

Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

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

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

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

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

Chief executive officer Mr B Greaves

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

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

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INTRODUCTION

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

Objectives

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

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

Strategic report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Future developments

The priorities for the next year include:

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

Financial Review

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

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

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

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

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

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

Financial Position

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

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

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

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

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

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

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

Risks and uncertainties

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

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

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

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Structure, governance and management

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

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

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

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

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

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

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

Statement of Trustee's responsibilities

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Auditors

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

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



Mrs S Sutherland
Chair
Step One Charity

10 September 2024

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

We have nothing to report in this regard.

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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:

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

RESPONSIBILITIES OF TRUSTEES

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

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

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

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

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

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

Our procedures to respond to risks identified included the following:

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

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

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

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

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

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

USE OF OUR REPORT

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

Bishop Fleming LLP

Mark Munro FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: *1/10/2024*

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

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

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

**BALANCE SHEET
AS AT 31 MARCH 2024**

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

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

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



Mrs S Sutherland
(Chair of Trustees)

Date: 10 September 2024

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

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

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

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

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

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

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

2.2 COMPANY STATUS

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

2.3 INCOME

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 EXPENDITURE

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

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

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

2.5 INTEREST RECEIVABLE

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

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

Depreciation is provided on the following bases:

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

2.7 INVESTMENTS

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

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

2.8 DEBTORS

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

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

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

2. ACCOUNTING POLICIES (continued)

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES AND PROVISIONS

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

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

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

2.11 FINANCIAL INSTRUMENTS

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

2.12 PENSIONS

Defined benefit scheme

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

Defined contribution scheme

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

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

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

2. ACCOUNTING POLICIES (continued)

2.13 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

Pension Valuation
Depreciation
Impairment of property

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

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

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

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

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

4. INCOME FROM DONATIONS AND LEGACIES

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

5. INCOME FROM CHARITABLE ACTIVITIES

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

6. INVESTMENT INCOME

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

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

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

7. OTHER INCOMING RESOURCES

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

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

ANALYSIS OF DIRECT COSTS

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

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

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

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

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

9. Governance Costs

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

10. STAFF COSTS

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

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

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

10. STAFF COSTS (CONTINUED)

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

2024 No.	2023 No.
101	101

The average headcount expressed as full-time equivalents was:

2024 No.	2023 No.
80	83

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

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

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

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

11. TRUSTEES' REMUNERATION AND EXPENSES

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

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

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

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

12. NET (LOSSES)/GAINS ON INVESTMENTS

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

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

13. TANGIBLE FIXED ASSETS

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

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

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

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

14. FIXED ASSET INVESTMENTS

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

15. DEBTORS

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

16. ESCROW ACCOUNT

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

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

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

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

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

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

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

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

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

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

18. STATEMENT OF FUNDS (CONTINUED)

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

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

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

18. STATEMENT OF FUNDS (CONTINUED)

Designated Funds

Pension Scheme Escrow

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

Tangible Fixed Asset Reserve

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

Future Sustainability

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

Investment Volatility Fund

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

Unrealised Investment Reserve

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

Restricted Funds

BeWell@StepOne

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

CF03

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

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

Health and Social Services

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

South Devon Community Housing

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

Cypress

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

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

STATEMENT OF FUNDS - PRIOR YEAR

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

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18. STATEMENT OF FUNDS (CONTINUED)

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

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

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

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

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

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

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

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

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22. ANALYSIS OF CHANGES IN NET FUNDS

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

23. PENSION COMMITMENTS

The company operates a defined benefit pension scheme.

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

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

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

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

MORTALITY RATES (IN YEARS)

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

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23. PENSION COMMITMENTS (CONTINUED)

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

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

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

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

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

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

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

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23. PENSION COMMITMENTS (CONTINUED)

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

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

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

24. OPERATING LEASE COMMITMENTS

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

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

25. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.