

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.

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**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
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**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
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**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

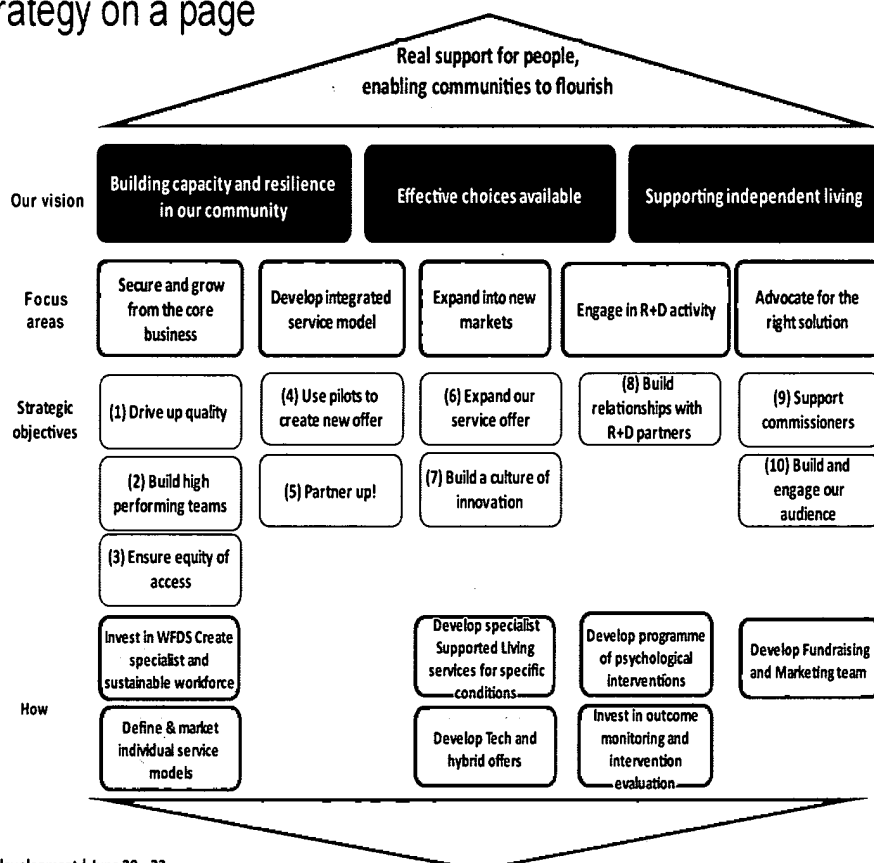
- Define and develop individual professional service models
- Equip workforce with skills for evidence based psychological interventions
- Protect workforce skill and role
- Demonstrate impact through ratified outcome measures

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

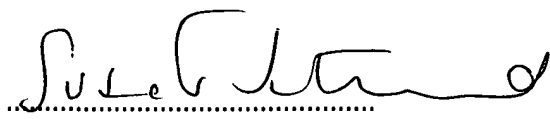
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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.

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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
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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 and signed on their behalf by:

20th September 2022

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>

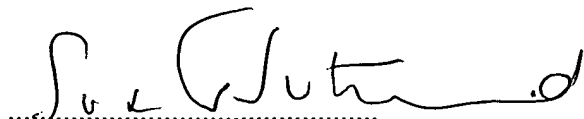
The company's net movement in funds for the year was £21,000 (2021 - £2,535,068).

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



.....
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
	<u>680,123</u>	<u>578,853</u>	<u>341,923</u>	<u>1,600,899</u>	<u>1,413,290</u>
TOTAL 2021	<u>383,541</u>	<u>661,175</u>	<u>368,574</u>	<u>1,413,290</u>	

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	<u>5,200</u>	<u>4,800</u>

**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.

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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.

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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>

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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

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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>

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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.

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

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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

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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>

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**NOTES TO THE FINANCIAL STATEMENTS
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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)

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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.

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**NOTES TO THE FINANCIAL STATEMENTS
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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).

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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

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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.

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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.

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