,169	-	113,169	32,609
Charitable activities	5	2,547,697	45,300	2,592,997	2,730,806
Investments	6	93,141	-	93,141	727,739
Other income	7	195,512	-	195,512	133,931
Total income		2,949,519	45,300	2,994,819	3,625,085
Expenditure on:					
Raising funds		-	-	-	99,545
Charitable activities		3,882,660	90,815	3,973,475	3,774,031
Total expenditure		3,882,660	90,815	3,973,475	3,873,576
Net expenditure before net gains/(losses) on investments		(933,141)	(45,515)	(978,656)	(248,491)
Net gains/(losses) on investments		132,004	-	132,004	(272,184)
Net expenditure		(801,137)	(45,515)	(846,652)	(520,675)
Transfers between funds	18	12,649	(12,649)	-	-
Net movement in funds before other recognised gains/(losses)		(788,488)	(58,164)	(846,652)	(520,675)
Other recognised gains/(losses):					
Other gains		88,000	-	88,000	79,000
Net movement in funds		(700,488)	(58,164)	(758,652)	(441,675)
Reconciliation of funds:					
Total funds brought forward		12,317,957	135,016	12,452,973	12,894,648
Net movement in funds		(700,488)	(58,164)	(758,652)	(441,675)
Total funds carried forward		11,617,469	76,852	11,694,321	12,452,973

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477**

**BALANCE SHEET
AS AT 31 MARCH 2024**

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	3,604,531	2,735,185
Investments	14	6,206,222	7,666,164
		<u>9,810,753</u>	<u>10,401,349</u>
Current assets			
Debtors	15	441,811	512,112
Investments	16	1,561,599	1,412,295
Cash at bank and in hand	21	1,201,811	1,815,185
		<u>3,205,221</u>	<u>3,739,592</u>
Creditors: amounts falling due within one year	17	(1,321,653)	(1,687,968)
Net current assets		<u>1,883,568</u>	<u>2,051,624</u>
Total assets less current liabilities		<u>11,694,321</u>	<u>12,452,973</u>
Total net assets		<u>11,694,321</u>	<u>12,452,973</u>
Charity funds			
Restricted funds	18	76,852	135,016
Unrestricted funds			
Designated funds	18	9,325,738	6,116,480
General funds	18	2,291,731	6,201,477
Total unrestricted funds	18	<u>11,617,469</u>	<u>12,317,957</u>
Total funds		<u>11,694,321</u>	<u>12,452,973</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Mrs S Sutherland
(Chair of Trustees)

Date: 10 September 2024

The notes on pages 16 to 36 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	20	(1,182,757)	(302,962)
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		-	3,431,974
Purchase of investments		(2,393)	(1,450,000)
Purchase of tangible fixed assets		(933,655)	(616,242)
Proceeds from sale of investments		1,500,000	-
Interest received		5,431	-
Net cash provided by investing activities		569,383	1,365,732
Change in cash and cash equivalents in the year		(613,374)	1,062,770
Cash and cash equivalents at the beginning of the year		1,815,185	752,415
Cash and cash equivalents at the end of the year	21	1,201,811	1,815,185

The notes on pages 16 to 36 form part of these financial statements

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1. GENERAL INFORMATION

The Charity is a registered charitable company limited by guarantee and was set up by a Memorandum of Association on 26 February 1945. The charities registered number is 235434 and the registered office is The X Centre, Commercial Road, Exeter, EX2 4AD.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Step One Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

2.3 INCOME

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the company, can be reliably measured.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. ACCOUNTING POLICIES (continued)

2.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the company's objectives, as well as any associated support costs.

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2%
Fixtures and equipment	- 10% - 33%

2.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Investments held as fixed assets are shown at cost less provision for impairment.

2.8 DEBTORS

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

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. ACCOUNTING POLICIES (continued)

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.11 FINANCIAL INSTRUMENTS

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 PENSIONS

Defined benefit scheme

The company operated a defined benefit scheme, which required contributions to be made to a separately administered fund. This scheme was closed to new members with effect from 6 April 1998, and closed to future benefit accrual from 1 September 2001. For a defined benefit scheme the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments over the period until vesting occurs. The interest cost and the expected return on assets are included as other financial income. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities. Defined benefit pension schemes are funded in separate trustee administered funds, with the assets of the scheme held separately from those of the Foundation. Full actuarial valuations are obtained every three years 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.

Defined contribution scheme

The company and its subsidiary operate defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes and are set out in the notes to the accounts

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. ACCOUNTING POLICIES (continued)

2.13 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company 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. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions:

Pension Valuation
Depreciation
Impairment of property

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Pension valuation - this is updated annually by an external actuary with assumptions assessed for reasonableness.

Impairment of property - the Charity owns several properties and the ongoing value of each is assessed where there is any concern regarding the fair value.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Donations	19,437	19,437	17,446
Legacies	93,732	93,732	15,163
	<u>113,169</u>	<u>113,169</u>	<u>32,609</u>
TOTAL 2023	<u>32,609</u>	<u>32,609</u>	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Employment and training services	52	45,300	45,352	182,673
Health and social care	2,547,645	-	2,547,645	2,548,133
	<u>2,547,697</u>	<u>45,300</u>	<u>2,592,997</u>	<u>2,730,806</u>
TOTAL 2023	<u>2,664,834</u>	<u>65,972</u>	<u>2,730,806</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Investment income - Profit on Sale of Fixed Asset	-	-	614,503
Income from listed investments	87,710	87,710	112,727
Interest	5,431	5,431	509
	<u>93,141</u>	<u>93,141</u>	<u>727,739</u>
TOTAL 2023	<u>727,739</u>	<u>727,739</u>	

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Rental income	195,512	195,512	133,931
	<u>195,512</u>	<u>195,512</u>	<u>133,931</u>
TOTAL 2023	133,931	133,931	
	<u>133,931</u>	<u>133,931</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2024 £	Support costs 2024 £	Total funds 2024 £	Total funds 2023 £
Employment and training services	400,280	197,336	597,616	460,482
Health and social care	2,274,323	1,056,013	3,330,336	3,167,087
Other	-	45,523	45,523	146,462
	<u>2,674,603</u>	<u>1,298,872</u>	<u>3,973,475</u>	<u>3,774,031</u>
TOTAL 2023	2,614,245	1,159,786	3,774,031	
	<u>2,614,245</u>	<u>1,159,786</u>	<u>3,774,031</u>	

ANALYSIS OF DIRECT COSTS

	Employment and Training Services 2024 £	Health and Social Care 2024 £	Total funds 2024 £	Total funds 2023 £
Staff costs	221,256	1,767,715	1,988,971	1,271,133
Direct costs	179,024	506,608	685,632	1,343,112
	<u>400,280</u>	<u>2,274,323</u>	<u>2,674,603</u>	<u>2,614,245</u>
TOTAL 2023	164,883	2,449,362	2,614,245	
	<u>164,883</u>	<u>2,449,362</u>	<u>2,614,245</u>	

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Employment and Training Services 2024 £	Health and Social Care 2024 £	Other 2024 £	Total funds 2024 £	Total funds 2023 £
Staff costs	70,526	623,592	-	694,118	564,787
Depreciation	-	64,309	709	65,018	87,367
Other Costs	83,147	108,008	-	191,155	73,419
Premises costs	63	48,413	-	48,476	8,063
Professional fees	43,600	10,877	44,814	99,291	208,556
Pension fee	-	9,301	-	9,301	(56,943)
IT costs	-	191,513	-	191,513	145,387
VAT	-	-	-	-	129,150
	197,336	1,056,013	45,523	1,298,872	1,159,786
TOTAL 2023	295,599	717,725	146,462	1,159,786	

Included within support costs is £17,000 related to governance costs (2023: £17,500). These relate to the auditors remuneration disclosed in note 9.

9. Governance Costs

	2024 £	2023 £
Fees payable to the company's auditor for the audit of the company's annual accounts	17,000	17,500

10. STAFF COSTS

	2024 £	2023 £
Wages and salaries	2,338,379	1,593,169
Social security costs	207,104	194,868
Pension	137,606	131,681
	2,683,089	1,919,718

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

10. STAFF COSTS (CONTINUED)

The average number of persons employed by the company during the year was as follows:

2024 No.	2023 No.
101	101

The average headcount expressed as full-time equivalents was:

2024 No.	2023 No.
80	83

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2024 No.	2023 No.
In the band £70,001 - £80,000	-	-
In the band £80,001 - £90,000	2	1

The total amount of employee benefits received by the key management personnel for their services was £275,905 (2023: £139,539).

The increase in costs during the year represents the change in leadership structure and expansion of the number of roles who are included as part of the senior leadership team. In addition to these employee benefits £31,500 was paid to an external consultant who acted as the Head of Finance on an interim basis (2023: nil).

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2023 - £NIL).

During the year ended 31 March 2024, expenses totalling £111 were reimbursed or paid directly to 1 Trustee (2023 - £269 to 1 Trustee).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. NET (LOSSES)/GAINS ON INVESTMENTS

The breakdown of the gain of £132,004 (2023: loss of £272,184) shown on the SOFA is broken down as follows:

	2024 £	2023 £
Fixed asset investment revaluation loss (note 14)	(17,299)	(171,578)
Escrow account revaluation gain/(loss) (note 16)	149,303	(100,606)
Overall gain/(loss)	<u>132,004</u>	<u>(272,184)</u>

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and equipment £	Total £
COST OR VALUATION			
At 1 April 2023	2,824,035	530,204	3,354,239
Additions	869,101	64,554	933,655
Disposals	-	(456,296)	(456,296)
At 31 March 2024	<u>3,693,136</u>	<u>138,462</u>	<u>3,831,598</u>
DEPRECIATION			
At 1 April 2023	144,404	474,650	619,054
Charge for the year	43,380	9,835	53,215
On disposals	-	(445,202)	(445,202)
At 31 March 2024	<u>187,784</u>	<u>39,283</u>	<u>227,067</u>
NET BOOK VALUE			
At 31 March 2024	<u>3,505,352</u>	<u>99,179</u>	<u>3,604,531</u>
At 31 March 2023	<u>2,679,631</u>	<u>55,554</u>	<u>2,735,185</u>

The disposals in the year, largely relate to the review of the fixed asset register to remove assets which were no longer in use and which were fully depreciated.

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14. FIXED ASSET INVESTMENTS

	Listed investments £	Other fixed asset investments £	Total £
COST OR VALUATION			
At 1 April 2023	7,665,591	572	7,666,163
Disposals	(1,500,000)	(572)	(1,500,572)
Revaluations	(17,299)	-	(17,299)
Interest and dividends	87,710	-	87,710
Investment manager fees	(29,780)	-	(29,780)
AT 31 MARCH 2024	6,206,222	-	6,206,222
NET BOOK VALUE			
AT 31 MARCH 2024	6,206,222	-	6,206,222
AT 31 MARCH 2023	7,665,591	572	7,666,163

15. DEBTORS

	2024 £	2023 £
DUE WITHIN ONE YEAR		
Trade debtors	198,699	261,468
Other debtors	62,537	43,863
Prepayments and accrued income	180,575	206,781
	441,811	512,112

16. ESCROW ACCOUNT

	2024 £	2023 £
Investments	1,561,599	1,412,295

The Escrow account is established under a deed between the company and the Trustees of the St Loye's Foundation Pension & Assurance Scheme and is used to provide contributions to the Scheme under an agreed recovery plan. Assets from the account can be returned to the company when the Scheme is over-funded per the funding based actuary valuation.

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17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade creditors	182,739	247,421
Other taxation and social security	49,362	51,409
Accruals and deferred income	1,089,552	1,389,138
	1,321,653	1,687,968
	2024	2023
	£	£
Deferred income at 1 April 2023	1,362,997	602,256
Resources deferred during the year	1,042,597	1,362,997
Amounts released from previous periods	(1,362,997)	(602,256)
	1,042,597	1,362,997

The main constituent balance within deferred income relates to the Alliance Partnership. This is part of the cash balance owed to members of the alliance at year end.

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme escrow	1,412,295	-	-	-	149,303	1,561,598
Tangible fixed asset reserve	2,735,185	-	(64,309)	933,655	-	3,604,531
Future sustainability	140,578	-	(19,515)	-	-	121,063
Investment Volatility Reserve	1,828,422	-	(29,780)	-	(17,299)	1,781,343
Unrealised Investment revaluation	-	-	-	2,257,203	-	2,257,203
	<u>6,116,480</u>	<u>-</u>	<u>(113,604)</u>	<u>3,190,858</u>	<u>132,004</u>	<u>9,325,738</u>
GENERAL FUNDS						
General after pension liability	4,382,263	2,949,519	(3,769,056)	(1,358,995)	88,000	2,291,731
Unrealised investment revaluation	1,819,214	-	-	(1,819,214)	-	-
	<u>6,201,477</u>	<u>2,949,519</u>	<u>(3,769,056)</u>	<u>(3,178,209)</u>	<u>88,000</u>	<u>2,291,731</u>
TOTAL UNRESTRICTED FUNDS	<u>12,317,957</u>	<u>2,949,519</u>	<u>(3,882,660)</u>	<u>12,649</u>	<u>220,004</u>	<u>11,617,469</u>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

18. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
RESTRICTED FUNDS						
BeWell@StepOne	-	27,300	(16,165)	3,865	-	15,000
CF03	2,768	8,000	(6,903)	(3,865)	-	-
South Devon Community Housing	56,747	-	(56,747)	-	-	-
Cypress	75,501	-	(1,000)	(12,649)	-	61,852
Beacon Lane Build	-	10,000	(10,000)	-	-	-
	<u>135,016</u>	<u>45,300</u>	<u>(90,815)</u>	<u>(12,649)</u>	<u>-</u>	<u>76,852</u>
TOTAL OF FUNDS	<u><u>12,452,973</u></u>	<u><u>2,994,819</u></u>	<u><u>(3,973,475)</u></u>	<u><u>-</u></u>	<u><u>220,004</u></u>	<u><u>11,694,321</u></u>

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (CONTINUED)

Designated Funds

Pension Scheme Escrow

Investments related to the defined benefit pension scheme are held in an escrow account, managed by Legal & General on behalf of the Foundation. These investments are not realisable in the short term and are to be used to meet the pension scheme liabilities and hence an amount equal to the liability is designated for these purposes.

Tangible Fixed Asset Reserve

The tangible fixed asset reserve is maintained at an amount equivalent to net book value of the assets with an amount equivalent to the depreciation to be expanded out of the fund in the year.

Future Sustainability

A fund was set aside to provide for the costs associated with organisational changes and developments in order to support sustainability in a changing funding environment. This provides for essential restructuring costs and investment in business development and the creation of new revenue streams in line with the strategic plan.

Investment Volatility Fund

A fund has been set aside to help guard against any future volatility in either investment valuations or movement in the pension fund deficit.

Unrealised Investment Reserve

This represents the cumulative revaluation gains within our investment portfolio. The balance fluctuates year on year in line with the performance of the portfolio. When an investment is disposed of, any gain at that time becomes realised and transfers into general funds.

Restricted Funds

BeWell@StepOne

A fund set up to support mental health and wellbeing to those in the community.

CF03

A fund set up to replace the Change Maker fund. It is a voluntary programme funded by the Shaw Trust designed to help people within the justice system prepare for when they leave custody and re-enter the community.

Where capital items have been purchased out of restricted funds, the expenditure is shown on the Statement of Financial Activities as a transfer from restricted to unrestricted funds.

Health and Social Services

These are funds transferred from CCT (subsidiary charity) on 31 March 2022. As the objects of CCT are narrower than those of Step One Charity, the unrestricted funds of CCT are treated as restricted funds within these consolidated financial statements.

South Devon Community Housing

This represents funds received from South Devon Community Housing Society to provide support to people aged over 16 in South Devon.

Cypress

These are made up of a Legacy received year end March 2021. This has been used in the year for funding for an ECG machine, for an OT room and for the employment of a psychologist.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

18. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme escrow	1,512,901	-	-	-	(100,606)	1,412,295
Tangible fixed asset reserve	5,023,777	-	(87,367)	(2,201,225)	-	2,735,185
Future sustainability	140,578	-	-	-	-	140,578
Pension Commitments	17,500	-	-	(17,500)	-	-
Investment Volatility Reserve	2,000,000	-	-	-	(171,578)	1,828,422
	<u>8,694,756</u>	<u>-</u>	<u>(87,367)</u>	<u>(2,218,725)</u>	<u>(272,184)</u>	<u>6,116,480</u>
GENERAL FUNDS						
General after pension liability	2,269,393	3,559,113	(3,207,516)	1,682,273	79,000	4,382,263
Unrealised investment revaluation	1,282,762	-	-	536,452	-	1,819,214
	<u>3,552,155</u>	<u>3,559,113</u>	<u>(3,207,516)</u>	<u>2,218,725</u>	<u>79,000</u>	<u>6,201,477</u>
TOTAL UNRESTRICTED FUNDS	<u>12,246,911</u>	<u>3,559,113</u>	<u>(3,294,883)</u>	<u>-</u>	<u>(193,184)</u>	<u>12,317,957</u>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

18. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
RESTRICTED FUNDS						
BeWell@StepOne	1,315	45,950	(47,265)	-	-	-
CF03	13,808	10,000	(21,040)	-	-	2,768
Health and Social Services	500,865	-	(500,865)	-	-	-
South Devon Community Housing	56,747	-	-	-	-	56,747
Cypress	75,002	10,022	(9,523)	-	-	75,501
	<u>647,737</u>	<u>65,972</u>	<u>(578,693)</u>	<u>-</u>	<u>-</u>	<u>135,016</u>
TOTAL OF FUNDS	<u>12,894,648</u>	<u>3,625,085</u>	<u>(3,873,576)</u>	<u>-</u>	<u>(193,184)</u>	<u>12,452,973</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	3,604,531	-	3,604,531
Fixed asset investments	6,206,222	-	6,206,222
Current assets	3,128,369	76,852	3,205,221
Creditors due within one year	(1,321,653)	-	(1,321,653)
TOTAL	<u>11,617,469</u>	<u>76,852</u>	<u>11,694,321</u>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	2,735,185	-	2,735,185
Fixed asset investments	7,666,164	-	7,666,164
Current assets	3,604,576	135,016	3,739,592
Creditors due within one year	(1,687,968)	-	(1,687,968)
TOTAL	12,317,957	135,016	12,452,973

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

	2024 £	2023 £
Net expenditure for the period (as per Statement of Financial Activities)	(846,652)	(520,675)
ADJUSTMENTS FOR:		
Depreciation charges	53,215	87,368
Losses/ (gains) on investments	(132,004)	272,184
Dividends, interests and rents from investments	(90,176)	(112,728)
Loss/(profit) on the sale of fixed assets	11,094	(614,507)
Decrease/(increase) in debtors	70,301	(183,457)
Increase/(decrease) in creditors	(366,315)	638,823
Difference between pension charge and cash contributions	88,000	79,000
Investment fees	29,780	51,030
NET CASH USED IN OPERATING ACTIVITIES	(1,182,757)	(302,962)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2024 £	2023 £
Cash in hand	295,114	629,115
Alliance partnership ringfenced cash	906,697	1,186,070
TOTAL CASH AND CASH EQUIVALENTS	1,201,811	1,815,185

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2023	Cash flows	Changes in market value and exchange rate movements	At 31 March 2024
	£	£	£	£
Cash at bank and in hand	1,815,185	(613,374)	-	1,201,811
Liquid investments	1,412,295	-	149,304	1,561,599
	<u>3,227,480</u>	<u>(613,374)</u>	<u>149,304</u>	<u>2,763,410</u>

23. PENSION COMMITMENTS

The company operates a defined benefit pension scheme.

Step One operates a pension scheme for all qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The scheme closed to future accrual on 1 September 2001. A schedule of contributions is agreed between the Foundation and the Trustee after each comprehensive actuarial valuation.

The most recently completed full actuarial valuation took place as at 5 April 2020. Under the agreed schedule of contributions, Step One paid contributions to the scheme of £17,500 per month until 31 March 2022 and one-off payments of £442,698 in April 2021, £1,595,762 in June 2021 and £459,000 before 31 March 2022. No further contributions have been required since 31 March 2023..

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	At 31 March 2024	At 31 March 2023
	%	%
Discount rate	4.70	4.65
Rate of price inflation - RPI	4.00	3.45
Rate of price inflation - CPI	3.20	2.65
Deferred pension increases (non-GMP)	3.20	3.55
Pension increases in payment	5.00	5.00

	At 31 March 2024	At 31 March 2023
	Years	Years
MORTALITY RATES (IN YEARS)		
- for a male aged 65 now	20.5	21.1 / 19.9
- at 65 for a male aged 45 now	23.1	22.1
- for a female aged 65 now	21.5	23.5 / 22.4
- at 65 for a female aged 45 now	24.2	24.7

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. PENSION COMMITMENTS (CONTINUED)

The company's share of the assets in the scheme was:

	At 31 March 2024 £000s	At 31 March 2023 £000s
Gilts	10,690	11,009
Corporate bonds	3,820	3,786
Cash and other liquid assets	1,315	1,888
Absolute return / Diversified growth funds	2,561	2,380
Insured annuities	3,576	3,321
TOTAL FAIR VALUE OF ASSETS	21,962	22,384

The actual return on scheme assets was £1,150,000 (2023 - £-3,179,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2024 £000s	2023 £000s
Interest cost	(205)	(114)
Administrative expenses	88	79
Impact of surplus restriction	205	114
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	88	79

Movements in the present value of the defined benefit obligation were as follows:

	2024 £000s
Opening defined benefit obligation	17,973
Benefits paid	(1,484)
Interest cost on defined benefit obligation	802
Actuarial (gain)/loss	(362)
CLOSING DEFINED BENEFIT OBLIGATION	16,929

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

23. PENSION COMMITMENTS (CONTINUED)

Movements in the fair value of the company's share of scheme assets were as follows:

	2024 £000s
Opening fair value of scheme assets	22,384
Interest Income	1,007
Return less interest income on scheme assets	143
Benefits paid	(1,484)
Administration Expenses	(88)
CLOSING FAIR VALUE OF SCHEME ASSETS	21,962

The company has an unrecognised surplus of £4,499,000 (2023 - £4,411,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

24. OPERATING LEASE COMMITMENTS

At 31 March 2024 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024 £	2023 £
Not later than 1 year	78,181	80,152
Later than 1 year and not later than 5 years	154,442	6,152
	232,623	86,304

25. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

STEP ONE CHARITY

England & Wales - Charity number 235434

Accounts

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023**

Directors and Trustees	Mr R Gofton Mr M Taylor Mr R Williams Mrs S Sutherland, Chair Dr P Cawthron Mr D Hawes Mr M Lambert Mr C Pallot Mrs K O'Shaughnessy (appointed 27 October 2022) Mr J Ellison (appointed 14 June 2022, resigned 14 December 2022)
Company registered number	00393477
Charity registered number	235434
Registered office	2nd Floor Stratus House Emperor Way Exeter Business Park Exeter Devon EX1 3QS

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Chief executive officer Mrs E Rainsford (until 18 July 2022)
Mr A Stark (Interim 18 July 2022 to 23 January 2023)
Mr B Greaves (From 23 January 2023)

Independent auditors Bishop Fleming LLP
Chartered Accountants
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers National Westminster Bank Plc
59 High Street
Exeter
Devon
EX4 3DP

Solicitors Foot Anstey
Senate Court
Southernhay Gardens
Exeter
Devon
EX1 1NT

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The Trustees present their annual report together with the audited financial statements of the company for the 1 April 2022 to 31 March 2023. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

a. Policies and objectives

The principal objects of the charity are to provide support for people with physical, mental health, sensory and other disabilities, or those with long-term health conditions, in order to improve their quality of life and degree of independence and provide the opportunity to achieve their potential through personal development, training and employment.

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public and confirms it has complied with the duties as set out. This report outlines how our achievements during the period have benefited the public.

Throughout this year we have completed a thorough review of our strategy with a focused commitment to further drive our reputation for high quality service provision and investment in our staffing resource. We continue to plan to grow our core services whilst developing our fundraising potential which will help us diversify our income sources and enable us to support more people through new services.

Step One activities during 2022-23 were again centred on Employment Services, and Health and Social Care.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategic report

The following sections constitute the strategic report for the purposes of the Companies Act 2006. This strategic report forms part of the Report of the Board.

Achievements and performance

a. Introduction

It has been a varied year full of highs and lows. Whilst the Charity celebrated its 85th year it was also deeply saddened by the passing of Her Majesty the Queen who had been its patron since 1946. As Chair of Trustees I felt so privileged to be able to represent Step One at Her Majesty's state funeral and we feel very privileged that we benefited from her Patronage for so many years

Financially it has been another challenging year with the final phases of the impact of the pandemic coupled with the heightened intensity of the economic situation. Price increases have impacted us and this is anticipated to continue into the next year.

Equally the labour market has itself been subject to various changes. With hybrid and home working plus the increased cost of living and a competitive labour market, especially for care staff, we have recognised the need to increase salary packages. In addition labour shortages have had two effects. Firstly an increase in agency staff whose costs negatively impacted on the budget and we had to refuse new work because of a lack of sufficient staff resulting in less income, which together have challenged the budget.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Achievements and performance (CONTINUED)

During the year the substantive Chief Executive Officer (CEO) transferred to lead the CQC registered acute service to ensure the continuity of a safe high quality service. Whilst the Trustees recruited a new Chief Executive the Finance Director acted as an interim CEO and was supported by the Senior Management Team in delivering the operational business of the charity. Following a competitive recruitment process a new CEO commenced in January 2023. Since then the Senior Management Team has been strengthened with vacancies filled and new roles created which provides a strong platform for the execution of the revised strategy.

We would like to acknowledge how hard everyone has worked in what has been an intensely challenging time. All services maintained the delivery of much needed support and care to our beneficiaries and this is commended. Managers, staff and those behind the scenes had a demanding year but rose to the challenge to continue to put our clients at the centre of our endeavour and this is much appreciated.

b. Main achievements of the charity

(i) Cypress Hospital and Granvue Crisis House

Cypress Hospital has continued to deliver patient service successfully throughout this turbulent period. However, the lack of a contract review by NHS commissioners to discuss increases in inflation and costs have meant that any surplus generated in this contract has been eroded. To mitigate this, the charity has recently renegotiated the contract with the Integrated Care Board and Devon Partnership Trust to remove the Granvue service from the contract, reduce the number of beds provided and to change the nature of the service from crisis to rehabilitation and step down. Whilst this will not move the financial position to a significantly positive one, it will mitigate some of the losses.

Granvue ceased operating in December 2022. The Board is currently working through options as to how to best use the property. It is key the Board makes a considered decision rather than impulsively act. Understanding what the demand is for and how the Charity can meet that demand is essential to ensure the asset is viably utilised. The balance will be to make sure that we meet our charitable objectives and provide benefit to the public whilst ensuring a positive financial position. Releasing Granvue from an unfavourable contract is a key achievement and presents an opportunity going forwards.

(ii) Support Living and Community Support

This service has continued to run effectively during the year with employees adapting well to the challenges highlighted above. The Board has recently agreed a plan to develop this as a core service and the executive team are now planning a capital expenditure programme to acquire additional supported living houses. This will benefit more people in our community as well as generate more secure income funds compared to the more volatile nature of investment returns.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Achievements and performance (CONTINUED)

(iii) CF03

We continue to be very proud of the work we do to rehabilitate offenders. The current contract is expected to end in Aug 23 and the CFO team are well on track to have met all KPI and targets set out in the contract. There is an aspiration to develop a new contract, CFO Evolution, and SOC has submitted an expression of interest. SOC will use a contractual underspend to continue delivering contractual targets to December in order to maintain a presence in the prison and as an expression of good faith to position ourselves well for a potential CFO Evolution contract.

(iv) BeWell@ StepOne

Over the year the Charity looked at taking a more holistic approach to mental health self-management which included launching physical activity sessions (eg Mens Walking Group), Financial Management Sessions and Employability support in partnership with the JobCentre Plus. These actions will result in more effective mental health support by incorporating the different aspects of human life that impact mental health.

In addition the NHS HOPE course partnered with the NHS successfully continues. The course targets specific groups of NHS employees and is also open to the public.

The collaboration with Mind continues to successfully develop with increased signposting to each other's courses. Other working partnerships have been created with Torbay Council, Active Devon and Torquay United Supporters Trust. The Charity is looking forward to furthering these relationships and continuing to expand its partnering network.

(v) Fundraising

The Fundraising Team has continued to work aligned to the Fundraising Strategy. With hindsight we recognise that the financial targets that were set for this year were overly ambitious and as a consequence were not fully met. The plan for the following year has been slightly revised to ensure it is realistic whilst delivering growth. The Fundraising Team has recently increased in size and is in a stronger place to attract grant funding and increase fundraising.

(vi) Beaufort House

Following Trustee agreement Beaufort House was sold in December 2022. Head Office base has since operated from rented office accommodation on the outskirts of Exeter. During this period the Board has been looking for appropriate office space in Exeter. Interest has recently been shown in a leased property near Southernhay in Exeter. Respective due legal processes are currently underway with a view for the property to be occupied towards the end of 2023.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Achievements and performance (CONTINUED)

(vii) The Devon Mental Health Alliance

During the previous year, Step One was successful in securing a new contract with other partners to deliver mental health services in a new collaborative approach across Devon. The contract is initially for a 3-year period (commencing February 2022) with a total contract value of £3.65 million. The Devon Mental Health Alliance is a partnership between six community organisations, (CoLab Exeter, Devon Mind, Improving Lives Plymouth, Rethink, Shekinah Mission, Step One) and Statutory Mental Health Partners. Since then, the Alliance has grown and is now developing additional service provisions and bidding for new contracts; aimed at improving positive outcomes for service users, as well as increasing influence and income.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

In the Board's view, a minimum level of unrestricted reserves should be maintained to provide adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Board reviews the amount of reserves required at least on an annual basis, and receives management accounts on a regular basis to allow them to monitor the likely movement on reserves in any given year.

The Board proposes to maintain general unrestricted reserves at a level which is at least equivalent to six months' operational expenditure, plus redundancy provision, plus an adequate provision for lease terminations. The current target level of reserves has been set at £2m and at the year-end it is actually known that this will be achieved.

The Board is also obliged to designate funding to offset and future pension liabilities as assessed by the Foundation's actuary. The designated reserve should match the amounts held in the escrow account that cover the pension scheme funding deficit and any amounts due under the current schedule of contributions. The escrow account fund had a balance of £1.4m at year end making a total of £1.4m designated for pension liabilities.

The Board also designates funds to support other specific purposes with separately identifiable costs and a business case demonstrating clear benefit across the organisation and support for the charitable objects. Further details of these designations are provided in the notes to the accounts.

The charity currently has a designated reserve of £1.7m to offset any potential reductions arising from investment volatility.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

c. Financial Review

The year-end accounts show a total income of £3.625m, an increase of £372k from 2022. Total expenditure for the year was £3.874m for the group compared to £3.100m in 2022. The net income/(expenditure) before investments and pensions are taken into account was a deficit of £248k compared to £154k surplus in 2022.

The investments of the Charity are held in two separately managed portfolios that are balanced in order to maintain potential for longer term growth in capital value, but which also allow for funds to be withdrawn at short notice should the need arise. The investment performance reflected market conditions and a net loss of £272k on the investment valuation is recognised, compared to a gain of £595k in 2022 (reflecting a large the unstable conditions of the market). Profit on Sale of Beaufort House was £614k The net movement in funds before adjustments for pensions is a loss of £506k compared to a gain of £1.242m in 2022.

The annual update of the pension scheme for March 2023 showed a decrease in the value of the scheme assets by £4.659m to £22.384m as the benefits paid were more than the contributions made by Step One and the investment returns. The present value of the scheme liabilities has also decreased by £4.774m to £17.973m as the benefits paid and actuarial gain have exceeded the increased costs. The charity has an unrecognised surplus of £4.411m in respect of its defined benefit pension scheme compared to £4.296m in 2022. However, in line with accounting disclosures contained within the FRS 102 year-end pension report, the recognised assets have been restricted to the value of the defined benefit obligation only, meaning this surplus is not recognised as a gain within the consolidated statement of financial activities for 2022-23. In terms of the year-end accounts there is a pension movement of £79k.

Taking all of the above into account results in an overall net reduction of funds for the group of £442k, with total funds carried forward of £12.453m at the year end. Of this, a total of £6.116m is designated for specific purposes, and general unrestricted funds including the unrealised investment revaluation, stand at £6.201m.

As previously mentioned the last phases of the pandemic plus the economic turbulence have hit hard in many areas across the charity. Whilst exercising cost control many expenses have to be incurred simply to provide the services. The budget for the following year has factored in increases where known and a formal reforecast will be carried out after the first quarter.

The Board is also mindful that many costs are unlikely to reduce in the foreseeable future and has created a Five Year Plan to both assess the current position and to flesh out areas of required change. The Five Year Plan has multiple purposes and will become both an internal and external communication document.

d. Risks

The organisation has a strong framework in place to monitor and mitigate major risks to which it may become exposed. Risks are regularly reviewed by the Board and its sub-Committees or Working Groups. Commercial and financial risks are considered by the Finance & Audit Committee using external advice where appropriate. There are robust systems for quality assurance and compliance through the Quality Assurance and Improvement Committee that are used to inform a process of continuous improvement and provide further assurance on identification and management of risk. The key business risks that have been identified: -

- (i) Lack of new contract opportunities going forward
- (ii) Ongoing increase in medical insurance cover with limited providers
- (iii) Ensuring there are adequate and skilled staff to deliver services and fulfil contractual obligations
- (iv) Lack of fundraising focus
- (v) Current impact of inflation upon procuring goods and services and recruiting staff
- (vi) Decline in investment values

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Structure, governance and management

a. Constitution

Step One Charity ("Step One") is a company limited by guarantee and is registered as a charity with the Charity Commission (No. 235434). The name was changed from St Loye's Foundation on 21 December 2016 to provide a new trading name for the group following the acquisition of Community Care Trust (South West) Limited as a subsidiary in 2015 and a period of review and consultation. The trustees constitute the Board of Management of the charity and are also directors of the company with overall responsibility for governance. The Board meets to agree strategic and operational plans and monitor progress against them. The Board delegates the day to day running of the charity to an Executive Team, providing advice and guidance as appropriate. Board members may also serve on Committees or operational groups.

Community Care Trust (South West) Limited ("CCT") was a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. It is a subsidiary of Step One Charity. Following the transfer of all its activities, assets and liabilities on 31 March 2022 to Step One, CCT has remained dormant throughout the year

The following Trustees served during the year:

Ms S Sutherland (Chair)
Mr M Taylor
Mr P Cawthron
Mr D Hawes
Mr R Gofton
Mr M Lambert
Mr C Pallot
Mr R Williams
Ms K O'Shaughnessy (appointed 27th October 2022)
Mr J Ellison (appointed 14th June 2022, resigned 14th December 2022)

b. Methods of appointment or election of Trustees

The management of the Group and the company is the responsibility of the Trustees who are elected and co-opted under the terms of the memorandum and articles of association.

c. Financial risk management

The Trustees have assessed the major risks to which the charity are exposed, in particular those related to the operations and finances of the charity and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

d. Trustee induction and training

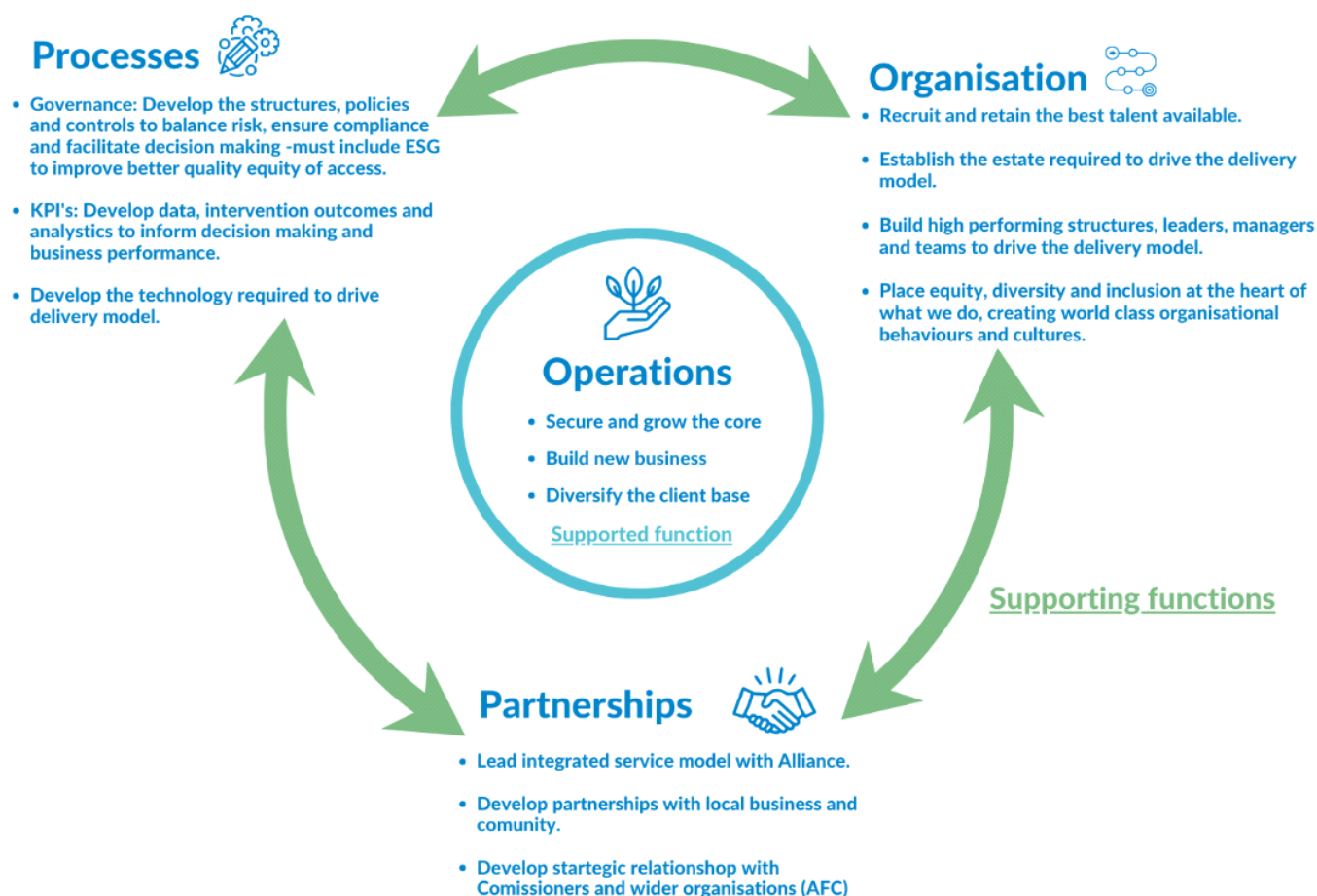
The Trustees undergo induction to brief them of their legal obligations under company and charity law, the content of the Articles of Association, the committee and decision-making processes, approval of the annual operating plans and budgets and review of strategy and performance.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Plans for future periods

As previously mentioned the Charity appointed a new CEO in January 2023. The previous strategy has been reviewed and refreshed in view of the financial performance and continuing challenges. The new 5-year plan redefines Step One's vision, mission and operating model to build greater capacity, capability and financial resilience for the charity designed to return the charity from an operating deficit into a surplus position.

The Plan is clear that the inflection point has not yet been reached and that there is a requirement to invest before the financial position can be turned around. In sum, the model focusses on four functions (Operations, Processes, Organisation and Partnerships) and develops strategic objectives within each in order to drive change:



**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

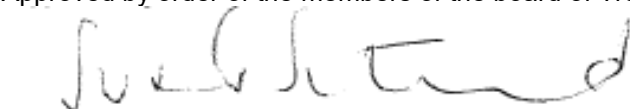
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



.....
Mrs S Sutherland
Chair of Trustees

Date: 19.9.23

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

OPINION

We have audited the financial statements of Step One Charity (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2023 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the charity sector, control environment and charity performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Group's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- how the Group ensured it met its obligations arising from it being financed by and subject to the governance requirements, including around ensuring there is no material unauthorised use of funds and expenditure

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, purchase ledger and payroll, and identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, The Charities Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Charity's ability to operate or to avoid a material penalty. These included Care Quality Commission Regulation, Health and Social Care Act, data protection regulations, occupational health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the laws and regulations that Step One Charity are subject to;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

USE OF OUR REPORT

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



Tim Borton FCA DChA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 11/12/2023

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	4	32,609	-	32,609	181,410
Charitable activities	5	2,664,834	65,972	2,730,806	2,649,898
Investments	6	727,739	-	727,739	108,931
Other income	7	133,931	-	133,931	313,340
Total income		3,559,113	65,972	3,625,085	3,253,579
Expenditure on:					
Raising funds		99,545	-	99,545	70,217
Charitable activities		3,195,338	578,693	3,774,031	3,030,231
Total expenditure		3,294,883	578,693	3,873,576	3,100,448
Net income/(expenditure) before net (losses)/gains on investments		264,230	(512,721)	(248,491)	153,131
Net (losses)/gains on investments		(272,184)	-	(272,184)	595,277
Other recognised gains/(losses):					
Gains on revaluation of fixed assets		-	-	-	495,593
Actuarial gains / (losses) on defined benefit pension schemes		79,000	-	79,000	(2,165,000)
Net movement in funds		71,046	(512,721)	(441,675)	(920,999)
Reconciliation of funds:					
Total funds brought forward		12,246,911	647,737	12,894,648	13,815,647
Net movement in funds		71,046	(512,721)	(441,675)	(920,999)
Total funds carried forward		12,317,957	135,016	12,452,973	12,894,648

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 40 form part of these financial statements.

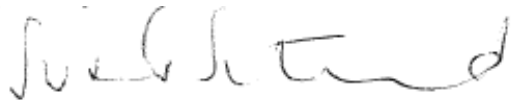
STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	2,735,185	2,744,050
Investments	15	7,666,164	6,326,044
Investment property	14	-	2,279,726
		10,401,349	11,349,820
Current assets			
Debtors	16	512,112	328,656
Investments	17	1,412,295	1,512,901
Cash at bank and in hand		1,815,185	752,416
		3,739,592	2,593,973
Creditors: amounts falling due within one year	18	(1,687,968)	(1,049,145)
Net current assets		2,051,624	1,544,828
Net assets excluding pension asset		12,452,973	12,894,648
Total net assets		12,452,973	12,894,648
Charity funds			
Restricted funds	19	135,016	647,737
Unrestricted funds			
Designated funds	19	6,116,480	8,694,756
General funds	19	6,201,477	3,552,155
Total unrestricted funds	19	12,317,957	12,246,911
Total funds		12,452,973	12,894,648

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf by:



Mrs S Sutherland
 Chair of Trustees

Date: 19.9.23

The notes on pages 19 to 40 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	2,735,185	2,744,050
Investments	15	7,666,164	6,326,044
Investment property	14	-	2,279,726
		10,401,349	11,349,820
Current assets			
Debtors	16	512,112	328,656
Investments	17	1,412,295	1,512,901
Cash at bank and in hand		1,815,185	752,416
		3,739,592	2,593,973
Creditors: amounts falling due within one year	18	(1,687,968)	(1,049,145)
Net current assets		2,051,624	1,544,828
Net assets excluding pension asset		12,452,973	12,894,648
Total net assets		12,452,973	12,894,648
Charity funds			
Restricted funds	19	135,016	647,737
Unrestricted funds			
Designated funds	19	6,116,480	8,694,756
General funds	19	6,201,477	3,552,155
Total unrestricted funds	19	12,317,957	12,246,911
Total funds		12,452,973	12,894,648

The company's net movement in funds for the year was £(441,675) (2022 - £21,002).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Mrs S Sutherland
 Chair of Trustees

Date: 19.9.23

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	(302,962)	670,253
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		3,431,974	-
Purchase of tangible fixed assets		(616,242)	(23,163)
Purchase and proceeds from sale of investments		(1,450,000)	2,050,000
Repayment of pension deficit		-	(2,050,000)
Net cash provided by/(used in) investing activities		1,365,732	(23,163)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		1,062,770	647,090
Cash and cash equivalents at the beginning of the year		752,415	105,325
Cash and cash equivalents at the end of the year	22	1,815,185	752,415

The notes on pages 19 to 40 form part of these financial statements

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. GENERAL INFORMATION

Step One Charity is a registered charitable company limited by guarantee and was set up by a Memorandum of Association on 26 February 1945. The charities registered number is 235434 and the registered office is 2nd Floor Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Step One Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

2.3 INCOME

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the company, can be reliably measured.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES (continued)

2.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2%
Fixtures and equipment	- 10% - 33%

2.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments held as fixed assets are shown at cost less provision for impairment.

2.8 DEBTORS

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

2. ACCOUNTING POLICIES (continued)

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

2.11 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 PENSIONS

Defined benefit scheme

The company operated a defined benefit scheme, which required contributions to be made to a separately administered fund. This scheme was closed to new members with effect from 6 April 1998, and closed to future benefit accrual from 1 September 2001. For a defined benefit scheme the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments over the period until vesting occurs. The interest cost and the expected return on assets are included as other financial income. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities. Defined benefit pension schemes are funded in separate trustee administered funds, with the assets of the scheme held separately from those of the Foundation. Full actuarial valuations are obtained every three years 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.

Defined contribution scheme

The company and its subsidiary operate defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes and are set out in the notes to the accounts

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (continued)

2.13 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group 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. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions:

Pension Valuation
 Depreciation

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	17,446	-	17,446	12,070
Legacies	15,163	-	15,163	169,340
	<u>32,609</u>	<u>-</u>	<u>32,609</u>	<u>181,410</u>
TOTAL 2022	<u>180,371</u>	<u>1,039</u>	<u>181,410</u>	

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Employment and training services	126,723	55,950	182,673	759,193
Health and social care	2,538,111	10,022	2,548,133	1,890,705
	<u>2,664,834</u>	<u>65,972</u>	<u>2,730,806</u>	<u>2,649,898</u>
TOTAL 2022	<u>731,492</u>	<u>1,918,406</u>	<u>2,649,898</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Investment income - Profit on Sale of Fixed Asset	614,503	614,503	-
Income from listed investments	112,727	112,727	108,865
Interest	509	509	66
	<u>727,739</u>	<u>727,739</u>	<u>108,931</u>
TOTAL 2022	<u>108,931</u>	<u>108,931</u>	

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Rental income	133,931	133,931	313,340
TOTAL 2022	<u>313,340</u>	<u>313,340</u>	

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Employment and training services	248,115	340,926	589,041	387,636
Health and social care	2,257,659	745,493	3,003,152	2,300,672
Other	-	181,838	181,838	341,923
	<u>2,505,774</u>	<u>1,268,257</u>	<u>3,774,031</u>	<u>3,030,231</u>
TOTAL 2022	<u>1,429,332</u>	<u>1,600,899</u>	<u>3,030,231</u>	

ANALYSIS OF DIRECT COSTS

	Employment and Training Services 2023 £	Health and Social Care 2023 £	Total funds 2023 £	Total funds 2022 £
Staff costs	201,896	1,674,083	1,875,979	1,226,286
Direct costs	46,219	583,576	629,795	203,046
	<u>248,115</u>	<u>2,257,659</u>	<u>2,505,774</u>	<u>1,429,332</u>
TOTAL 2022	<u>(292,488)</u>	<u>1,721,820</u>	<u>1,429,332</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Employment and Training Services 2023 £	Health and Social Care 2023 £	Other 2023 £	Total funds 2023 £	Total funds 2022 £
Staff costs	37,781	527,006	-	564,787	361,976
Depreciation	-	34,191	53,176	87,367	93,836
Other Costs	94,419	22,705	-	117,124	494,094
Premises costs	1,176	6,887	-	8,063	291,451
Administration costs	-	-	-	-	87,977
Professional fees	191,244	9,317	56,455	257,016	199,445
Pension fee	-	-	(56,943)	(56,943)	14,976
IT costs	16,306	145,387	-	161,693	4,189
VAT	-	-	129,150	129,150	52,955
	<u>340,926</u>	<u>745,493</u>	<u>181,838</u>	<u>1,268,257</u>	<u>1,600,899</u>
TOTAL 2022	<u>680,123</u>	<u>578,853</u>	<u>341,923</u>	<u>1,600,899</u>	

9. AUDITORS' REMUNERATION

	2023 £	2022 £
Fees payable to the company's auditor for the audit of the company's annual accounts	17,500	9,150
Fees payable to the company's auditor in respect of:		
The audit of the annual accounts of the charity's subsidiary undertakings	-	5,200

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. STAFF COSTS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	2,198,015	2,040,432	2,198,015	591,322
Social security costs	194,868	165,603	194,868	54,369
Pension	131,681	(557,719)	131,681	(582,799)
	<u>2,524,564</u>	<u>1,648,316</u>	<u>2,524,564</u>	<u>62,892</u>

The average number of persons employed by the company during the year was as follows:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
	101	103	101	25

The health and social care services were operated by the subsidiary charity in 2021/22, whereas for 2022/23, all services were operated by the parent charity. This is the reason for the large differences between group and company employees in the prior year.

The average headcount expressed as full-time equivalents was:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
	83	83	83	22

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2023 No.	Group 2022 No.
In the band £80,001 - £90,000	1	1

The total amount of employee benefits received by key management personnel for their services was £139,539 (2021: £156,300)

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, expenses totalling £269 were reimbursed or paid directly to 1 Trustee (2022 - £4,008 to 5 Trustees).

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. NET (LOSSES)/GAINS ON INVESTMENTS

The breakdown of the (£272,184) shown on the SOFA is broken down as follows:

Fixed Asset Investments (Note 14)
 Revaluation (£171,578)

Escrow Account (Note 16)
 Revaluation (£101,606)

13. TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	Freehold property £	Fixtures and equipment £	Total £
COST OR VALUATION			
At 1 April 2022	2,900,519	722,892	3,623,411
Additions	612,465	3,777	616,242
Disposals	(688,949)	(196,465)	(885,414)
At 31 March 2023	2,824,035	530,204	3,354,239
DEPRECIATION			
At 1 April 2022	251,266	628,095	879,361
Charge for the year	44,434	42,934	87,368
On disposals	(151,296)	(196,379)	(347,675)
At 31 March 2023	144,404	474,650	619,054
NET BOOK VALUE			
At 31 March 2023	2,679,631	55,554	2,735,185
At 31 March 2022	2,649,253	94,797	2,744,050

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. INVESTMENT PROPERTY

GROUP AND COMPANY

	Freehold investment property £
At 1 April 2022	2,279,726
Disposals	(2,279,726)
At 31 March 2023	-

The property (Beaufort House) was sold in the year.

15. FIXED ASSET INVESTMENTS

	Listed investments £	Other fixed asset investments £	Total £
GROUP AND COMPANY			
COST OR VALUATION			
At 1 April 2022	6,325,704	340	6,326,044
Additions	3,000,000	-	3,000,000
Disposals	(1,550,000)	-	(1,550,000)
Revaluations	(171,578)	-	(171,578)
Interest and dividends received and reinvested	112,728	-	112,728
Fees	(51,030)	-	(51,030)
AT 31 MARCH 2023	7,665,824	340	7,666,164
NET BOOK VALUE			
AT 31 MARCH 2023	7,665,824	340	7,666,164
AT 31 MARCH 2022	6,325,704	340	6,326,044

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. DEBTORS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
DUE WITHIN ONE YEAR				
Trade debtors	261,468	123,279	261,468	123,279
Other debtors	43,863	61,402	43,863	61,402
Prepayments and accrued income	206,781	143,975	206,781	143,975
	512,112	328,656	512,112	328,656

17. ESCROW ACCOUNT

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Investments	1,412,295	1,512,901	1,412,295	1,512,901

The Escrow account is established under a deed between the company and the Trustees of the St Loye's Foundation Pension & Assurance Scheme and is used to provide contributions to the Scheme under an agreed recovery plan. Assets from the account can be returned to the company when the Scheme is over-funded per the funding based actuary valuation.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	247,421	213,271	247,421	213,271
Other taxation and social security	51,409	40,323	51,409	40,384
Other creditors	-	71	-	10
Accruals and deferred income	1,389,138	795,480	1,389,138	795,480
	<u>1,687,968</u>	<u>1,049,145</u>	<u>1,687,968</u>	<u>1,049,145</u>
			Group 2023 £	Group 2022 £
Deferred income at 1 April 2022			602,256	92,176
Resources deferred during the year			1,362,997	602,256
Amounts released from previous periods			(602,256)	(92,176)
			<u>1,362,997</u>	<u>602,256</u>

The balance with the Alliance Partnership in the main reason for the hike in the deferred income, and this is part of the cash balance owed to members of the alliance at year end.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme escrow	1,512,901	-	-	-	(100,606)	1,412,295
Tangible fixed asset reserve	5,023,777	-	(87,367)	(2,201,225)	-	2,735,185
Future sustainability	140,578	-	-	-	-	140,578
Pension Commitments	17,500	-	-	(17,500)	-	-
Investment Volatility Reserve	2,000,000	-	-	-	(171,578)	1,828,422
	<u>8,694,756</u>	<u>-</u>	<u>(87,367)</u>	<u>(2,218,725)</u>	<u>(272,184)</u>	<u>6,116,480</u>
GENERAL FUNDS						
General after pension liability	2,269,393	3,559,113	(3,207,516)	1,682,273	79,000	4,382,263
Unrealised investment revaluation	1,282,762	-	-	536,452	-	1,819,214
	<u>3,552,155</u>	<u>3,559,113</u>	<u>(3,207,516)</u>	<u>2,218,725</u>	<u>79,000</u>	<u>6,201,477</u>
TOTAL UNRESTRICTED FUNDS	<u>12,246,911</u>	<u>3,559,113</u>	<u>(3,294,883)</u>	<u>-</u>	<u>(193,184)</u>	<u>12,317,957</u>
RESTRICTED FUNDS						
BeWell@StepOne	1,315	45,950	(47,265)	-	-	-
CF03	13,808	10,000	(21,040)	-	-	2,768
Health and Social Services	500,865	-	(500,865)	-	-	-
South Devon Community Housing	56,747	-	-	-	-	56,747

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - CURRENT YEAR (continued)

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Cypress	75,002	10,022	(9,523)	-	-	75,501
	<u>647,737</u>	<u>65,972</u>	<u>(578,693)</u>	<u>-</u>	<u>-</u>	<u>135,016</u>
TOTAL OF FUNDS	<u><u>12,894,648</u></u>	<u><u>3,625,085</u></u>	<u><u>(3,873,576)</u></u>	<u><u>-</u></u>	<u><u>(193,184)</u></u>	<u><u>12,452,973</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. STATEMENT OF FUNDS (CONTINUED)

Designated Funds

Pension Scheme Escrow

Investments related to the defined benefit pension scheme are held in an escrow account, managed by Legal & General on behalf of the Foundation. These investments are not realisable in the short term and are to be used to meet the pension scheme liabilities and hence an amount equal to the liability is designated for these purposes.

Beaufort House

A sum of £1.4m was transferred to the Escrow account in relation to the purchase of Beaufort House, under agreement with the pension scheme trustees who hold a charge over the property. In the 2021/22 year, it was established that the pension scheme was no longer in deficit and accordingly the balance of the fund was released in that year. The charge over the property was removed and the property was sold during 2022/23.

Tangible Fixed Asset Reserve

The tangible fixed asset reserve is maintained at an amount equivalent to net book value of the assets with an amount equivalent to the depreciation to be expanded out of the fund in the year.

Future Sustainability

A fund was set aside to provide for the costs associated with organisational changes and developments in order to support sustainability in a changing funding environment. This provides for essential restructuring costs and investment in business development and the creation of new revenue streams in line with the strategic plan.

Pension commitments

Funds have been designated to cover the additional contributions to the defined benefit pension scheme of £17,500 per month until 31 March 2022.

Investment Volatility Fund

A fund has been set aside to help guard against any future volatility in either investment valuations or movement in the pension fund deficit.

Restricted Funds

BeWell@StepOne

A fund set up to support mental health and wellbeing to those in the community.

CF03

A fund set up to replace the Change Maker fund. It is a voluntary programme funded by the Shaw Trust designed to help people within the justice system prepare for when they leave custody and re-enter the community.

Where capital items have been purchased out of restricted funds, the expenditure is shown on the Statement of Financial Activities as a transfer from restricted to unrestricted funds.

Health and Social Services

These are funds transferred from CCT (subsidiary charity) on 31 March 2022. As the objects of CCT are narrower than those of Step One Charity, the unrestricted funds of CCT are treated as restricted funds within these consolidated financial statements.

South Devon Community Housing

This represents funds received from South Devon Community Housing Society to provide support to people aged over 16 in South Devon.

Cypress

These are made up of a Legacy received year end March 2021. This has been used in the year for funding for an ECG machine, for an OT room and for the employment of a psychologist.

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
DESIGNATED FUNDS						
DESIGNATED FUNDS						
Pension scheme escrow	2,434,376	-	-	(1,097,462)	175,987	1,512,901
Beaufort House	1,400,000	-	-	(1,400,000)	-	-
Tangible fixed asset reserve	4,598,856	-	(93,836)	23,163	495,593	5,023,776
Future sustainability	213,591	-	-	(73,013)	-	140,578
Pension Commitments	227,500	-	-	(210,000)	-	17,500
Investment Volatility Reserve	2,000,000	-	-	-	-	2,000,000
	<u>10,874,323</u>	<u>-</u>	<u>(93,836)</u>	<u>(2,757,312)</u>	<u>671,580</u>	<u>8,694,755</u>
GENERAL FUNDS						
General after pension liability	646,226	1,931,134	(1,376,988)	2,814,732	(1,745,710)	2,269,394
Unrealised investment revaluation	1,340,182	(597,000)	597,000	(57,420)	-	1,282,762
	<u>1,986,408</u>	<u>1,334,134</u>	<u>(779,988)</u>	<u>2,757,312</u>	<u>(1,745,710)</u>	<u>3,552,156</u>
TOTAL UNRESTRICTED FUNDS	<u>12,860,731</u>	<u>1,334,134</u>	<u>(873,824)</u>	<u>-</u>	<u>(1,074,130)</u>	<u>12,246,911</u>
RESTRICTED FUNDS						
Change Maker	12,922	-	(12,922)	-	-	-
BeWell@StepOne	-	1,315	-	-	-	1,315
CF03	-	13,808	-	-	-	13,808

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR (CONTINUED)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Health and Social Services	788,047	1,903,356	(2,190,538)	-	-	500,865
South Devon Community Housing	56,747	-	-	-	-	56,747
Cypress	97,200	965	(23,163)	-	-	75,002
	<u>954,916</u>	<u>1,919,444</u>	<u>(2,226,623)</u>	<u>-</u>	<u>-</u>	<u>647,737</u>
TOTAL OF FUNDS	<u>13,815,647</u>	<u>3,253,578</u>	<u>(3,100,447)</u>	<u>-</u>	<u>(1,074,130)</u>	<u>12,894,648</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	2,735,185	-	2,735,185
Fixed asset investments	7,666,164	-	7,666,164
Current assets	3,604,576	135,016	3,739,592
Creditors due within one year	(1,687,968)	-	(1,687,968)
TOTAL	<u>12,317,957</u>	<u>135,016</u>	<u>12,452,973</u>

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	2,744,050	-	2,744,050
Fixed asset investments	6,326,044	-	6,326,044
Investment property	2,279,726	-	2,279,726
Current assets	1,746,240	847,730	2,593,970
Creditors due within one year	(849,152)	(199,993)	(1,049,145)
TOTAL	12,246,908	647,737	12,894,645

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

	Group 2023 £	Group 2022 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(520,675)	748,408
ADJUSTMENTS FOR:		
Depreciation charges	87,368	93,836
Losses/ (gains) on investments	272,184	(595,277)
Dividends, interests and rents from investments	(112,728)	(108,865)
Loss/(profit) on the sale of fixed assets	(614,507)	-
Decrease/(increase) in debtors	(183,457)	25,998
Increase in creditors	638,823	622,630
Difference between pension charge and cash contributions	79,000	(178,509)
Investment fees	51,030	62,032
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	(302,962)	670,253

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2023 £	Group 2022 £
Cash in hand	1,815,185	752,415
TOTAL CASH AND CASH EQUIVALENTS	1,815,185	752,415

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2022 £	Cash flows £	Changes in market value and exchange rate movements £	At 31 March 2023 £
Cash at bank and in hand	752,412	1,062,773	-	1,815,185
Liquid investments	1,512,901	-	(100,606)	1,412,295
	2,265,313	1,062,773	(100,606)	3,227,480

24. PENSION COMMITMENTS

The Group operates a defined benefit pension scheme.

Step One operates a pension scheme for all qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The scheme closed to future accrual on 1 September 2001. A schedule of contributions is agreed between the Foundation and the Trustee after each comprehensive actuarial valuation.

The most recently completed full actuarial valuation took place as at 5 April 2020. Under the agreed schedule of contributions, Step One paid contributions to the scheme of £17,500 per month until 31 March 2022 and one-off payments of £442,698 in April 2021, £1,595,762 in June 2021 and £459,000 before 31 March 2022. No further contributions have been required since 31 March 2022.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	At 31 March 2023 %	At 31 March 2022 %
Discount rate	4.65	2.65
Rate of price inflation - RPI	3.45	5.50
Rate of price inflation - CPI	2.65	4.70
Deferred pension increases (non-GMP)	3.55	4.70
Pension increases in payment	5.00	5.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

24. PENSION COMMITMENTS (CONTINUED)

	At 31 March 2023 Years	At 31 March 2022 Years
MORTALITY RATES (IN YEARS)		
- for a male aged 65 now	21.1 / 19.9	21.1 / 19.9
- at 65 for a male aged 45 now	22.1	22.0
- for a female aged 65 now	23.5 / 22.4	23.5 / 22.3
- at 65 for a female aged 45 now	24.7	24.6

The Group's share of the assets in the scheme was:

	At 31 March 2023 £000s	At 31 March 2022 £000s
Equities	-	2,599
Gilts	11,009	2,662
Corporate bonds	3,786	4,574
Property	-	3,645
Cash and other liquid assets	1,888	457
Absolute return / Diversified growth funds	2,380	8,815
Insured annuities	3,321	4,291
TOTAL FAIR VALUE OF ASSETS	22,384	27,043

The actual return on scheme assets was £-3,179,000 (2022 - £8,000).

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2023 £000s	2022 £000s
Past service cost	-	(693)
Interest cost	(114)	(4)
Administrative expenses	79	100
Impact of surplus restriction	114	-
TOTAL AMOUNT RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	79	(597)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

24. PENSION COMMITMENTS (CONTINUED)

Movements in the present value of the defined benefit obligation were as follows:

	2023 £000s
Opening defined benefit obligation	22,747
Benefits paid	(1,401)
Interest cost on defined benefit obligation	584
Past service costs	-
Actuarial (gain)/loss	(3,957)
CLOSING DEFINED BENEFIT OBLIGATION	17,973

Movements in the fair value of the Group's share of scheme assets were as follows:

	2023 £000s
Opening fair value of scheme assets	27,043
Interest Income	698
Return less interest income on scheme assets	(3,877)
Contributions by the employer	-
Benefits paid	(1,401)
Administration Expenses	(79)
CLOSING FAIR VALUE OF SCHEME ASSETS	22,384

The Group has an unrecognised surplus of £4,411,000 (2022 - £4,296,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

25. OPERATING LEASE COMMITMENTS

At 31 March 2023 the Group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	80,152	19,471	80,152	19,471
Later than 1 year and not later than 5 years	6,152	20,676	6,152	20,676
	86,304	40,147	86,304	40,147

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

26. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

27. NET SHARE OF JOINT VENTURE PROFIT

Steps to Employment Limited, registered company number 09282877 was a company limited by shares and established under a joint venture agreement between Step One Charity, Enham Trust (registered company number 00173199 and registered charity number 211235) and Portland College (registered company number 00408340 and registered charity number 214339).

Steps to Employment Limited was dissolved during the year.

28. COMMUNITY CARE TRUST (SOUTH WEST) LIMITED

Step One Charity controls the voting rights of Community Care Trust (South West) Ltd, which was acquired on 1 April 2015. Community Care Trust (South West) Ltd is a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. The company was dormant in 2022/23. The members of CCT are the same board members as in Step One Charity.

STEP ONE CHARITY

England & Wales - Charity number 235434

Accounts

Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

Directors and Trustees Mrs D Bassett (resigned 1 September 2021)
 Mr R Gofton
 Mr E Probert (resigned 7 April 2021)
 Mr M Taylor
 Mr I Beider (resigned 22 March 2022)
 Mr R Williams
 Mrs S Sutherland, Chair
 Mr P Cawthron
 Mrs S Brennan (resigned 29 October 2021)
 Mr D Hawes (appointed 21 September 2021)
 Mr M Lambert (appointed 14 December 2021)
 Mr C Pallot (appointed 14 December 2021)

**Company registered
number** 00393477

**Charity registered
number** 235434

Registered office Beaufort House
 51 New North Road
 Exeter
 Devon
 EX4 4EP

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Chief executive officer Mrs E Rainsford (until 18 July 2022)
Patron Her Majesty The Queen

Independent auditors Bishop Fleming LLP
Chartered Accountants
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers National Westminster Bank Plc
59 High Street
Exeter
Devon
EX4 3DP

Solicitors Foot Anstey
Senate Court
Southernhay Gardens
Exeter
Devon
EX1 1NT

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The Trustees present their annual report together with the audited financial statements of the company for the year 1 April 2021 to 31 March 2022. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

a. Policies and objectives

The principal objects of the charity are to provide support for people with physical, mental health, sensory and other disabilities, or those with long-term health conditions, in order to improve their quality of life and degree of independence and provide the opportunity to achieve their potential through personal development, training and employment.

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public and confirms it has complied with the duties as set out. This report outlines how our achievements during the period have benefited the public.

Throughout this year we have completed a thorough review of our strategy with a focused commitment to further drive our reputation for high quality provision and investment in our staffing resource. We continue to plan to grow our core services whilst developing our fundraising potential which will help us diversify our income sources and enable us to support more people through new services.

Step One activities during 2021-22 were again centred on Employment Services, Health and Social Care, with Health and Social Care services delivered through the CCT subsidiary.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategic report

The following sections constitute the strategic report for the purposes of the Companies Act 2006. This strategic report forms part of the Report of the Board.

Achievements and performance

a. Introduction

Entering a new financial year invariably requires reflection on our previous year's achievements and challenges. As the year started it was apparent that the COVID-19 pandemic would continue to have a significant effect not only upon individuals but also organisations including ourselves. As a charity affected by the pandemic, we continually adapted the way we delivered our services whilst at the same time adhering to all the Government's requirements for social distancing during the national lockdown. Throughout a very challenging year for Step One, we have been able to demonstrate considerable resilience and forward thinking whilst delivering our core services during the pandemic.

During the year, our back office and central functions adapted to intense demands in addition to continuing to adopt remote working as they supported our client services. Services coped with uncertainty and confusion with exceptional skill and professionalism. As an organisation we took brave and creative decisions across every aspect of the charity's work, and this will be built upon over the next twelve months and beyond.

We again acknowledge how hard everyone worked in what has been an intensely challenging time. All services

**STEP ONE CHARITY
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Achievements and performance (CONTINUED)

have been able to continue to deliver provision and this is commended. Managers, staff and those behind the scenes had a very demanding year. Despite this, everyone has pulled together and gone the extra mile, and this is recognised and applauded.

b. Main achievements of the charity

Over the past year, Step One worked with over 800 people across our wide range of specialist provision in Devon which included providing 30,000 hours of community support care and 5,000 bed nights for its commissioned acute care at Cypress and Granvue.

(i) Cypress Hospital and Granvue Crisis House

During the year the priority for this service has been to continue to deliver high standards of support and ongoing provision of hospital beds and this has been achieved. As a result of COVID-19 and in order to safeguard adequate and consistent staffing for this service, it was agreed with commissioners that at the beginning of the year that we would operate below our normal capacity. From July, Cypress gradually opened the designated isolation beds as planned to again function as a 14-bed service. However due to continual staff shortages caused by COVID this meant having to close to admissions on occasion.

In April we linked with Plymouth University to develop a Nursing Apprenticeship opportunity for Step One support workers. The scheme is delivered over a four-year period requiring the student to work at Cypress and attend University three days a week. This is a government support scheme and as such has minimal cost to the charity. This resulted in the charity being able to offer an opportunity for one of its current members of staff.

Whilst there is no major issue with recruitment of staff at Cypress, recruitment of mental health nurses (RMNs), when required, will be an ongoing challenge. The 'grow our own' approach started in 2017 is now developing a steady pipeline of newly qualified RMNs through internal sponsorship.

(ii) Support Living and Community Support

This service continued to deliver support during the year despite the lockdown through either face-to-face support or telephone, according to individual client preference. Community services has however struggled at times during the year to achieve activity targets due to staff shortages caused by COVID and staff vacancies where recruitment remains a challenge to this service. Our new HR Manager has been working closely with this team alongside our communications staff and recruitment sites to improve our advertising approach. In September a new salary banding was introduced to the support worker role where it was hoped this would also help address critical recruitment challenges.

During the year and in anticipation of the need to review salary, the team have been working through more than 100 individual contracts with Devon County Council to align each to our current ceiling hourly rate. To this end, our Manager for Community Services, has worked extremely hard to get commissioners to agree to uplift all 120 clients to the required hourly rate.

A business case to invest up to a maximum of £1 million for the purchase of an additional supported living house was approved by the Board in December. Following viewings, an offer has been accepted for a large 6 bedroomed property in Exeter. The property is ideal to service requirements with existing HMO status, detached on a large plot, parking and within a short distance to our other house on Monks Road. This offer was subject to the usual purchasing conditions and specifically a requirement for an unoccupied property at exchange. With all these conditions having been met we were able to exchange contracts in June 2022. With an existing waiting list for accommodation support, our Manager for Community Services and her team remain confident in achieving full occupancy of the property in 2023.

**STEP ONE CHARITY
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Achievements and performance (CONTINUED)

(iii) CF03

The team has coped with personnel changes during the year, and they have worked very hard to bring enrolment targets back on track after the prison lockdown due to COVID. Quarterly Courses have been facilitated at Beaufort House to improve Education Whilst On Programme (EWOP) targets. HM Prisons and Probation Service also agreed to re-profile contract targets for all prime providers following impact of COVID on ability to deliver during lockdowns. This re-profiling has been cascaded to sub-contractors and is a favourable outcome for Step One. The contract is due to end in August 2023 and there is some indication from Shaw Trust, of a 3-month extension.

(iv) BeWell@ StepOne

The project continues to make positive progress in terms of our participant numbers and with attendance recorded at almost 70% compared to a 50% benchmark with other providers. Workshops have proved popular, and team introduced the "All Welcome Wellbeing" remote peer support group to support people further with their mental health.

The NHS HOPE course is proving to be one of our more popular courses and a second member of the team is completing her accreditation to improve capacity. In March 2021 the contract for Torbay Peer Support (TPSP) ended which meant we have three full time members of staff working on the BeWell project to ensure support and continuity.

Our collaboration with Mind is working well with regular meetings to plan joint social media promotion events and review both charities offers. It is positive to see both organisations signposting to one another when their courses are full. The range of referral pathways has increased, and our communications team have worked very effectively on promotion. All staff have now completed their Peer Support qualification with the University of Exeter, and this has been added to our promotional material. Going forward this service will be open to signposting from the new Alliance community mental health framework contract. Preparation for Phase 2 of the project has been undertaken linking closely with the fundraising team to achieve additional income.

(v) Fundraising

Following approval by the board last year we have pushed on with the delivery of our new fundraising strategy in order to increase and diversify our income streams. During the year we were therefore committed to developing our fundraising to both increase our income and public profile which will enable us to offer much needed support to more people. It is therefore very pleasing to note that in this first year following approval of the new strategy all fundraising targets have been achieved. In addition to successfully making new grant applications, we also began to work on community fundraising.

(vi) Beaufort House

The Board had previously in 2019 considered future options regarding its headquarters building Beaufort House. At that time due to the rental income it generated for the Charity, it was decided that Beaufort House should be retained as an investment property. Having made the decision it was anticipated that the renting out of vacant space to third parties would be sufficient to generate a significant and sustainable operating surplus for the foreseeable future. However, whilst this initially has proven to be the case, recently more difficult market conditions brought about by the impact of COVID-19 has made the letting of vacant space increasingly difficult. As a result, some tenants have already left or served notice not to renew their tenancy, with no immediate prospect of being able to let vacant space.

During 2021 the Board explored various options regarding future ownership of the property, and it was finally decided that Beaufort House should be marketed for sale in the early part of 2022. A number of competitive offers were received, and terms have eventually been agreed with a preferred purchaser for a sale price of £3.550m. Following necessary due diligence including compliance with the Charities Act, contracts for the sale were exchanged in August 2022.

**STEP ONE CHARITY
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Achievements and performance (CONTINUED)

(vii) The Devon Mental Health Alliance

During the year, Step One was successful in securing a new contract with other partners to deliver mental health services in a new collaborative approach across Devon. The contract is initially for a 3-year period (commencing February 2022) with a total contract value of £3.65 million. The Devon Mental Health Alliance is a partnership between six community organisations, (CoLab Exeter, Devon Mind, Improving Lives Plymouth, Rethink, Shekinah Mission, Step One) and Statutory Mental Health Partners.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

In the Board's view, a minimum level of unrestricted reserves should be maintained to provide adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Board reviews the adequacy of reserves required at least on an annual basis and receives financial information on a regular basis to allow them to monitor the likely movement on reserves in any given year.

The Board proposes to maintain general unrestricted reserves at a level which is at least equivalent to six months' operational expenditure, plus redundancy provision. The current target level of reserves has been set at £2.021m and at the year-end the Charity held a balance of £3.552m comprising of a general free reserve of £2.269m and £1.283m in respect of an unrealised investment revaluation.

The Board are also obliged to designate funding to offset pension liabilities as assessed by the Foundation's actuary. The designated reserve should match the amounts held in the escrow account that cover the pension scheme funding deficit and any amounts due under the current schedule of contributions. The escrow account fund had a balance of £1.5m at year end and the pension contribution commitments fund was £18k, making a total of £1.5m designated for pension liabilities.

The Board also designate funds to support other specific purposes with separately identifiable costs and a business case demonstrating clear benefit across the organisation and support for the charitable objects. Further details of these designations are provided in the notes.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

c. Financial Review

The year-end accounts show a total income of £3.254m, which is a decrease of £61k from 2021. The total income for the year also reflects income from ongoing CCT activities. CCT activities are shown within the restricted funds of the group. Total expenditure for the year was £3.100m for the group compared to £3.595m in 2021. The net income/(expenditure) before investments and pensions are taken into account were £153k compared to £(281)k expenditure in 2021.

The investments of the Charity are held in 2 separately managed portfolios that are balanced in order to maintain potential for longer term growth in capital value, but which also allow for funds to be withdrawn at short notice should the need arise. The investment performance reflected market conditions and a net gain of £595k on the investment valuation is recognised, compared to a gain of £1.979m in 2021 (reflecting a large recovery of financial markets following COVID). The net movement in funds before adjustments for pensions is a gain of £1.242m compared to a gain of £1.699m in 2021.

The annual update of the pension scheme for March 2022 showed an increase in the value of the scheme assets by £1.164m to £27.043m as the benefits paid were less than the contributions made by Step One and the investment returns. The present value of the scheme liabilities has also decreased by £4.271m to £22.747m as the benefits paid and actuarial gain have exceeded the increased costs. The charity has an unrecognised surplus of £4.296m in respect of its defined benefit pension scheme compared to a deficit of £1.161m in 2021. However, in line with accounting disclosures contained within the FRS 102 year-end pension report, the recognised assets have been restricted to the value of the defined benefit obligation only, meaning this surplus is not recognised as a gain within the consolidated statement of financial activities for 2021-22. In terms of the year-end accounts there is a negative pension movement of £2.165m that takes into account the increased employer pension contribution payment of £2.707m that was made to the pension fund.

Taking all of the above into account results in an overall net reduction of funds for the group of £921k, with total funds carried forward of £12.895m at the year end. Of this, a total of £8.695m is designated for specific purposes, and general unrestricted funds including the unrealised investment revaluation, stand at £3.552m.

The impact of the Covid 19 virus pandemic continued as a business critical risk last year and presented the charity with an enormous range of issues to consider as it continued to deliver services. Towards the end of last year, it also became apparent that challenging operating conditions would continue particularly regarding the inflationary impact on procuring goods and services. The budget approved for next year has planned an operating deficit of £232k but contained proposals to reduce the deficit in future years and to move towards a break even position. Several actions have therefore already commenced with the intention of reducing the ongoing deficit as follows:-

- (i) Made an offer which has been accepted for an additional supported living house
- (ii) Successfully marketed Beaufort House for sale to an interested buyer
- (iii) Reviewed current bed cost for acute services and commenced contract conversation with commissioners
- (iv) Delivered savings for Step One in respect of being part of the new community mental healthcare (Alliance) framework

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

d. Risks

The organisation has a strong framework in place to monitor and mitigate major risks to which it may become exposed. Risks are regularly reviewed by the Board and its sub-Committees or Working Groups. Commercial and financial risks are considered by the Finance & Audit Committee using external advice where appropriate. There are robust systems for quality assurance and compliance through the Quality Assurance and Improvement Committee that are used to inform a process of continuous improvement and provide further assurance on identification and management of risk. The key business risks that have been identified: -

- (i) Lack of new contract opportunities going forward
- (ii) Ongoing increase in medical insurance cover with limited providers
- (iii) Ensuring there are adequate and skilled staff to deliver services and fulfil contractual obligations
- (iv) Fundraising and legacy income targets are not achieved
- (v) Current impact of inflation upon procuring goods and services and recruiting staff

Structure, governance and management

a. Constitution

Step One Charity ("Step One") is a company limited by guarantee and is registered as a charity with the Charity Commission (No. 235434). The name was changed from St Loye's Foundation on 21 December 2016 to provide a new trading name for the group following the acquisition of Community Care Trust (South West) Limited as a subsidiary in 2015 and a period of review and consultation. The trustees constitute the Board of Management of the charity and are also directors of the company with overall responsibility for governance. The Board meets to agree strategic and operational plans and monitor progress against them. The Board delegates the day to day running of the charity to an Executive Team, providing advice and guidance as appropriate. Board members may also serve on Committees or operational groups.

Community Care Trust (South West) Limited ("CCT") is a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. Step One controls 75% of the voting rights of CCT and is a corporate member of CCT with the right to nominate a trustee for the CCT Board. CCT also has the right to nominate a member to the Step One Board. The Boards have agreed to joint meetings whilst retaining separate processes as required for statutory administrative purposes.

At its most recent Annual General Meeting held on 21 September 2021, the trustees of CCT agreed to the transfer of all assets and liabilities from CCT to its parent company Step One Charity resulting in a merger of both charities to be under the single name of Step One. This transfer has now taken effect with the completion date being 31 March 2022.

The following Trustees served during the year:

Ms S Sutherland (Chair)
Mr M Taylor
Ms D Bassett (resigned 1 September 2021)
Mr I Beider (resigned 22 March 2022)
Ms S Brennan (resigned 29 October 2021)
Mr P Cawthron
Mr D Hawes (appointed 21 September 2021)
Mr R Gofton
Mr M Lambert (appointed 14 December 2021)
Mr C Pallot (appointed 14 December 2021)
Mr E Probert (resigned 7 April 2021)
Mr R Williams

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Structure, governance and management (CONTINUED)

b. Methods of appointment or election of Trustees

The management of the Group and the company is the responsibility of the Trustees who are elected and co-opted under the terms of the memorandum and articles of association.

c. Financial risk management

The Trustees have assessed the major risks to which the Group and the company are exposed, in particular those related to the operations and finances of the Group and the company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

d. Trustee induction and training

The Trustees undergo induction to brief them of their legal obligations under company and charity law, the content of the Articles of Association, the committee and decision-making processes, approval of the annual operating plans and budgets and review of strategy and performance.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Plans for future periods

Since the development of a new strategy in 2018, Step One's operating context has materially changed. The impact of the pandemic, the creation of the Devon Mental Health Alliance and associated changes to commissioning have all combined to present a new set of challenges and opportunities. A Trustee Strategy Day highlighted a range of different expectations for growth and service development, and a need for greater clarity and alignment across the Trustees and Leadership Team in several areas:

- ? Step One's target market segments options - 'where to play'
- ? Potential future routes to growth
- ? Existing capacity and capability to deliver
- ? Financial implications of growth opportunities
- ? The impact of the Alliance upon Step One's future direction

Following the Trustee Strategy Day, a full strategic review was completed and approved by the Board in June 2022 and is summarised below: -

**Vision – what we
can do and become**

High Quality,
High Impact,
Evidenced based,
Specialist
Mental Health services

Create

- Capacity
- Capability
- Growth
- Responsiveness
- Credibility
- Creativity
- STAND OUT

Professional integrity

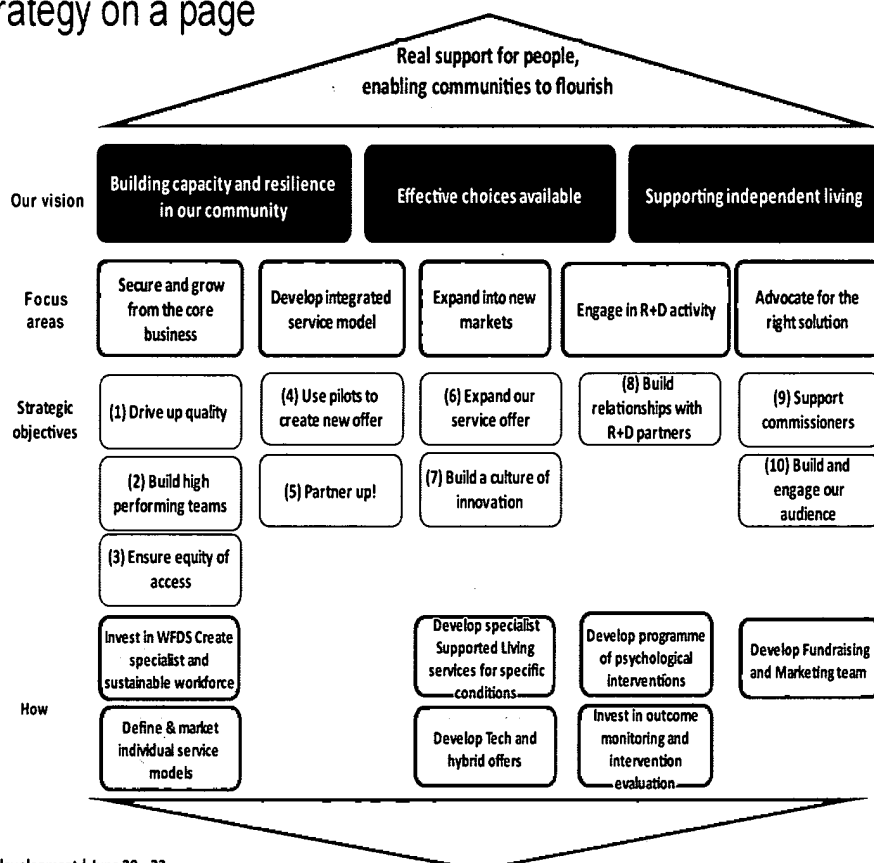
- Define and develop individual professional service models
- Equip workforce with skills for evidence based psychological interventions
- Protect workforce skill and role
- Demonstrate impact through ratified outcome measures

Promote

- Specialism
- Pathway of interventions for complex needs
- Pathway of specialist condition provision
- Outcomes and impact
- Fundraising impact
- Career development opportunities
- Pride in our practice integrity

Plans for future periods (CONTINUED)

Our strategy on a page



Step One - strategy development | June 20 22

Summary points

- Opportunities to grow services and develop business if we position our charity in the right way
- Growth must be underpinned by strong ethos of professional practice and drive for excellence
- We need to develop and modernise our approach to delivery through protected clinical support, business development and technology
- We need to take an ongoing commitment to investing in a credible, professional and sustainable workforce to realise our ambition
- **Delivering High Quality, High Impact, Evidenced based, Specialist Mental Health services**

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

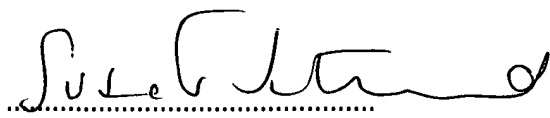
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:


.....
Mrs S Sutherland

Date: 20th September 2022

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

Opinion

We have audited the financial statements of Step One Charity (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the charity sector, control environment and charity performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Group's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- how the Group ensured it met its obligations arising from it being financed by and subject to the governance requirements, including around ensuring there is no material unauthorised use of funds and expenditure.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, purchase ledger and payroll, and identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, The Charities Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Charity's ability to operate or to avoid a material penalty. These included Care Quality Commission Regulation, Health and Social Care Act, data protection regulations, occupational health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the laws and regulations that Community Care Trust (South West) Limited are subject to;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal control reports; and

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Use of our report

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



Tim Borton FCA DChA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

17 October 2022

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	180,371	1,039	181,410	122,670
Charitable activities	5	731,492	1,918,406	2,649,898	2,792,418
Investments	6	108,931	-	108,931	106,336
Other income	7	313,340	-	313,340	293,396
Total income		1,334,134	1,919,445	3,253,579	3,314,820
Expenditure on:					
Raising funds		70,217	-	70,217	47,415
Charitable activities		803,607	2,226,623	3,030,230	3,548,199
Total expenditure		873,824	2,226,623	3,100,447	3,595,614
Net income/(expenditure) before net gains on investments		460,310	(307,178)	153,132	(280,794)
Net gains on investments		595,277	-	595,277	1,979,424
Other recognised gains/(losses):					
Gains on revaluation of fixed assets		495,593	-	495,593	-
Actuarial gains / (losses) on defined benefit pension schemes		(2,165,000)	-	(2,165,000)	1,488,000
Net movement in funds		(613,820)	(307,178)	(920,998)	3,186,630
Reconciliation of funds:					
Total funds brought forward		12,860,731	954,916	13,815,647	10,629,017
Net movement in funds		(613,820)	(307,178)	(920,998)	3,186,630
Total funds carried forward		12,246,911	647,738	12,894,649	13,815,647

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 23 to 44 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	2,744,050	2,814,723
Investments	14	6,326,044	7,909,920
Investment property	13	2,279,726	1,784,133
		<u>11,349,820</u>	<u>12,508,776</u>
Current assets			
Debtors	15	328,656	354,654
Investments	16	1,512,901	2,434,376
Cash at bank and in hand		752,416	105,325
		<u>2,593,973</u>	<u>2,894,355</u>
Creditors: amounts falling due within one year	17	(1,049,145)	(426,475)
Net current assets		<u>1,544,828</u>	<u>2,467,880</u>
Total assets less current liabilities		<u>12,894,648</u>	<u>14,976,656</u>
Net assets excluding pension asset / liability		<u>12,894,648</u>	<u>14,976,656</u>
Defined benefit pension scheme asset / liability	23	-	(1,161,009)
Total net assets		<u><u>12,894,648</u></u>	<u><u>13,815,647</u></u>
Charity funds			
Restricted funds	18	647,737	954,916
Unrestricted funds			
Designated funds	18	8,694,755	10,874,323
General funds	18	3,552,156	1,986,408
		<u>12,246,911</u>	<u>12,860,731</u>
Total funds		<u><u>12,894,648</u></u>	<u><u>13,815,647</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 20th September 2022 and signed on their behalf by:

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022



Mrs S Sutherland
Chair

The notes on pages 23 to 44 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	2,744,050	2,814,723
Investments	14	6,326,044	7,909,920
Investment property	13	2,279,726	1,784,133
		<u>11,349,820</u>	<u>12,508,776</u>
Current assets			
Debtors	15	328,656	266,931
Investments	16	1,512,901	2,434,376
Cash at bank and in hand		752,413	84,119
		<u>2,593,970</u>	<u>2,785,426</u>
Creditors: amounts falling due within one year	17	(1,049,145)	(1,281,053)
Net current assets		<u>1,544,825</u>	<u>1,504,373</u>
Total assets less current liabilities		<u>12,894,645</u>	<u>14,013,149</u>
Net assets excluding pension asset / liability		<u>12,894,645</u>	<u>14,013,149</u>
Defined benefit pension scheme asset / liability	23	-	(1,139,500)
Total net assets		<u><u>12,894,645</u></u>	<u><u>12,873,649</u></u>
Charity funds			
Restricted funds	18	647,737	12,922
Restricted funds	18	647,737	12,922
Unrestricted funds			
Designated funds	18	8,694,754	8,874,323
General funds	18	3,552,154	3,986,404
Total unrestricted funds	18	<u>12,246,908</u>	<u>12,860,727</u>
Total funds		<u><u>12,894,645</u></u>	<u><u>12,873,649</u></u>

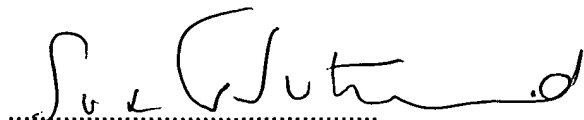
The company's net movement in funds for the year was £21,000 (2021 - £2,535,068).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

A handwritten signature in black ink, appearing to read 'S. Sutherland', written over a dotted line.

Mrs S Sutherland

Date: 20TH September 2022

The notes on pages 23 to 44 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	20	670,253	(227,937)
Cash flows from investing activities			
Purchase of tangible fixed assets		(23,163)	(3,311)
Proceeds from sale of investments		2,050,000	-
Repayment of pension deficit		(2,050,000)	-
Net cash used in investing activities		(23,163)	(3,311)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		647,090	(231,248)
Cash and cash equivalents at the beginning of the year		105,325	336,573
Cash and cash equivalents at the end of the year	21	752,415	105,325

The notes on pages 23 to 44 form part of these financial statements

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

1. General information

Step One Charity is a registered charitable company limited by guarantee and was set up by a Memorandum of Association on 26 February 1945. The charities registered number is 235434 and the registered office is Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP.

2. Accounting policies

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Step One Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

2.3 INCOME

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the company, can be reliably measured.

2.4 EXPENDITURE

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

2. Accounting policies (continued)

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- 2%
Fixtures and equipment	- 10% - 33% straight line

2.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments held as fixed assets are shown at cost less provision for impairment.

2.8 DEBTORS

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

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

2. Accounting policies (continued)

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

2.11 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 PENSIONS

Defined benefit scheme

The company operated a defined benefit scheme, which required contributions to be made to a separately administered fund. This scheme was closed to new members with effect from 6 April 1998, and closed to future benefit accrual from 1 September 2001. For a defined benefit scheme the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments over the period until vesting occurs. The interest cost and the expected return on assets are included as other financial income. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities. Defined benefit pension schemes are funded in separate trustee administered funds, with the assets of the scheme held separately from those of the Foundation. Full actuarial valuations are obtained every three years 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.

The group also has a number of employees who are members of a multi-employer defined benefit scheme in the UK. It is not possible to obtain sufficient information to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme with the contributions being charged to the income and expenditure account when payable.

Defined contribution scheme

The company and its subsidiary operate defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes and are set out in the notes to the accounts

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

2. Accounting policies (continued)

2.13 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group 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. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions:

- Investment property valuation
- Pension valuation
- Depreciation

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	11,996	74	12,070	11,620
Legacies	168,375	965	169,340	111,050
	<u>180,371</u>	<u>1,039</u>	<u>181,410</u>	<u>122,670</u>
TOTAL 2021	<u>25,312</u>	<u>97,358</u>	<u>122,670</u>	

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

5. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Employment and training services	731,492	27,701	759,193	284,461
Health and social care	-	1,890,705	1,890,705	2,507,957
	<u>731,492</u>	<u>1,918,406</u>	<u>2,649,898</u>	<u>2,792,418</u>
TOTAL 2021	<u>148,367</u>	<u>2,644,051</u>	<u>2,792,418</u>	

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from listed investments	108,865	108,865	106,336
Interest	66	66	-
	<u>108,931</u>	<u>108,931</u>	<u>106,336</u>
TOTAL 2021	<u>106,336</u>	<u>106,336</u>	

7. Other incoming resources

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Rental income	313,340	313,340	293,396
TOTAL 2021	<u>293,396</u>	<u>293,396</u>	

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

8. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Employment and training services	(292,488)	680,123	387,635	859,988
Health and social care	1,721,819	578,853	2,300,672	2,319,637
Other	-	341,923	341,923	368,574
	<u>1,429,331</u>	<u>1,600,899</u>	<u>3,030,230</u>	<u>3,548,199</u>
TOTAL 2021	<u><u>2,134,909</u></u>	<u><u>1,413,290</u></u>	<u><u>3,548,199</u></u>	

Analysis of direct costs

	Employment and Training Services 2022 £	Health and Social Care 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	(359,138)	1,585,425	1,226,287	1,913,115
Direct costs	66,650	136,395	203,045	221,794
	<u>(292,488)</u>	<u>1,721,820</u>	<u>1,429,332</u>	<u>2,134,909</u>
TOTAL 2021	<u><u>476,447</u></u>	<u><u>1,658,462</u></u>	<u><u>2,134,909</u></u>	

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Employment and Training Services 2022 £	Health and Social Care 2022 £	Other 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	103,705	258,271	-	361,976	344,371
Depreciation	-	-	93,836	93,836	95,371
Other Costs	321,792	172,302	-	494,094	174,486
Premises costs	154,302	137,149	-	291,451	281,720
Administration costs	76,846	11,131	-	87,977	270,196
Professional fees	19,289	-	180,156	199,445	117,694
Pension fee	-	-	14,976	14,976	60,868
IT costs	4,189	-	-	4,189	3,817
VAT	-	-	52,955	52,955	64,767
	680,123	578,853	341,923	1,600,899	1,413,290
TOTAL 2021	383,541	661,175	368,574	1,413,290	

9. Auditors' remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual accounts	9,150	8,475
Fees payable to the company's auditor in respect of:		
The audit of the annual accounts of the charity's subsidiary undertakings	5,200	4,800

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

10. Staff costs

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	2,040,432	1,978,889	591,322	584,539
Social security costs	165,603	153,536	54,369	46,663
Pension	(557,719)	138,360	(582,799)	102,405
	1,648,316	2,270,785	62,892	733,607

In addition to the above an expense of £108,671 has been accrued in respect of the expected liability in settlement of the Community Care Trust (South West) Limited defined benefit pension scheme.

Redundancy payments of £nil (2021: £3,000) were payable within the year.

The average number of persons employed by the company during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
	103	99	25	22

The average headcount expressed as full-time equivalents was:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
	83	88	22	21

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2022 No.	Group 2021 No.
In the band £80,001 - £90,000	1	1

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 March 2022, expenses totalling £4,008 were reimbursed or paid directly to 5 Trustee (2021 - £1,796 to 5 Trustees).

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

12. Tangible fixed assets

GROUP AND COMPANY

	Freehold property £	Fixtures and equipment £	Total £
COST OR VALUATION			
At 1 April 2021	2,900,519	699,729	3,600,248
Additions	-	23,163	23,163
At 31 March 2022	2,900,519	722,892	3,623,411
DEPRECIATION			
At 1 April 2021	201,428	584,098	785,526
Charge for the year	49,838	43,998	93,836
At 31 March 2022	251,266	628,096	879,362
NET BOOK VALUE			
At 31 March 2022	2,649,253	94,796	2,744,049
At 31 March 2021	2,699,092	115,631	2,814,723

There is a legal charge over the freehold property included within Tangible Fixed Assets and Investment Property - see note 19 for further details.

13. Investment property

GROUP AND COMPANY

	Freehold investment property £
VALUATION	
At 1 April 2021	1,784,133
Surplus on revaluation	495,593
At 31 March 2022	2,279,726

The revaluation is based on offers received for the sale of the property, apportioned based on the mixed use of the property.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

14. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
GROUP AND COMPANY			
COST OR VALUATION			
At 1 April 2021	7,909,581	340	7,909,921
Disposals	(2,050,000)	-	(2,050,000)
Revaluations	419,290	-	419,290
Interest and dividends received and reinvested	108,865	-	108,865
Fees	(62,032)	-	(62,032)
At 31 March 2022	<u>6,325,704</u>	<u>340</u>	<u>6,326,044</u>
NET BOOK VALUE			
At 31 March 2022	<u>6,325,704</u>	<u>340</u>	<u>6,326,044</u>
AT 31 MARCH 2021	<u>7,909,581</u>	<u>340</u>	<u>7,909,921</u>

15. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
DUE WITHIN ONE YEAR				
Trade debtors	123,279	162,509	123,279	91,213
Other debtors	61,402	55,862	61,402	55,862
Prepayments and accrued income	143,975	136,283	143,975	119,856
	<u>328,656</u>	<u>354,654</u>	<u>328,656</u>	<u>266,931</u>

16. Escrow account

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Investments	<u>1,512,901</u>	<u>2,434,376</u>	<u>1,512,901</u>	<u>2,434,376</u>

The Escrow account is established under a deed between the company and the Trustees of the St Loye's Foundation Pension & Assurance Scheme and is used to provide contributions to the Scheme under an agreed recovery plan. Assets from the account can be returned to the company when the Scheme is over-funded per the funding based actuary valuation.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

17. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	213,271	200,095	213,271	147,043
Amounts owed to group undertakings	-	-	-	989,995
Other taxation and social security	40,323	41,770	40,384	15,750
Other creditors	71	5,105	10	-
Accruals and deferred income	795,480	179,505	795,480	128,265
	<u>1,049,145</u>	<u>426,475</u>	<u>1,049,145</u>	<u>1,281,053</u>

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

18. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme escrow	2,434,376	-	-	(1,097,462)	175,987	1,512,901
Beaufort House	1,400,000	-	-	(1,400,000)	-	-
Tangible fixed asset reserve	4,598,856	-	(93,836)	23,163	495,593	5,023,776
Future sustainability	213,591	-	-	(73,013)	-	140,578
Pension Commitments	227,500	-	-	(210,000)	-	17,500
Investment Volatility Reserve	2,000,000	-	-	-	-	2,000,000
	<u>10,874,323</u>	<u>-</u>	<u>(93,836)</u>	<u>(2,757,312)</u>	<u>671,580</u>	<u>8,694,755</u>
GENERAL FUNDS						
General after pension liability	646,226	1,931,134	(1,376,988)	2,814,732	(1,745,710)	2,269,394
Unrealised investment revaluation	1,340,182	(597,000)	597,000	(57,420)	-	1,282,762
	<u>1,986,408</u>	<u>1,334,134</u>	<u>(779,988)</u>	<u>2,757,312</u>	<u>(1,745,710)</u>	<u>3,552,156</u>
TOTAL UNRESTRICTED FUNDS	<u>12,860,731</u>	<u>1,334,134</u>	<u>(873,824)</u>	<u>-</u>	<u>(1,074,130)</u>	<u>12,246,911</u>
RESTRICTED FUNDS						
Change Maker	12,922	-	(12,922)	-	-	-
BeWell@StepOne	-	1,315	-	-	-	1,315
CF03	-	13,808	-	-	-	13,808
Health and Social Services	788,047	1,903,356	(2,190,538)	-	-	500,865

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

18. Statement of funds (continued)

Statement of funds - current year (continued)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
South Devon Community Housing	56,747	-	-	-	-	56,747
Cypress Legacy	97,200	965	(23,163)	-	-	75,002
	<u>954,916</u>	<u>1,919,444</u>	<u>(2,226,623)</u>	<u>-</u>	<u>-</u>	<u>647,737</u>
TOTAL OF FUNDS	<u><u>13,815,647</u></u>	<u><u>3,253,578</u></u>	<u><u>(3,100,447)</u></u>	<u><u>-</u></u>	<u><u>(1,074,130)</u></u>	<u><u>12,894,648</u></u>

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

18. Statement of funds (continued)

Designated Funds

Pension Scheme Escrow

Investments related to the defined benefit pension scheme are held in an escrow account, managed by Legal & General on behalf of the Foundation. These investments are not realisable in the short term and are to be used to meet the pension scheme liabilities and hence an amount equal to the liability is designated for these purposes.

Beaufort House

A sum of £1.4m was transferred to the Escrow account in relation to the purchase of Beaufort House, under agreement with the pension scheme trustees who hold a charge over the property. The pension scheme is no longer in deficit following repayments made by the Trust and the Trustees are not expecting to use the proceeds from Beaufort House to fund the pension, therefore this balance has been released.

Tangible Fixed Asset Reserve

The tangible fixed asset reserve is maintained at an amount equivalent to net book value of the assets with an amount equivalent to the depreciation to be expended out of the fund in the year.

Future Sustainability

A fund was set aside to provide for costs associated with organisational changes and developments in order to support sustainability in a changing funding environment. This provides for essential restructuring costs and investment in business development and the creation of new revenue streams in line with the strategic plan.

Pension commitments

Funds have been designated to cover the additional contributions to the defined benefit pension scheme of £17,500 per month until 31 March 2022 (see note 24 for details).

Investment Volatility Fund

A fund has been set aside to help guard against any future adverse volatility in either investment valuations or movement in the pension fund deficit.

Restricted Funds.

Change Maker

A fund to enable a successful transition of clients from training into employment by covering the costs of necessary licenses and equipment.

BeWell@StepOne

A fund set up to support mental health and wellbeing to those in the community.

CF03

A fund set up to replace the Change Maker fund. It is a voluntary programme funded by the Shaw Trust designed to help people within the justice system prepare for when they leave custody and re-enter the community.

Where capital items have been purchased out of restricted funds, the expenditure is shown on the Statement of Financial Activities as a transfer from restricted to unrestricted funds.

Health and Social Services

These are funds transferred from CCT (subsidiary charity) on 31 March 2022. As the objects of CCT are narrower than those of Step One Charity, the unrestricted funds of CCT are treated as a restricted fund within these consolidated financial statements.

South Devon Community Housing

This represents funds received from South Devon Community Housing Society to provide support to

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Statement of funds (continued)

people aged over 16 in South Devon.

Cypress Legacy

For funding of nursing and patient care at Cypress Hospital.

Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme escrow	2,000,726	-	-	-	433,650	2,434,376
Beaufort House	1,400,000	-	-	-	-	1,400,000
Tangible fixed asset reserve	4,690,916	-	(95,371)	3,311	-	4,598,856
Future sustainability	244,568	-	-	(30,977)	-	213,591
Pension Commitments	437,500	-	-	(210,000)	-	227,500
Investment Volatility Reserve	-	-	-	2,000,000	-	2,000,000
	<u>8,773,710</u>	<u>-</u>	<u>(95,371)</u>	<u>1,762,334</u>	<u>433,650</u>	<u>10,874,323</u>
GENERAL FUNDS						
General after pension liability	121,254	709,584	(1,456,052)	(1,762,334)	3,033,774	646,226
Unrealised investment revaluation	1,340,182	-	-	-	-	1,340,182
	<u>1,461,436</u>	<u>709,584</u>	<u>(1,456,052)</u>	<u>(1,762,334)</u>	<u>3,033,774</u>	<u>1,986,408</u>
TOTAL UNRESTRICTED FUNDS	<u>10,235,146</u>	<u>709,584</u>	<u>(1,551,423)</u>	<u>-</u>	<u>3,467,424</u>	<u>12,860,731</u>
RESTRICTED FUNDS						
Change Maker	15,922	-	(3,000)	-	-	12,922

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

18. Statement of funds (continued)

Statement of funds - prior year (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Health and Social Services	377,949	2,605,236	(2,041,191)	-	-	941,994
	<u>393,871</u>	<u>2,605,236</u>	<u>(2,044,191)</u>	<u>-</u>	<u>-</u>	<u>954,916</u>
TOTAL OF FUNDS	<u>10,629,017</u>	<u>3,314,820</u>	<u>(3,595,614)</u>	<u>-</u>	<u>3,467,424</u>	<u>13,815,647</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	2,744,050	-	2,744,050
Fixed asset investments	6,326,044	-	6,326,044
Investment property	2,279,726	-	2,279,726
Current assets	1,746,243	847,730	2,593,973
Creditors due within one year	(849,152)	(199,993)	(1,049,145)
TOTAL	<u>12,246,911</u>	<u>647,737</u>	<u>12,894,648</u>

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	2,814,723	-	2,814,723
Fixed asset investments	7,909,920	-	7,909,920
Investment property	1,784,133	-	1,784,133
Current assets	1,782,513	1,111,842	2,894,355
Creditors due within one year	(291,058)	(135,417)	(426,475)
Provisions for liabilities and charges	(1,139,500)	(21,509)	(1,161,009)
TOTAL	12,860,731	954,916	13,815,647

20. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2022 £	Group 2021 £
Net income for the year (as per Statement of Financial Activities)	748,409	1,698,630
ADJUSTMENTS FOR:		
Depreciation charges	93,836	95,371
Losses/ (gains) on investments	(595,277)	(1,979,424)
Dividends, interests and rents from investments	(108,865)	(106,336)
Decrease in debtors	25,998	37,512
Increase in creditors	622,630	101,950
Difference between pension charge and cash contributions	(178,509)	(130,544)
Investment fees	62,032	54,904
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	670,254	(227,937)

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

21. Analysis of cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash in hand	752,415	105,325
TOTAL CASH AND CASH EQUIVALENTS	752,415	105,325

22. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	Changes in market value and exchange rate movements £	At 31 March 2022 £
Cash at bank and in hand	105,325	647,090	-	752,415
Liquid investments	2,434,376	-	(921,475)	1,512,901
	2,539,701	647,090	(921,475)	2,265,316

23. Pension commitments

Defined contribution schemes

A defined contribution group personal pension scheme is provided to CCT employees, operated by Scottish Widows. Cost of the contributions in the year was £40,877 (2021: £36,587). Some employees have membership of the NHS pension scheme, a multi-employer defined benefit scheme which is accounted for as a defined contribution scheme as there is insufficient information to account for it as a defined benefit scheme. Cost of the contributions in the year was £3,619 (2021: £3,886). There is no liability to the scheme other than for these contributions.

The Group operates a defined benefit pension scheme.

Step One operates a pension scheme for all qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The scheme closed to future accrual on 1 September 2001. A schedule of contributions is agreed between the Foundation and the Trustee after each comprehensive actuarial valuation.

The most recently completed full actuarial valuation took place as at 5 April 2020. Under the agreed schedule of contributions, Step One shall pay contributions to the scheme of £17,500 per month until 31 March 2022 and one-off payments of £442,698 in April 2021, £1,595,762 in June 2021 and £459,000 on or before 31 March 2022.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

23. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	At 31 March 2022 %	At 31 March 2021 %
Discount rate	2.65	1.90
Rate of price inflation - RPI	5.50	3.65
Rate of price inflation - CPI	4.70	2.85
Deferred pension increases (non-GMP)	4.70	2.85
Pension increases in payment	5.00	5.00

	At 31 March 2022 Years	At 31 March 2021 Years
Mortality rates (in years)		
- for a male aged 65 now	21.1 / 19.9	21.0
- at 65 for a male aged 45 now	22.0	22.0
- for a female aged 65 now	23.5 / 22.3	23.4
- at 65 for a female aged 45 now	24.6	24.6

The Group's share of the assets in the scheme was:

	At 31 March 2022 £000s	At 31 March 2021 £000s
Equities	2,599	2,473
Gilts	2,662	2,854
Corporate bonds	4,574	4,945
Property	3,645	2,983
Cash and other liquid assets	457	125
Absolute return / Diversified growth funds	8,815	6,768
Insured annuities	4,291	5,731
TOTAL FAIR VALUE OF ASSETS	27,043	25,879

The actual return on scheme assets was £8,000 (2021 - £1,529,000).

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

23. Pension commitments (continued)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2022	2021
	£000s	£000s
Past service cost	(693)	25
Interest cost	(4)	60
Administrative expenses	100	-
TOTAL AMOUNT RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	(597)	85

The Pension Scheme holds a number of insured annuities secured in the Trustees' name. These pensions have been receiving increases of 6% per annum in respect of pensionable service prior to 6 April 1997. Upon legal advice, the Trustees and Step One agreed to change the increases from 1 August 2021 to reflect the scheme rules. As a result, the future cost of these pensions will be less than previously expected. The resultant reduction in obligation of £693,000 (see above) has been dealt with in these accounts as a negative past service cost.

Movements in the present value of the defined benefit obligation were as follows:

	2022
	£000s
Opening defined benefit obligation	27,018
Benefits paid	(1,451)
Interest cost on defined benefit obligation	500
Past service costs	(693)
Actuarial (gain)/loss	(2,627)
CLOSING DEFINED BENEFIT OBLIGATION	22,747

Movements in the fair value of the Group's share of scheme assets were as follows:

	2022
	£000s
Opening fair value of scheme assets	25,879
Interest Income	504
Return less interest income on scheme assets	(496)
Contributions by the employer	2,707
Benefits paid	(1,451)
Administration Expenses	(100)
CLOSING FAIR VALUE OF SCHEME ASSETS	27,043

The Group has an unrecognised surplus of £4,296,000 (2021 - £ -) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

In addition to the above, a liability of £108k has been accrued in respect of the settlement of the

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

23. Pension commitments (continued)

Community Care Trust (South West) Limited Pension Scheme.

24. Operating lease commitments

At 31 March 2022 the Group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	19,471	37,139	19,471	2,975
Later than 1 year and not later than 5 years	20,676	17,068	20,676	248
	40,147	54,207	40,147	3,223

25. Related party transactions

Step One charged a rental fee of £100,000 (2021: £90,000) to Community Care Trust (South West) Limited, a subsidiary charity of Step One. At the year end, a balance of £nil (2021: £971,997) was owed to CCT by Step One. There were no other related party transactions during the period.

26. Net Share of joint venture profit

Steps to Employment Limited, registered company number 09282877, is a company limited by shares and established under a joint venture agreement between St Loye's Foundation, Enham Trust (registered company number 00173199 and registered charity number 211235) and Portland College (registered company number 00408340 and registered charity number 214339).

Step One Charity holds 33% of the shares of Steps to Employment Limited, which commenced trading on 1 September 2015. It provides specialist training and rehabilitation for disabled people to help them return to sustainable employment and may subcontract work to the shareholders and other parties.

27. Post balance sheet events

Following the year end, an offer has been accepted on the sale of Beaufort House at a price of £3,550,000. The investment proportion of this property held by Step One Charity has been revalued in the year to reflect its sale value.

Following the year end, Step One charity have exchanged contracts on the purchase of Beacon Lane, a property in Exeter. The purchase has been agreed at a cost of £580,000.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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

28. Community Care Trust (South West) Limited

Step One Charity controls 75% of the voting rights of Community Care Trust (South West) Ltd, which was acquired on 1 April 2015. Community Care Trust (South West) Ltd is a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. It provides a range of services to support recovery from mental health problems and fulfils a number of commissioned contracts from NHS organisations.

On 31 March 2022, the total value of assets and liabilities were transferred from Community Care Trust to Step One Charity

Results from Community Care Trust (South West) are recognised within the Consolidated Financial Statements and summarised below.

Statement of Financial Activities for the year ended 31 March 2022

	2022	2021
	£	£
Income from:		
Donations and legacies	1,039	97,279
Charitable activities	1,903,283	2,507,957
Total	1,904,322	2,605,236
Expenditure on:		
Charitable activities	2,229,499	2,041,187
Transfer of net assets	616,821	
Net movement in funds	(941,998)	564,049

STEP ONE CHARITY

England & Wales - Charity number 235434

Accounts

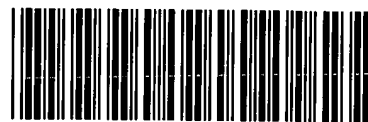
Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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COMPANIES HOUSE

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

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**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Directors and Trustees	Mrs D Bassett Mr R Gofton Mr E Probert Mr M Taylor Mr I Beider Mr R Williams Mr A Pocock Mrs S Sutherland, Chair Mr P Cawthron Mrs S Brennan
Company registered number	00393477
Charity registered number	235434
Registered office	Beaufort House 51 New North Road Exeter Devon EX4 4EP
Vice presidents	Colonel Edward Bolitho OBE HM Lord Lieutenant for Cornwall Sarah Rose Troughton HM Lord Lietutenant for Wiltshire Lieutenant Colonel The Earl of Morley KCVO JP Rt Hon Ben Bradshaw MP

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Chief executive officer	Mrs E Rainsford
Patron	Her Majesty The Queen
Independent auditors	Bishop Fleming LLP Chartered Accountants 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers	National Westminster Bank Plc 59 High Street Exeter Devon EX4 3DP

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The Trustees present their annual report together with the audited financial statements of the group for the 1 April 2020 to 31 March 2021. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

a. Policies and objectives

The principal objects of the charity are to provide support for people with physical, mental health, sensory and other disabilities, or those with long-term health conditions, in order to improve their quality of life and degree of independence and provide the opportunity to achieve their potential through personal development, training and employment.

The Board of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public and confirms it has complied with the duties as set out. This report outlines how our achievements during the period have benefited the public.

Throughout this year we have completed a thorough review of our strategy with a focused commitment to further drive our reputation for high quality provision and investment in our staffing resource. We continue to plan to grow our core services whilst developing projects and partnerships which will help us diversify our income sources and enable us to support more people.

Step One activities during 2020-21 were again centred on Employment Services, Health and Social Care, with Health and Social Care services delivered through the CCT subsidiary.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategic report

The following sections constitute the strategic report for the purposes of the Companies Act 2006. This strategic report forms part of the Report of the Board.

Achievements and performance

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Achievements and performance (CONTINUED)

a. Introduction

Entering a new financial year invariably requires reflection on our previous year's achievements and challenges. As the year started it soon became apparent that the COVID-19 pandemic would have a significant effect not only upon individuals but also organisations including ourselves. As a charity affected by the pandemic we quickly needed to change the way we delivered our services whilst at the same time adhering to all of the Government's requirements for social distancing during the national lockdown. Throughout a very challenging year for Step One, we have been able to demonstrate considerable resilience and forward thinking whilst delivering all of our services and more during the pandemic.

During the year, our back office functions underwent some significant key personnel change and new staff adapted to intense demands in addition to very different ways of remote working as they supported our services. Services coped with varying waves of anxiety, uncertainty and confusion with exceptional skill and professionalism. Our natural communication methods of contact and facial expression were replaced overnight with masks and distance. The volume of learning to work and support differently should be applauded and recognised. As an organisation we took brave and creative decisions across every aspect of the charity's work and this will be built upon over the next twelve months and beyond.

We acknowledge how hard everyone worked in what has been an intensely challenging time. All services have been able to continue to deliver provision and this is commended. Managers, staff and those behind the scenes have had a very demanding year which has been quite overwhelming at times. Despite this, everyone has pulled together and gone the extra mile and this is recognised and applauded.

b. Main achievements

Over the past year, Step One worked with over 800 people across our wide range of specialist provision in Devon.

(i) Cypress Hospital and Granvue Crisis House

Since the beginning of the year the priority for this service has been to continue to deliver high standards of support and ongoing provision of hospital beds and this has been achieved. As a result of COVID-19 and in order to safeguard adequate and consistent staffing for this service, it was agreed early in the year with commissioners that we close Granvue on a temporary basis. However, as the year progressed we were gradually able to reopen these crisis support beds. Our overall bed occupancy during the year at Cypress was 75% and at Granvue we still achieved overall occupancy of 50% despite having to remain closed during the first quarter of the year.

(ii) Support Living and Community Support

This service continued to deliver support during the year despite the lockdown through either face-to-face support or telephone, according to individual client preference. During the year the service has provided people in Devon with an average of 730 individual support hours each week. The service was able to introduce additional support through a new Torbay Community Access (TCA) pilot from April 2020 funded through the Devon Partnership Trust until March 2021. This service supported over 100 people who were on Community Mental Health Trust waiting lists. Following the success of the TCA pilot, Devon Partnership Trust commissioned us to deliver a similar service in Exeter (ECA) from October 2020. This was funded through another iBCF (Improved Better Care Fund) until March 2021. Whilst disappointingly there was no available funding to carry on these services beyond April 2021, DPT have stated they will apply for further ongoing funding should the opportunity arise.

During the year we relocated our Community Support Team to the vacant wing on the 2nd floor of Beaufort House. This enabled us to provide better protection for the team and clients during lockdown with the larger space enabling better social distancing, especially as we returned to providing more direct face-to-face and daytime support. During the year building some minor improvement work was completed at the Keyberry Road

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Achievements and performance (CONTINUED)

house in order for us to increase occupancy from 5 to 6 bedrooms. Apart from the initial minor build work costs, there are no ongoing staff cost implications and we should therefore achieve significant additional income through housing benefit and support hours.

(iii) Torbay Peer Support Project

Due to the age of this client group face-to-face support was suspended prior to lockdown. As a result staff have worked extremely hard to develop ongoing support groups and courses for this client group through social media. Whilst delivering ongoing support to this group, staff also helped to resource the DPT Torbay Pilot.

(iv) CF03

This service has continued to deliver support to community clients through telephone support during lockdown. Understandably, we were not able to access Dartmoor Prison during this time and as this is effectively our 'pipeline' for referrals this has had an impact on some of our targets during the year. Access to the prison started again in October and the team have worked very hard to bring enrolment targets back on track and have received positive feedback for their efforts from Shaw Trust. Further courses were facilitated at Beaufort House to improve Education Whilst On Programme (EWOP) targets during the end of the year. We also received confirmation of the Let's Talk course accreditation with Highfields awarding body and this will be delivered by CF03 staff.

(v) Thriving Workplace - BeWell@StepOne

In June the board approved a new piloted approach to the Thriving Workplace business plan for the remainder of this financial year. We rebranded and launched the service under a new name of 'BeWell@StepOne'. Its mission is to provide support to as many people as possible across Devon through online courses, support groups and learning opportunities. This in turn will reduce the pressure on our NHS services, and help individuals to manage their own mental health and support others in their communities. Following the launch of the BeWell service we successfully applied to become an accredited training centre with Highfields in August. This accreditation provides quality assurance to attendees, businesses, and commissioners. In addition, we now have access to accredited training which we can deliver to our staff.

(vi) Fundraising

In order to increase and diversify our income streams we recognised the need to explore a dedicated fundraising strategy. Throughout October and November, a series of workshops were held online with trustees, operational staff and facilitated by external consultancy to help develop the new fundraising strategy for the charity. Following board approval in December the charity sourced a highly recommended fundraiser (trust and grant bids) to start working on income generation for the new BeWell project. This was an important decision for Step One and we are committed to developing our fundraising to both increase our income and public profile which will enable us to offer much needed support to more people.

(vii) Delivering the IT Strategy

Prior to the first lockdown in March 2020, we had intended to out-source support to develop a much needed IT strategy for the organisation. Our already known business need required an urgent in-house response as the pandemic unfolded and considerable work was undertaken to develop and quickly deliver the strategy, prioritising urgent business requirements.

Investing in the right equipment and software ensured our ability to continue to deliver services and in many cases provide better alternatives to delivering support. People we support and their families joined us on the Team's learning journey. When people were anxious about receiving face to face support, we were able to provide a range of alternatives with confidence.

Our business services support became much more accessible to our delivery services where inefficient and unnecessary travel was no longer required.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Achievements and performance (CONTINUED)

The much awaited electronic rota system for our community team was successfully launched in March and is already helping deliver efficiencies to the way we work. Towards the end of the year IT have been working with managers and service staff to prepare for the transition to the cloud based system and will continue to work with the IT strategy development plan over the next 12 months.

c. Impact of Covid-19

When the Government announced the UK was to go into lockdown on 23 March 2020, social distancing, self-isolation and working from home practices were instantly applied across all of our activities. All services had to make rapid adaptations to the way they delivered services to enable them to continue whilst at the same time comply with all relevant Government requirements.

Early on we identified high risk staff in corporate services and asked them to work from home to protect both their own health and to maintain business operations. Immediately lockdown was imposed we asked everyone who could work from home to do so. We successfully overcame the difficulties we had with the technology, recognising that systems were not set up for remote working and that video conferencing was not initially available. We also identified staff anxieties around infection control including PPE issues and as a result we quickly prioritised and focussed on all matters relating to infection control. There was initially a lack of practical support being provided on infection control issues so we needed to provide additional support to the managers and staff wherever possible.

d. Covid-19 Training and Guidance

The Governance Manager was identified to lead on matters relating to infection control and to provide guidance to all service teams. COVID packs were developed for services to inform of how to manage different scenarios including isolation procedures, testing, using PPE, cleaning schedules and other relevant resources. Infection control refresher training and PPE training was identified and rolled out to all staff working in face to face services. As testing kits became available training in how to undertake throat and nasal swabs was sourced and provided to the nursing team at Cypress so that people could be tested quickly and reduce the need for isolation. Finally, we introduced regular staff communications via email to disseminate significant information as it became available.

e. Personal Protective Equipment

We responded immediately in identifying PPE needs for all staff across the organisation and informing staff about how and when to use with different face to face scenarios. Although we initially faced major challenges in accessing PPE as suppliers struggled to keep up with demand, we soon managed to set up orders for supplies and maintained stock levels to ensure adequate quantities were sustained. We also received great support from the local community who donated large supplies of handmade scrubs as well as supplying us with eye goggles and face visors.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Achievements and performance (CONTINUED)

f. Re-structuring of services during the pandemic

Services adapted quickly so that they could continue to deliver with additional infection control measures in place to safeguard people and staff. A summary of these changes to service delivery are shown below:-

- **CFO3** adapted to working from home, offering community and telephone support
- **Community Support** offered telephone support to people who chose to self-isolate or who needed to shield
- **Cypress** worked with DPT wards and crisis teams to revise admission processes and the Clinical Commissioning Group (CCG) agreed the closure of two beds to allow for isolation rooms
- **Granvue** negotiated and agreed with the CCG to close to admissions and were able to close earlier than originally planned to merge staff to support Cypress
- **Thriving Workplace** adapted to create social media and identify how they could best create on-line training resources
- **Torbay Peer Support** used their established social media platforms to communicate with volunteers and provide self-help information

g. Going forward and how we will deal with any future pandemic

By learning from what went well, what difficulties we needed to overcome and what we could have done differently has helped us to inform our contingency plans about how we would manage any similar pandemic outbreak in the future. We have been able to identify what we need to do to sustain the work we have achieved so that we can feel more certain that we are in a better position to manage this current pandemic going forward.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves

In the Board's view, a minimum level of unrestricted reserves should be maintained to provide adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Board reviews the amount of reserves required at least on an annual basis, and receives management accounts on a monthly basis to allow them to monitor the likely movement on reserves in any given year.

The Board proposes to maintain general unrestricted reserves at a level which is at least equivalent to six months' operational expenditure, plus redundancy provision, plus an adequate provision for lease terminations. The current target level of reserves has been set at £1.775m and at the year-end the Charity held a balance of £1.986m.

The Board are also obliged to designate funding to offset pension liabilities as assessed by the Foundation's actuary. The designated reserve should match the amounts held in the escrow account that cover the pension scheme funding deficit and any amounts due under the current schedule of contributions. The escrow account fund had a balance of £2.4m at year end and the pension contribution commitments fund was £228k, making a total of £2.7m designated for pension liabilities.

The Board also designate funds to support other specific purposes with separately identifiable costs and a business case demonstrating clear benefit across the organisation and support for the charitable objects. Further details of these designations are provided in the notes.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

c. Financial review

The year-end accounts show a total income of £3.315m, which is a decrease of £161k from 2020. The total income for the year also reflects income from ongoing CCT activities. CCT activities are shown within the restricted funds of the group. Total expenditure for the year was £3.548m for the group compared to £3.475m in 2020. The net expenditure before investments are taken into account were £281k compared to £32k expenditure in 2020.

The investments are held in managed portfolios balanced in order to maintain potential for longer term growth in capital value that can be invested into designated projects. The investment performance reflected market conditions and a net gain of £1.979m on the investment valuation is recognised, compared to a loss of £315k in 2020. The net movement in funds before adjustments for pensions is a gain of £1.699m compared to a loss of £347k overall in 2020.

The annual update of the pension scheme for March 2021 showed an increase in the value of the scheme assets by £382k as the benefits paid were less than the contributions made by Step One and the investment returns. The present value of the scheme liabilities has also decreased by £1.231m as the benefits paid have exceeded the increased costs. The combined defined pension liabilities have reduced to £1.139m from £2.752m in 2020.

This results in an overall surplus for the group of £3.187m, with total funds carried forward of £13.816m at the year end. Of this, a total of £10.874m is designated for specific purposes, and general unrestricted funds including the unrealised investment revaluation, stand at £1.986m.

d. Risks

The organisation has a strong framework in place to monitor and mitigate major risks to which it may become exposed. Risks are regularly reviewed by the Board and its sub Committees or Working Groups. Commercial and financial risks in particular are considered by the Finance & Audit Committee using external advice where appropriate. There are robust systems for quality assurance and compliance through the Quality Assurance and Improvement Committee that are used to inform a process of continuous improvement and provide further assurance on identification and management of risk.

Structure, governance and management

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Structure, governance and management (CONTINUED)

a. Constitution

Step One Charity ("Step One") is a company limited by guarantee and is registered as a charity with the Charity Commission (No. 235434). The name was changed from St Loye's Foundation on 21 December 2016 to provide a new trading name for the group following the acquisition of Community Care Trust (South West) Limited as a subsidiary in 2015 and a period of review and consultation. The trustees constitute the Board of Management of the charity and are also directors of the company with overall responsibility for governance. The Board meets to agree strategic and operational plans and monitor progress against them. The Board delegates the day to day running of the charity to an Executive Team, providing advice and guidance as appropriate. Board members may also serve on Committees or operational groups.

Community Care Trust (South West) Limited ("CCT") is a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. Step One controls 75% of the voting rights of CCT and is a corporate member of CCT with the right to nominate a trustee for the CCT Board. CCT also has the right to nominate a member to the Step One Board. The Boards have agreed to joint meetings whilst retaining separate processes as required for statutory administrative purposes.

The following Trustees served during the year:

Ms S Sutherland (Chair)
Ms D Bassett
Mr I Beider
Ms S Brennan
Mr P Cawthron
Mr R Gofon
Mr E Probert
Mr M Taylor – CCT nominated Trustee
Mr R Williams

b. Methods of appointment or election of Trustees

The management of the Group and the company is the responsibility of the Trustees who are elected and co-opted under the terms of the memorandum and articles of association.

c. Financial risk management

The Trustees have assessed the major risks to which the Group and the company are exposed, in particular those related to the operations and finances of the Group and the company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

d. Trustee induction and training

The Trustees undergo induction to brief them of their legal obligations under company and charity law, the content of the Articles of Association, the committee and decision making processes, approval of the annual operating plans and budgets and review of strategy and performance.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Plans for future periods

The charity plans continuing the activities outlined above in the forthcoming years subject to satisfactory funding arrangements.

In line with our overarching strategy we continue to expand upon core delivery. Targets set for our community service in 2020 were exceeded in spite of a pandemic and we continue to set ambitious targets for the coming year. Our small specialist employment resource will continue to develop our delivery offer to prime contractors seeking delivery partners in the south west. The DWP and Ministry of Justice planned opportunities were delayed during the height of the pandemic and we will continue to network and market our specific specialism offer to large generic providers.

To respond to growth and income need, several strands of future work are summarised below:-

Grow from Core Services

Increase community service reach
Develop additional supported living model
Develop partners for Community Mental Health Framework opportunities
Develop employment specialist offer to Dynamic Framework/CAEHRS

Diversify income streams

Regenerate income opportunities for Beaufort House
Deliver Fundraising Strategy
Deliver BeWell@StepOne Project

Workforce and infrastructure resilience

Deliver Workforce Development Strategy
Deliver IT strategy

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

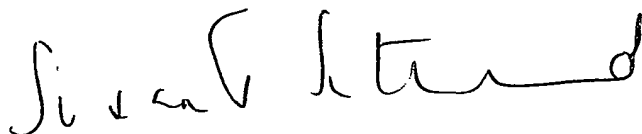
Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

21st September 2021

Approved by order of the members of the board of Trustees on
and signed on their behalf by:

Mrs S Sutherland
Chair



**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

Opinion

We have audited the financial statements of Step One Charity (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the charity sector, control environment and charity performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Group's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- how the Group ensured it met its obligations arising from it being financed by and subject to the governance requirements, and as such material compliance with these obligations is required to ensure the Group will continue to receive its funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, purchase ledger and payroll, and identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, The Charities Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included Care Quality Commission Regulation, Health and Social Care Act, data protection regulations, occupational health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the laws and regulations that Step One Charity are subject to;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY (CONTINUED)

- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

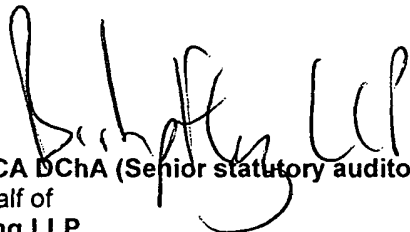
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Use of our report

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



Tim Borton FCA DChA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date: 26/10/21

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	25,391	97,279	122,670	146,588
Charitable activities	5	284,461	2,507,957	2,792,418	2,754,986
Investments	6	106,336	-	106,336	140,455
Other income	7	293,396	-	293,396	433,357
		<u>709,584</u>	<u>2,605,236</u>	<u>3,314,820</u>	<u>3,475,386</u>
Total income					
Expenditure on:					
Raising funds		47,415	-	47,415	40,867
Charitable activities	8	1,504,008	2,044,191	3,548,199	3,466,915
		<u>1,551,423</u>	<u>2,044,191</u>	<u>3,595,614</u>	<u>3,507,782</u>
Total expenditure					
Net (expenditure)/income before net gains/(losses) on investments		(841,839)	561,045	(280,794)	(32,396)
Net gains/(losses) on investments	15,17	1,979,424	-	1,979,424	(314,807)
Actuarial (losses)/gains on defined benefit pension schemes	24	1,488,000	-	1,488,000	(1,023,000)
		<u>2,625,585</u>	<u>561,045</u>	<u>3,186,630</u>	<u>(1,370,203)</u>
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward		10,235,146	393,871	10,629,017	11,999,220
Net movement in funds		2,625,585	561,045	3,186,630	(1,370,203)
		<u>12,860,731</u>	<u>954,916</u>	<u>13,815,647</u>	<u>10,629,017</u>
Total funds carried forward					

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 22 to 47 form part of these financial statements.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477**

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	2,814,723	2,906,783
Investments	15	7,909,920	6,312,715
Investment property	14	1,784,133	1,784,133
		<u>12,508,776</u>	<u>11,003,631</u>
Current assets			
Debtors	16	354,654	392,166
Investments	17	2,434,376	2,000,726
Cash at bank and in hand		105,325	336,573
		<u>2,894,355</u>	<u>2,729,465</u>
Creditors: amounts falling due within one year	18	(426,475)	(324,526)
Net current assets		<u>2,467,880</u>	<u>2,404,939</u>
Total assets less current liabilities		<u>14,976,656</u>	<u>13,408,570</u>
Net assets excluding pension liability		<u>14,976,656</u>	<u>13,408,570</u>
Defined benefit pension scheme liability	24	(1,161,009)	(2,779,553)
Total net assets		<u><u>13,815,647</u></u>	<u><u>10,629,017</u></u>
Charity funds			
Restricted funds	19	954,916	393,871
Unrestricted funds			
Designated funds	19	10,874,323	8,773,710
General funds	19	1,986,408	1,461,436
		<u>12,860,731</u>	<u>10,235,146</u>
Total unrestricted funds	19	<u>12,860,731</u>	<u>10,235,146</u>
Total funds		<u><u>13,815,647</u></u>	<u><u>10,629,017</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 21st September 2021 and signed on their behalf by:

Mrs S Sutherland
Chair



**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477**

**CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021**

The notes on pages 22 to 47 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

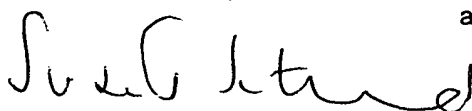
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	2,814,723	2,906,783
Investments	15	7,909,920	6,312,715
Investment property	14	1,784,133	1,784,133
		<u>12,508,776</u>	<u>11,003,631</u>
Current assets			
Debtors	16	266,931	281,748
Investments	17	2,434,376	2,000,726
Cash at bank and in hand		84,119	324,502
		<u>2,785,426</u>	<u>2,606,976</u>
Creditors: amounts falling due within one year	18	(1,281,053)	(607,039)
Net current assets		<u>1,504,373</u>	<u>1,999,937</u>
Total assets less current liabilities		<u>14,013,149</u>	<u>13,003,568</u>
Net assets excluding pension liability		<u>14,013,149</u>	<u>13,003,568</u>
Defined benefit pension scheme liability	24	(1,139,500)	(2,752,500)
Total net assets		<u><u>12,873,649</u></u>	<u><u>10,251,068</u></u>
Charity funds			
Restricted funds	19	12,922	15,922
Unrestricted funds			
Designated funds	19	8,874,323	8,947,335
General funds	19	3,986,404	1,287,811
Total unrestricted funds	19	<u>12,860,727</u>	<u>10,235,146</u>
Total funds		<u><u>12,873,649</u></u>	<u><u>10,251,068</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 21st September 2021 and signed on their behalf by:

Mrs S Sutherland
Chair



STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00393477

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

The notes on pages 22 to 47 form part of these financial statements.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	(227,937)	(270,348)
Cash flows from investing activities		
Dividends, interests and rents from investments	-	140,455
Purchase of tangible fixed assets	(3,311)	(18,562)
Proceeds from sale of investments	-	250,000
Net cash (used in)/provided by investing activities	(3,311)	371,893
Cash flows from financing activities		
Repayments of borrowing	-	(24,879)
Net cash provided by/(used in) financing activities	-	(24,879)
Change in cash and cash equivalents in the year	(231,248)	76,666
Cash and cash equivalents at the beginning of the year	336,573	259,907
Cash and cash equivalents at the end of the year	105,325	336,573

The notes on pages 22 to 47 form part of these financial statements

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. General information

Step One Charity is a registered charitable company limited by guarantee and was set up by a Memorandum of Association on 26 February 1945. The charities registered number is 235434 and the registered office is Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP.

2. Accounting policies

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Step One Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

2.3 INCOME

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the company, can be reliably measured.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2%
Fixtures and equipment	- 10% - 33% straight line

2.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in joint ventures are stated at the amount of the Group's share of net assets. The Consolidated statement of financial activities includes the Group's share of the joint ventures' net income or expenditure using the equity accounting basis. As the joint venture is a charity, the investment is presented within restricted funds.

Investment properties rented to third parties are measured initially at cost and subsequently at their fair value in accordance with FRS 102 and the SORP.

**STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.8 DEBTORS

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

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

2.11 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.12 PENSIONS

Defined benefit scheme

The company operated a defined benefit scheme, which required contributions to be made to a separately administered fund. This scheme was closed to new members with effect from 6 April 1998, and closed to future benefit accrual from 1 September 2001. For a defined benefit scheme the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments over the period until vesting occurs. The interest cost and the expected return on assets are included as other financial income. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities. Defined benefit pension schemes are funded in separate trustee administered funds, with the assets of the scheme held separately from those of the Foundation. Full actuarial valuations are obtained every three years 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.

The group also has a number of employees who are members of a multi-employer defined benefit scheme in the UK. It is not possible to obtain sufficient information to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme with the contributions being charged to the income and expenditure account when payable.

Defined contribution scheme

The company and its subsidiary operate defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes and are set out in the notes to the accounts

2.13 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group 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. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

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NOTES TO THE FINANCIAL STATEMENTS
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3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

- Investment property valuation
- Pension valuation
- Depreciation

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	11,541	79	11,620	94,503
Legacies	13,850	97,200	111,050	52,085
	<u>25,391</u>	<u>97,279</u>	<u>122,670</u>	<u>146,588</u>
TOTAL 2020	<u>89,599</u>	<u>56,989</u>	<u>146,588</u>	

5. Income from charitable activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Employment and training services	284,461	-	284,461	221,056
Health and social care	-	2,507,957	2,507,957	2,533,930
TOTAL 2021	<u>284,461</u>	<u>2,507,957</u>	<u>2,792,418</u>	<u>2,754,986</u>
TOTAL 2020	<u>221,056</u>	<u>2,533,930</u>	<u>2,754,986</u>	

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
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6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from listed investments	106,336	106,336	140,281
Interest	-	-	174
	<u>106,336</u>	<u>106,336</u>	<u>140,455</u>
TOTAL 2020	<u>140,455</u>	<u>140,455</u>	

7. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Rental income	293,396	293,396	433,357
	<u>433,357</u>	<u>433,357</u>	
TOTAL 2020	<u>433,357</u>	<u>433,357</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Employment and training services	476,447	383,541	859,988	769,073
Health and social care	1,658,462	661,175	2,319,637	2,357,988
Other	-	368,574	368,574	339,854
	<u>2,134,909</u>	<u>1,413,290</u>	<u>3,548,199</u>	<u>3,466,915</u>
TOTAL 2020	<u>2,106,703</u>	<u>1,360,212</u>	<u>3,466,915</u>	

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Employment and training services 2021 £	Health and social care 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	375,937	1,537,178	1,913,115	1,853,324
Direct costs	100,510	121,284	221,794	253,379
	<u>476,447</u>	<u>1,658,462</u>	<u>2,134,909</u>	<u>2,106,703</u>
TOTAL 2020	<u>318,215</u>	<u>1,788,488</u>	<u>2,106,703</u>	

Analysis of support costs

	Employment and training services 2021 £	Health and social care 2021 £	Other 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	21,412	322,959	-	344,371	278,511
Depreciation	-	-	95,371	95,371	119,158
Staff costs	154,468	20,018	-	174,486	186,974
Premises costs	100,341	181,379	-	281,720	367,818
Administration costs	99,882	136,819	33,495	270,196	179,733
Professional fees	3,621	-	114,073	117,694	128,765
Pension fee	-	-	60,868	60,868	86,019
IT costs	3,817	-	-	3,817	1,317
VAT	-	-	64,767	64,767	11,917
	<u>383,541</u>	<u>661,175</u>	<u>368,574</u>	<u>1,413,290</u>	<u>1,360,212</u>
TOTAL 2020	<u>450,858</u>	<u>569,500</u>	<u>339,854</u>	<u>1,360,212</u>	

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Auditors' remuneration

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual accounts	8,475	7,500
Fees payable to the company's auditor in respect of: The audit of the annual accounts of the charity's subsidiary undertakings	4,800	3,925

10. Staff costs

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	1,978,889	1,928,978	584,539	459,620
Social security costs	153,536	144,625	46,663	40,072
Pension	138,360	95,568	102,405	55,432
	<u>2,270,785</u>	<u>2,169,171</u>	<u>733,607</u>	<u>555,124</u>

Redundancy payments of £3,000 (2020: £34,130) were payable within the year.

The average number of persons employed by the company during the year was as follows:

Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
<u>99</u>	<u>101</u>	<u>22</u>	<u>22</u>

The average headcount expressed as full-time equivalents was:

Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
<u>88</u>	<u>84</u>	<u>21</u>	<u>19</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2021 No.	Group 2020 No.
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-

The total amount of employee remuneration received by key management personnel for their services was £154,615 (2020: £156,668). Key management personnel comprise the Senior Management or Executive Team and the Board of Trustees.

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, expenses totalling £1,796 were reimbursed or paid directly to 5 Trustees (2020 - £1,270 to 4 Trustees).

12. Taxation

As a charity, Step One Charity is exempt from tax on income and gains, to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Tangible fixed assets

GROUP AND COMPANY

	Freehold property £	Fixtures and equipment £	Total £
COST OR VALUATION			
At 1 April 2020	2,897,208	699,729	3,596,937
Additions	3,311	-	3,311
At 31 March 2021	2,900,519	699,729	3,600,248
DEPRECIATION			
At 1 April 2020	151,594	538,560	690,154
Charge for the year	49,834	45,537	95,371
At 31 March 2021	201,428	584,097	785,525
NET BOOK VALUE			
At 31 March 2021	2,699,091	115,632	2,814,723
At 31 March 2020	2,745,614	161,169	2,906,783

There is a legal charge over the freehold property included within Tangible Fixed Assets and Investment Property - see note 19 for further details.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Investment property

GROUP

	Freehold investment property £
VALUATION	
At 1 April 2020	1,784,133
At 31 March 2021	<u>1,784,133</u>

COMPANY

	Freehold investment property £
VALUATION	
At 1 April 2020	1,784,133
At 31 March 2021	<u>1,784,133</u>

In support of this note we still believe the valuation of Beaufort House undertaken in 2019 by Vickery Holman to be reasonably accurate for the purposes of the accounts. We do not believe that there has been either a reduction to the open market valuation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Fixed asset investments

GROUP AND COMPANY	Listed investments £	Other fixed asset investments £	Total £
COST OR VALUATION			
At 1 April 2020	6,312,375	340	6,312,715
Fees	(54,904)	-	(54,904)
Unrealised gains on investments	1,545,773	-	1,545,773
Interest and dividends received and reinvested	106,336	-	106,336
	<u>7,909,580</u>	<u>340</u>	<u>7,909,920</u>
At 31 March 2021			
	<u>7,909,580</u>	<u>340</u>	<u>7,909,920</u>
NET BOOK VALUE			
At 31 March 2021	<u>7,909,580</u>	<u>340</u>	<u>7,909,920</u>
AT 31 MARCH 2020	<u>6,312,375</u>	<u>340</u>	<u>6,312,715</u>

The total market value of securities comprises:

	2021 £	2020 £
Listed investments	4,233,274	2,933,532
Other investments	3,357,055	3,142,454
Cash or cash equivalents	319,251	236,389
	<u>7,909,580</u>	<u>6,312,375</u>

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
DUE WITHIN ONE YEAR				
Trade debtors	162,509	200,007	91,213	121,355
Other debtors	55,862	70,304	55,862	70,304
Prepayments and accrued income	136,283	121,855	119,856	90,089
	<u>354,654</u>	<u>392,166</u>	<u>266,931</u>	<u>281,748</u>

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17. Escrow account

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Unlisted investments	2,434,376	2,000,726	2,434,376	2,000,726

The Escrow account is established under a deed between the company and the Trustees of the St Loye's Foundation Pension & Assurance Scheme and is used to provide contributions to the Scheme under an agreed recovery plan. Assets from the account can be returned to the company when the Scheme is over-funded.

Since the year end and as part of the agreed recovery plan the following amounts have been transferred to the Pension Trustee Account - £442,698 in April 2021 and £1,595,763 in June 2021.

18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	200,095	140,947	147,043	122,353
Amounts owed to group undertakings	-	-	989,995	374,158
Other taxation and social security	41,770	39,369	15,750	15,301
Other creditors	5,105	8	-	-
Accruals and deferred income	179,505	144,202	128,265	95,227
	426,475	324,526	1,281,053	607,039

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted Funds						
Designated Funds						
Pension scheme escrow	2,000,726	-	-	-	433,650	2,434,376
Beaufort House	1,400,000	-	-	-	-	1,400,000
Tangible fixed asset reserve	4,690,916	-	(95,371)	3,311	-	4,598,856
Future sustainability	244,568	-	-	(30,977)	-	213,591
Pension Commitments	437,500	-	-	(210,000)	-	227,500
Investment Volatility Reserve	-	-	-	2,000,000	-	2,000,000
	<u>8,773,710</u>	<u>-</u>	<u>(95,371)</u>	<u>1,762,334</u>	<u>433,650</u>	<u>10,874,323</u>
General Funds						
General after pension liability	121,254	709,584	(1,456,052)	(1,762,334)	3,033,774	646,226
Unrealised investment revaluation	1,340,182	-	-	-	-	1,340,182
	<u>1,461,436</u>	<u>709,584</u>	<u>(1,456,052)</u>	<u>(1,762,334)</u>	<u>3,033,774</u>	<u>1,986,408</u>
Total Unrestricted Funds	<u>10,235,146</u>	<u>709,584</u>	<u>(1,551,423)</u>	<u>-</u>	<u>3,467,424</u>	<u>12,860,731</u>
Restricted Funds						
Change Maker	15,922	-	(3,000)	-	-	12,922
Community Care Trust (South West)	377,949	2,605,236	(2,041,191)	-	-	941,994

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Statement of funds - current year (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
	393,871	2,605,236	(2,044,191)	-	-	954,916
Total of Funds	10,629,017	3,314,820	(3,595,614)	-	3,467,424	13,815,647

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Designated Funds

Pension Scheme Escrow

Investments related to the defined benefit pension scheme are held in an escrow account, managed by Legal & General on behalf of the Foundation. These investments are not realisable in the short term and are to be used to meet the pension scheme liabilities and hence an amount equal to the liability is designated for these purposes.

Beaufort House

A sum of £1.4m is due to be transferred to the Escrow account on or before 31 March 2022 in relation to the purchase of Beaufort House, under agreement with the pension scheme trustees who hold a charge over the property. £1.4m reserves are therefore designated for this purpose.

Tangible Fixed Asset Reserve

The tangible fixed asset reserve is maintained at an amount equivalent to net book value of the assets with an amount equivalent to the depreciation to be expended out of the fund in the year.

Future Sustainability

A fund was set aside to provide for costs associated with organisational changes and developments in order to support sustainability in a changing funding environment. This provides for essential restructuring costs and investment in business development and the creation of new revenue streams in line with the strategic plan.

Pension commitments

Funds have been designated to cover the additional contributions to the defined benefit pension scheme of £17,500 per month until 31 March 2022 (see note 24 for details).

Investment Volatility Fund

A fund has been set aside to help guard against any future adverse volatility in either investment valuations or movement in the pension fund deficit.

Restricted Funds.

Change Maker

A fund to enable a successful transition of clients from training into employment by covering the costs of necessary licenses and equipment.

Community Care Trust (CCT)

As the objects of CCT (subsidiary charity) are narrower than those of Step One Charity, the funds of CCT are treated as a restricted fund within these consolidated financial statements. Included within the CCT funds are specific restricted funds for South Devon Community Housing (£56,747) and Cyrpress Legacy (£97,200), with the remaining balance being unrestricted within CCT (£788,051).

Where capital items have been purchased out of restricted funds, the expenditure is shown on the Statement of Financial Activities as a transfer from restricted to unrestricted funds.

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted Funds						
Designated Funds						
Pension scheme escrow	2,174,351	-	-	-	(173,625)	2,000,726
Beaufort House	1,400,000	-	-	-	-	1,400,000
Tangible fixed asset reserve	4,791,512	-	(119,158)	18,562	-	4,690,916
Future sustainability	54,110	-	-	190,458	-	244,568
Pension Commitments	647,500	-	-	(210,000)	-	437,500
	<u>9,067,473</u>	<u>-</u>	<u>(119,158)</u>	<u>(980)</u>	<u>(173,625)</u>	<u>8,773,710</u>
General Funds						
General after pension liability	1,232,552	884,467	(1,164,203)	191,438	(1,023,000)	121,254
Unrealised investment revaluation	1,481,364	-	-	-	(141,182)	1,340,182
	<u>2,713,916</u>	<u>884,467</u>	<u>(1,164,203)</u>	<u>191,438</u>	<u>(1,164,182)</u>	<u>1,461,436</u>
Total Unrestricted Funds	<u>11,781,389</u>	<u>-</u>	<u>(1,283,361)</u>	<u>190,458</u>	<u>(1,337,807)</u>	<u>10,235,146</u>
Restricted Funds						
Change Maker	15,922	-	-	-	-	15,922
Community Care Trust (South West)	11,451	2,590,919	(2,224,421)	-	-	377,949
	<u>27,373</u>	<u>2,590,919</u>	<u>(2,224,421)</u>	<u>-</u>	<u>-</u>	<u>393,871</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Total of Funds	11,808,762	2,590,919	(3,507,782)	190,458	(1,337,807)	10,629,017
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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	2,814,723	-	2,814,723
Fixed asset investments	7,909,920	-	7,909,920
Investment property	1,784,133	-	1,784,133
Current assets	1,782,513	1,111,842	2,894,355
Creditors due within one year	(291,058)	(135,417)	(426,475)
Provisions for liabilities and charges	(1,139,500)	(21,509)	(1,161,009)
TOTAL	12,860,731	954,916	13,815,647

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	2,906,783	-	2,906,783
Fixed asset investments	6,312,715	-	6,312,715
Investment property	1,784,133	-	1,784,133
Current assets	2,216,896	512,569	2,729,465
Creditors due within one year	(232,881)	(91,645)	(324,526)
Provisions for liabilities and charges	(2,752,500)	(27,053)	(2,779,553)
TOTAL	10,235,146	393,871	10,629,017

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2021 £	Group 2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	1,698,630	(347,203)
ADJUSTMENTS FOR:		
Depreciation charges	95,371	119,158
Losses/(gains) on investments	(1,979,424)	314,807
Dividends, interests and rents from investments	(106,336)	(140,455)
Decrease in debtors	37,512	195,876
Increase/(decrease) in creditors	101,950	(282,639)
Difference between pension charge and cash contributions	(130,544)	(169,463)
Investment fees	54,904	39,571
NET CASH USED IN OPERATING ACTIVITIES	(227,937)	(270,348)

22. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash in hand	105,325	336,573
TOTAL CASH AND CASH EQUIVALENTS	105,325	336,573

23. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	Changes in market value and exchange rate movements £	At 31 March 2021 £
Cash at bank and in hand	336,573	(231,248)	-	105,325
Liquid investments	2,000,726	-	433,650	2,434,376
	2,337,299	(231,248)	433,650	2,539,701

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments

Defined contribution schemes

A defined contribution group personal pension scheme is provided for Step One employees, operated by standard life. Cost of the contribution in the year was £12,583 (2020: £13,432). A further defined contribution scheme with assets held in a separately administered fund is closed to new members and has no currently contributing members. Under terms of a transfer arrangement, top-up contributions may be payable by Step One when an individual's benefits are vested. These contributions are charged to income and expenditure when payable. The cost of contributions in the year was £Nil (2019: £Nil). This scheme was closed during the year.

A defined contribution group personal pension scheme is provided to CCT employees, operated by Scottish Widows. Cost of the contributions in the year was £36,587 (2020: £35,084). Some employees have membership of the NHS pension scheme, a multi-employer defined benefit scheme which is accounted for as a defined contribution scheme as there is insufficient information to account for it as a defined benefit scheme. Cost of the contributions in the year was £3,886 (2020: £3,447). There is no liability to the scheme other than for these contributions.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Defined benefit scheme – Step One

Step One operates a pension scheme for all qualifying employees. The assets of the Scheme are held in a separate trustee administered fund. The Scheme closed to future accrual on 1 September 2001. A schedule of contributions is agreed between the Foundation and the Trustee after each comprehensive actuarial valuation.

The most recently completed full actuarial valuation took place as at 5 April 2020. Under the agreed schedule of contributions, Step One shall pay contributions to the Scheme of £17,500 per month until 31 March 2022 and one-off payments of £442,698 in April 2021, £1,595,762 in June 2021 and £459,000 on or before 31 March 2022.

Main financial assumptions	2021 % pa	2020 % pa
Discount rate	1.90%	2.25%
Rate of price inflation:		
- RPI	3.65%	2.70%
- CPI	2.85%	1.90%
Rate of increase for pensions in deferment	2.85%	1.90%
Rate of increase for pensions in payment	5.00%	5.00%

Mortality assumptions & life expectancies	2021	2020
Mortality:		
- Base table	110% S3PA	100% S2PA
- Future improvements	CMI_2020	CMI_2019
- Long term rate	1%	1%
Expected future lifetime from age 65:		
- Male currently aged 65	21.0	21.4
- Female currently aged 65	23.4	23.4
- Male currently aged 45	22.0	22.4
- Female currently aged 45	24.6	24.6

Assets	2021 £'000s	2020 £'000s
Equities	2,473	1,986
Gilts	2,854	3,278
Corporate bonds	4,945	4,406
Absolute return / diversified growth funds	6,768	5,669
Property	2,983	2,788
Insured annuities	5,731	7,152
Cash	125	218
Fair value of scheme assets	25,879	25,497

Actual return on scheme assets over period	1,529	72
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The scheme does not invest in financial instruments of Step One Charity or property occupied by Step One Charity.

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

24. Pension commitments (continued)

Total expense recognised in Statement of Financial Activities	2021 £'000s	2020 £'000s
Service cost	-	-
Net interest on net defined benefit liability/(asset)	60	42
Administration expenses	-	-
Past service cost	25	-
Profit and loss charge	<u>85</u>	<u>42</u>
Total amount recognised in other comprehensive income	2021	2020
Return less interest income on scheme assets	968	(539)
Actuarial gain/(loss) on liabilities	520	(484)
Remeasurement gain/(loss)	<u>1,488</u>	<u>(1,023)</u>
Statement of financial position	2021	2020
Fair value of scheme asset	25,879	25,497
Present value of defined benefit obligation	27,018	28,249
Net surplus/(deficit) in scheme	<u>(1,139)</u>	<u>(2,752)</u>
Changes in the fair value of scheme assets	2021 £'000s	2020 £'000s
Fair value of scheme assets at start of period	25,497	26,573
Interest income on scheme assets	561	611
Return less interest income on scheme assets	968	(539)
Contributions by the employer	210	210
Benefits paid (includes estimate of pensions paid from annuities)	(1,357)	(1,358)
Administrative expenses	-	-
Fair value of scheme assets at end of period	<u>25,879</u>	<u>25,497</u>
Changes in the defined benefit obligation	2021 £'000s	2020 £'000s
Defined benefit obligation at start of period	28,249	28,470
Service cost	-	-
Interest cost on defined benefit obligation	621	653
Benefits paid	(1,357)	(1,358)
Past service cost	25	-
Actuarial gain / (loss)	(520)	484
Defined benefit obligation at end of period	<u>27,018</u>	<u>28,249</u>
Reconciliation of funded status	2021 £'000s	2020 £'000s
Opening surplus / (deficit)	(2,752)	(1,897)
Employer contributions	210	210
Credit / (charge) recorded in SoFA	(85)	(42)
Gain / (loss) recorded	1,488	(1,023)
Closing surplus / (deficit)	<u>(1,139)</u>	<u>(2,752)</u>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

24. Pension commitments (continued)

Defined benefit scheme – Pensions Trust

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

24. Pension commitments (continued)

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	26,739	32,436
Unwinding of the discount factor (interest expense)	600	411
Deficit contribution paid	(5,544)	(5,383)
Remeasurements - impact of any change in assumptions	772	(725)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	22,567	26,739

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Interest expense	600	411
Remeasurements – impact of any change in assumptions	772	(725)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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FOR THE YEAR ENDED 31 MARCH 2021**

25. Operating lease commitments

At 31 March 2021 the Group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	37,139	46,497	2,975	2,975
Later than 1 year and not later than 5 years	17,068	31,476	248	3,223
	54,207	77,973	3,223	6,198

26. Related party transactions

Step One charged a rental fee of £90,000 (2020: £80,000) to Community Care Trust (South West) Limited, a subsidiary charity of Step One. At the year end, a balance of £971,997 (2020: £374,158) was owed to CCT by Step One.

Steps to Employment Limited ("Steps") is a joint venture of which 33% of the shares are held by Step One. Step One provides specialist employment services to Steps and during the year recognised income of £Nil (2020: £5,316) for services provided. Step One was owed £Nil (2020: £Nil) at the year end.

27. Net share of joint venture profit

Steps to Employment Limited, registered company number 09282877, is a company limited by shares and established under a joint venture agreement between St Loye's Foundation, Enham Trust (registered company number 00173199 and registered charity number 211235) and Portland College (registered company number 00408340 and registered charity number 214339).

Step One Charity holds 33% of the shares of Steps to Employment Limited, which commenced trading on 1 September 2015. It provides specialist training and rehabilitation for disabled people to help them return to sustainable employment and may subcontract work to the shareholders and other parties.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

28. Community Care Trust (South West) Limited

Step One Charity controls 75% of the voting rights of Community Care Trust (South West) Ltd, which was acquired on 1 April 2015. Community Care Trust (South West) Ltd is a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. It provides a range of services to support recovery from mental health problems and fulfils a number of commissioned contracts from NHS organisations.

Results from Community Care Trust (South West) are recognised within the Consolidated Financial Statements and summarised below.

Statement of Financial Activities for the year ended 31 March 2021

	2021 £	2020 £
Income from:		
Donations and legacies	97,279	56,989
Charitable activities	2,507,957	2,533,930
Total	<u>2,605,236</u>	<u>2,590,919</u>
Expenditure on:		
Charitable activities	2,041,187	2,224,421
Net movement in funds	<u>564,049</u>	<u>366,498</u>

The aggregate of assets, liabilities and funds of the subsidiary was:

	2021	2019
Assets	1,098,924	496,647
Liabilities	(135,417)	(118,698)
Total charity funds	<u>941,998</u>	<u>377,949</u>