

Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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

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

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

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

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

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

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2024 to 31 March 2025. The Annual Report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable Company comply with the current statutory requirements, the requirements of the charitable Company's governing document, and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES

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

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

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

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

STRATEGIC REPORT

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

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

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

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

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

KEY ACHIEVEMENTS & BUSINESS DEVELOPMENTS

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

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

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

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

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

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

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

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

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

FUTURE DEVELOPMENTS

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

FINANCIAL POSITION

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

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FOR THE YEAR ENDED 31 MARCH 2025**

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

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

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

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

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

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

RISKS AND UNCERTAINTIES

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

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

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

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FOR THE YEAR ENDED 31 MARCH 2025**

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

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

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

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

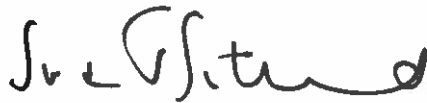
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

AUDITORS

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

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



Mrs S Sutherland
(Interim Chair of Trustees)

Date: 15 JULY 2025

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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

OTHER INFORMATION

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**STEP ONE CHARITY
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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.

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

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

Our procedures to respond to risks identified included the following:

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

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

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

Step One Charity are subject to;

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

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

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

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

USE OF OUR REPORT

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

Bishop Fleming LLP

Mark Munro FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Brook House

Winslade Park

Manor Drive

Clyst St Mary

Exeter

EX5 1GD

Date: *25/07/2025*

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

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

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

BALANCE SHEET
AS AT 31 MARCH 2025

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

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

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



Mrs S Sutherland
(Chair of Trustees)

Date: 15 July 2025

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

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025**

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

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

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

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

1. GENERAL INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 INCOME

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3 EXPENDITURE

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

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

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

All expenditure is inclusive of irrecoverable VAT.

2.4 INTEREST RECEIVABLE

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

2.5 INTANGIBLE ASSETS AND AMORTISATION

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

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

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

Amortisation is provided on the following basis:

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

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

2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION (CONTINUED)

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

Depreciation is provided on the following bases:

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

2.7 INVESTMENTS

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

2.8 DEBTORS

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

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES AND PROVISIONS

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

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

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

2.11 FINANCIAL INSTRUMENTS

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

2.12 OPERATING LEASES

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

2. ACCOUNTING POLICIES (continued)

2.13 PENSIONS

Defined benefit scheme

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

Defined contribution scheme

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

2.14 FUND ACCOUNTING

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

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

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

Critical areas of judgment:

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

4. INCOME FROM DONATIONS AND LEGACIES

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

5. INCOME FROM CHARITABLE ACTIVITIES

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

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

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

6. INVESTMENT INCOME

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

7. OTHER INCOMING RESOURCES

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

8. EXCEPTIONAL EXPENDITURE

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

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

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

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

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

ANALYSIS OF SUPPORT COSTS

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

10. AUDITORS' REMUNERATION

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

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

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

11. STAFF COSTS

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

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

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

The average headcount expressed as full-time equivalents was:

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

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

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

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

12. TRUSTEES' REMUNERATION AND EXPENSES

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

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

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

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

13. NET (LOSSES)/ GAINS ON INVESTMENTS

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

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

14. INTANGIBLE ASSETS

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

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

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

15. TANGIBLE FIXED ASSETS

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

16. FIXED ASSET INVESTMENTS

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

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

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

17. DEBTORS

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

18. ESCROW ACCOUNT

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

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

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

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

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

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

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20. STATEMENT OF FUNDS (CONTINUED)

Designated Funds

Pension Scheme Escrow

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

Tangible Fixed Asset Reserve

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

Intangible Fixed Asset Reserve

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

Future Sustainability

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

Investment Volatility Fund

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

Unrealised Investment Reserve

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

Restricted Funds

BeWell@StepOne

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

CF03

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

Health and Social Services

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

South Devon Community Housing

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

Cypress

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

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

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20. STATEMENT OF FUNDS (CONTINUED)

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

STATEMENT OF FUNDS - PRIOR YEAR

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

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20. STATEMENT OF FUNDS (CONTINUED)

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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

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

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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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

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

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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

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

24. ANALYSIS OF CHANGES IN NET FUNDS

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

25. PENSION COMMITMENTS

The Charity operates a defined benefit pension scheme.

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

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

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

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25. PENSION COMMITMENTS (CONTINUED)

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

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

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

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

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

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

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25. PENSION COMMITMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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26. OPERATING LEASE COMMITMENTS

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

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

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27. RELATED PARTY TRANSACTIONS

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

28. POST BALANCE SHEET EVENTS

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

29. CONTROLLING PARTY

The Charity is controlled by the Trustees.