

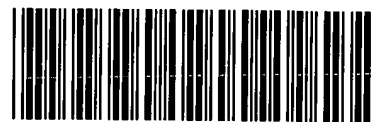
Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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**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
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**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
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**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.

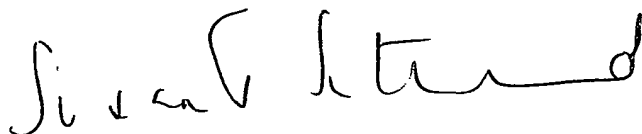
Auditors

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		<u>(841,839)</u>	<u>561,045</u>	<u>(280,794)</u>	<u>(32,396)</u>
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
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

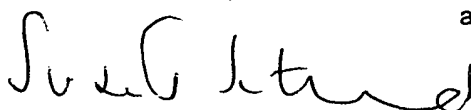
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021

	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. *21st September 2021*

The financial statements were approved and authorised for issue by the Trustees on 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
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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
(A COMPANY LIMITED BY GUARANTEE)

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
(A COMPANY LIMITED BY GUARANTEE)**

**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>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Investment property

GROUP

**Freehold
investment
property
£**

VALUATION

At 1 April 2020

1,784,133

At 31 March 2021

1,784,133

COMPANY

**Freehold
investment
property
£**

VALUATION

At 1 April 2020

1,784,133

At 31 March 2021

1,784,133

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.

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

**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>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

STEP ONE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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>

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

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.

**STEP ONE CHARITY
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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.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
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
	<u>54,207</u>	<u>77,973</u>	<u>3,223</u>	<u>6,198</u>

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.

**STEP ONE CHARITY
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**NOTES TO THE FINANCIAL STATEMENTS
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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>