

STEP BY STEP PARTNERSHIP LIMITED

England & Wales · Charity number 900308

Details

Other names	EMMAUS PROJECTS LIMITED, STEP BY STEP
Status	Registered
Legal form	Charitable company
Company number	02431825
Registered	1990-01-25
Register	View on the Charity Commission register

Contact

Address	Step by Step Partnership Ltd 36 Crimea Road Aldershot GU11 1UD
Phone	01252346100
Email	info@stepbystep.org.uk
Website	www.stepbystep.org.uk

Activities

Objects: TO RELIEVE THE NEED OF THE HOMELESS, UNEMPLOYED AND OTHER PEOPLE BY REASON OF THEIR CONDITION OF HARDSHIP OR DISTRESS, BY THE PROVISION OF SUPPORTED HOUSING, EDUCATION, TRAINING AND SUPPORT.

Activities: Relieves the need of the homeless, unemployed and other people by the reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, Accommodation/housing
- **Who:** Children/young People

Geography

- **Area of benefit:** BOROUGH OF RUSHMOOR OR ELSEWHERE
- Dorset
- Hampshire
- Reading
- Rhondda Cynon Taff
- Surrey
- Swindon
- West Berkshire
- West Sussex
- Wiltshire
- Windsor And Maidenhead

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£4,322,016	£4,236,327	£2,298,626	84
2024-03-31	£4,233,406	£3,964,727	£2,212,937	81
2023-03-31	£3,865,911	£3,673,299	£1,944,258	78
2022-03-31	£3,557,333	£3,103,753	£1,751,646	73
2021-03-31	£3,313,494	£2,888,527	£1,298,066	65

Trustees

Name	Role	Appointed
Andrew Scott Mitchell		2020-03-17
Caroline Skerry		2020-02-04
Clare Gallagher		2022-10-31
Dr Rebecca Jane Ward		2025-05-01
James William Mowat		2020-03-17
Jonathan Francis Portal		2019-04-15
Lucy Alannah Rosemary Barnes		2020-06-18
Sasitharan Mylvaganam		2019-04-24

STEP BY STEP PARTNERSHIP LIMITED

England & Wales - Charity number 900308

Accounts



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2025

CONTENTS

	Page
Legal and administrative information	1
Directors' report	2
Auditors' report	14
Statement of financial activities	18
Balance sheet	19
Statement of cash flows	20
Notes to the financial statements	21

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2025

Directors

Mr K Gathergood, Chair – Retired May 2025
Mr A Mitchell – Deputy Chair until end of April 2025, Chair from May 2025
Mr S Mylvaganam, Treasurer
Sir J Portal
Mrs C Skerry
Mr J Mowat
Mrs L Barnes
Mrs C Gallagher
Mrs R Ward – Appointed May 2025
Mr J Devlin – Retired October 2024
Mr S Brearley - Resigned December 2024

Company Registration Number

2431825

Charity Registration Number

900308

Address & Registered Office

36 Crimea Road, Aldershot, Hampshire, GU11 1UD

Company Secretary

Mrs L Barnes

Chief Executive

Mrs D Moreton

Head of Fundraising

Mrs A Chiu returned from Maternity Leave Feb 2025
Mrs N Goom Maternity Cover

Head of Strategic Marketing and External Affairs

Mrs N Goom from Feb 2025

Head of HR

Mrs R Palmer

Head of Finance

Mrs A Thurlow

Head of Fostering & Supported Lodgings

Mrs K Headen

Head of Wellbeing & Foyers

Mrs M Harris

Auditors

Sayer Vincent LLP, 110 Golden Lane, London, EC1Y 0TG

Bankers

Lloyds Bank Plc, 25 Gresham Street, London, EC2V 7HN

Solicitors

Moore Barlow LLP, Concord House, 165 Church St East, Woking GU21 6HJ

DIRECTORS' REPORT

For the year ended 31 March 2025

The Directors of the Company for the purposes of the Companies Act, who are also Trustees of the Charity for the purposes of the Charities Act, submit their annual report and the financial statements for Step by Step Partnership Limited (the Charity) for the year ended 31 March 2025. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

OBJECTIVES AND ACTIVITIES

Objectives

As stated in the Memorandum of Association, the Charity's objective is to relieve the need of the young homeless, unemployed and other people by reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

Mission Statement

Our mission is to empower young people to overcome adversity and achieve independence by offering tailored accommodation, guidance, and life-changing support. We believe every young person has the potential to thrive, and our role is to stand beside them with the tools, stability, and belief they need to take those next steps.

We support young people aged 11 to 25, with the majority aged between 16 and 21.

Through a wide range of services, including Foyer accommodation, Supported Lodgings, counselling, and practical advice, we meet each young person where they are, offering both early intervention and longer-term, holistic support.

By working closely with young people, we help them overcome barriers, build resilience, and realise their aspirations. Our services are designed to ensure that every young person has the opportunity, encouragement, and support to create a brighter future.

Public Benefit

The Trustees confirm that they have complied with the guidance of the Charities Act 2011 to have due regard to the public benefit guidance in determining the activities undertaken by the Charity.

The Charity Commission, in its "Charities and Public Benefit" Guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: first, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public.

The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charity which during the year under review has worked directly with 1481 young people and family members and has educated a further 2080 young people via school and community talks, a total beneficiary number of 3561. Several of our key achievements during 2024/25 are detailed under 'Achievements and Performance'.

In the year to 31 March 2025, 42% of young people supported were male, 56% female and 1% identified as non-binary (1% preferred not to say or did not specify their gender); 70% of young people were teenagers. In our Foyer accommodation there were 47 placements available for homeless young people aged 16-21 (or 25 under certain circumstances) and a total of 96 young people were accommodated over the year. In Supported Lodgings there were 188 placements available for homeless young people and a total of 229 young people were accommodated during the year.

DIRECTORS' REPORT

For the year ended 31 March 2025

Our placements across Hampshire, Surrey, West Berkshire, Wokingham, West Sussex, and Dorset provide young people with either Supported Lodgings or Foyer accommodation. Many arrive in crisis, often caught in a downward spiral, with 36% unemployed at the point of entry. Through consistent, personalised support, 78% of young people positively progressed or stabilised their circumstances.

The 11 to 25 age group represents a crucial window for intervention. At this stage, young people are adaptable, full of potential, and capable of lasting change. When they succeed, the benefits ripple outward, impacting their families, their communities, and society more broadly.

We focus on helping young people overcome barriers, build resilience, and grow in confidence through support in six key areas:

- **Independent living skills** – Building confidence in day-to-day tasks such as cooking, hygiene, laundry, and managing a household.
- **Understanding finance** – Supporting young people to budget, manage debt, and maintain independence on a low income.
- **Education and employment** – Providing guidance into training, education, or work opportunities that help young people move forward.
- **Mental health and wellbeing** – Supporting positive emotional and mental health, including access to counselling and specialist help where needed.
- **Health and fitness** – Encouraging physical health and access to services including GP registration, sexual health, and substance misuse support.
- **Community contribution** – Promoting positive behaviours through volunteering, restorative activities, and engagement with the wider community.

The Charity provides a unique combination of services to support young people to reach their goals. The Trustees believe that this, together with the achievements outlined above, provide considerable evidence of the significant public benefit the Charity achieves.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Charity was incorporated under the Companies Act 1985 on 12 October 1989 and is limited by guarantee. It has been registered as a charity since 25 January 1990. As a charitable company limited by guarantee, operations are governed by the Charity's Memorandum and Articles of Association.

The Charity's wholly owned subsidiary, Step by Step Fostering Limited, was incorporated under the Companies Act 2006 on 11 October 2021 and is limited by shares. Its operations are also governed by its Memorandum and Articles of Association.

Directors and Method of Appointment

The Directors of the Charity, who are also its Trustees, are elected at an AGM (or may be appointed during the year by the Board with election at the next AGM). The candidature of people with skills, experience and/or interests relevant to the Charity's activities is encouraged through advertising publicly, employing specialist recruitment agencies and soliciting local organisations. They may serve for up to three years before re-election.

Step by Step Fostering Limited has a separate Board of Directors. Two of the Directors are also Directors of the Charity, Andrew Mitchell and James Mowat. The Chief Executive Officer of the Charity, Debra Moreton and Head of Strategic Marketing and External Affairs, Nic Goom, are also directors of the subsidiary, along with one additional director (independent of the Charity).

DIRECTORS' REPORT

For the year ended 31 March 2025

Organisation and Decision Making

The Governance structure is made up of a Board and two types of subcommittees which are known as a Board Executive Committee (BEC) and Board Subcommittees (BS). The BEC has delegated decision-making powers handed down from the main Board whilst BSs are asked to provide advice and recommendations for submission to the Board.

Board members are appointed through a process managed by a Board Appointments Subcommittee. The Chief Executive is not a director but is a permanent non-voting member of the Board with the right to attend all Board Meetings unless a conflict of interest exists. The Board meets every quarter. An induction procedure is used for all new members of the Board and includes learning about the history, ethos and day to day operation of the Charity as well as outlining their responsibilities, conduct at meetings and relations with staff. The induction is usually carried out by the Chair supported by other Directors and the Chief Executive. Directors are encouraged to attend training events relevant to their roles or assigned interests within the Charity. The Charity operates in a consistent way by following the policies set out and agreed by the Board, supported and implemented by the Chief Executive, Leadership Team and staff.

Day to day operational responsibility rests with the Chief Executive, who is responsible for all staff, Supported Lodgings Host families and volunteers who provide valuable support to young people.

Day to day operational responsibility for the subsidiary rests with its Responsible Individual and Registered Manager. Separate Board Meetings for the subsidiary are held every quarter, and it holds its own delegated powers register.

Remuneration Policy

To secure the standards of its work and to provide young people with excellent services, Step by Step (SbS) strives to attract and retain high quality employees. A number of its services significantly benefit from appropriately qualified and competent staff that provide a continuity of care and high level of continuity of service. Consequently, SbS's salary policy is to reward its talented people fairly, equitably, and consistently in accordance with market values and to encourage their motivation and engagement.

It is the general principle of the Charity that the salaries and benefits, on average, be positioned competitively in the local marketplace at a level recommended to the Audit and Remuneration Board Sub Committee (ARSC) by the CEO and Head of HR.

Leadership Team salary and benefits, excluding the CEO, is proposed to the ARSC by the CEO and, if supported by the ARSC, recommended to the Board for approval. With regard to the CEO's salary and benefits review, the Chair conducts a six monthly and annual appraisal, utilising feedback from the Board members. Any proposed change to CEO remuneration and benefits is made by the Chair to the ARSC, including appraisal and local market remuneration data, and, if supported, recommended to the Board for approval. In the light of current best practice, it is not anticipated that the CEO's salary will be more than five times greater than the lowest paid full-time employee of the Charity.

Risks

The Charity operates a Risk Management process to meet the requirements of the Charity Commission. The significant risks to which the Charity could be exposed are:

- a. The welfare and safety of the young people accessing our services, particularly where they may be engaging in risk taking behaviours.
- b. Loss of income due to an inability to deliver fundraising income, contract losses or the impact of welfare reform.

DIRECTORS' REPORT

For the year ended 31 March 2025

Priority is given to managing and mitigating these potential risks effectively. Key mitigating actions to manage these risks have been implemented in the year. These include:

- a. Safeguarding: we review our safeguarding practice and governance every year by completing a section 11 safeguarding audit. We also have an external independent audit every third year which was successfully completed in 2024.
- b. Operational disruption, including the loss of key staff or volunteers, IT system failure, or significant damage to premises, which could impact service delivery: business continuity plans in place, cross-training of staff, regular IT back-ups, and premises maintenance schedules.
- c. Reputational risk resulting from adverse media coverage, safeguarding incidents, or public complaints, which could affect public trust and stakeholder engagement: robust safeguarding procedures, media handling protocols, clear complaints process, and regular staff training.
- d. Compliance risk relating to changes in legal, regulatory, or commissioning requirements, particularly in areas such as supported housing, mental health provision, and data protection: ongoing monitoring of legal and regulatory updates, regular policy reviews, and staff compliance training.
- e. Strategic risk stemming from shifts in government policy, commissioning priorities, or local authority funding that could affect the sustainability of core services: active engagement with commissioners and policy forums, diversified funding streams, and flexible service models.

Ofsted regulation of Supported Accommodation for 16+ Young People

In March 2023, the government introduced the first regulations for supported accommodation for 16 and 17-year-old looked after children and care leavers. Step by Step responded promptly to the new framework, completing the registration process by October 2023.

In March 2025, our Supported Lodgings service was inspected under the new Ofsted regime and received a 'Consistently Good' rating. This outcome reflects the strength of our practice, the dedication of our staff, and the consistently high standards across our accommodation services. The rating is the highest level of accreditation we could have been awarded.

We are currently awaiting the scheduled inspection for our Foyer accommodation.

The Charity operates a Risk Management process that meets the requirements of Ofsted. Notifiable Events we need to submit to Ofsted as part of our registration are:

- A death of a child
- A referral about a staff member under section 35 of the Safeguarding Vulnerable Groups Act 2006
- A child involved in or subject to, or suspected of being involved in or subject to, sexual exploitation or child criminal exploitation
- An incident requiring police involvement in relation to a child and the registered person considers that incident to be serious
- An allegation of abuse against the service or a member of staff
- If a child protection enquiry is instigated or concludes
- An incident involving the use of a measure of restraint on a child
- Any other incident relating to a child which the registered person considers to be serious.

Relationships with Other Organisations

The Charity works with many organisations, including Local Authorities, voluntary sector organisations, Children's Services, Youth Support Services, the National Health Service (NHS), the Police, the Probation Service and National Offender Management Service, all of whom may

DIRECTORS' REPORT

For the year ended 31 March 2025

refer young people to the Charity and with whom we seek to further their interests. The Charity works in partnership with Vivid Housing Association to accommodate vulnerable young people.

Funders are a group of stakeholders who have a continuing interest in the Charity's performance and its use of resources. Major funders include Local Authorities, charitable trusts, corporate funders and foundations and other charities. We are also supported by voluntary donations, mainly from individuals, local churches, schools, and organisations such as the Rotary, Round Table and Lions. To all of them, the Trustees give their thanks on behalf of the most important stakeholders, the young people and their families that we serve.

ACHIEVEMENTS AND PERFORMANCE

Accommodation Services

In 2024/25, Step by Step continued to expand and strengthen its accommodation services across the six counties in which we operate. A key milestone this year was the purchase of Krystal House in Havant, subsequently renamed Gathergood House, providing supported housing for up to six young people at any one time. This acquisition brings the total number of properties owned by the Charity to two and reflects our long-term commitment to increasing sustainable accommodation options. We also added move on accommodation for 18+ young people in Dunstall Park Farnborough, offering affordable move on accommodation to young people in the area.

In January 2025, Hampshire County Council re-tendered contracts for the provision of high-intensity supported accommodation for 16+ young people from July 2025. Step by Step was successful in retaining three of its four existing Foyer services under this competitive process. For the remaining foyer in Basingstoke, we have been granted a nine-month extension with an increase in contract value and Hampshire County Council will retender the contract again in due course.

Across all services, we provided up to 235 accommodation beds for young people at any one time, down from 279 in the previous year.

High Support Beds Our High Support Beds are allocated to young people with significant needs, including those placed through Hampshire County Council's High Intensity Support Service. These placements are located in Aldershot, Basingstoke, the New Forest and Havant.

Supported Independence Flats Located within the Aldershot Foyer, these flats provide housing to young people not eligible for statutory housing support. They live semi-independently and receive structured support through Step Sessions with dedicated key workers. Since the launch of this provision in December 2020, 46 young people have been supported. To date, 48% have progressed to more independent living, education, or employment.

Supported Accommodation Beds (SAB) Also based at Aldershot, SAB placements support young people who lack access to statutory funding. These are fully funded by Step by Step through fundraising income. The continuation of these beds is a testament to our donors and the impact of community support.

Supported Lodgings This year, we offered 188 placements across Hampshire, Surrey, Dorset, West Sussex, West Berkshire, and Wokingham. A total of 229 young people were supported through the service, with 76% achieving positive outcomes in areas such as stability, education, and employment.

DIRECTORS' REPORT

For the year ended 31 March 2025

Fostering Step by Step Fostering Limited, our subsidiary fostering agency, continued to grow steadily towards meeting its business plan. We now have seven approved foster carers, with three additional carers in the pipeline for panel assessment in 2025.

Progression and Outcomes

In total, we received 463 accommodation referrals and made 186 admissions across all housing services. Over the course of the year, 325 young people were accommodated, with 235 beds in use at peak times. Across all accommodation services, 78% of young people achieved positive progression.

Community-Based Services

Launch Our Launch outreach programme supported 725 young people through 1071 individual sessions. Launch offers a holistic suite of support services, including housing advice, benefit applications, emotional wellbeing support, and guidance on education and employment. Specialist sessions addressed the impact of substance misuse and challenges within the home. The service remains accessible via face-to-face sessions, live chat, text, email, and phone.

Counselling Our free counselling service for young people aged 11 to 25 continues to be in high demand. In 2024/25, 528 young people accessed the service across Surrey and Hampshire, attending a total of 3,216 sessions. Access remains available via self-referral or through healthcare professionals such as GPs.

Engagement and Influence

Youth Voice The voice of young people is central to everything we do at Step by Step. We believe in creating meaningful opportunities for young people to influence the design and delivery of our services, ensuring their experiences and perspectives guide our development.

Our Speak Out group continues to be a vital forum for young people to share their ideas and experiences, shape service improvements, and hold us accountable to their needs. This year, representatives from Speak Out contributed to a parliamentary session at the House of Lords and collaborated with the University of Southampton on a youth advocacy research project.

Beyond formal consultation, we actively encourage participation through feedback channels, co-produced initiatives, and leadership opportunities. Young people also help shape our strategic direction, including input into campaigns and awareness work, ensuring their voice is present not just in service delivery but in how we represent and advocate for them publicly.

Volunteers We expanded our volunteer base this year, with individuals contributing to maintenance, administration, database support, community fundraising, and coordination of food and clothing donations. Their support plays a vital role in extending our impact, and we are deeply grateful for the time, energy, and dedication they bring to our work.

Looking ahead, we aim to further grow our volunteer community by offering more flexible opportunities for involvement. With a packed calendar of fundraising and community events, we are developing ways for individuals to contribute even just a couple of hours of their time. Whether providing ongoing support or helping at a one-off event, every volunteer makes a difference in the lives of the young people we support.

Public Relations Step by Step significantly increased its visibility and profile during 2024/25. In addition to maintaining regular positive coverage in local media, we received

DIRECTORS' REPORT

For the year ended 31 March 2025

national media attention for our role in highlighting key policy issues affecting the charity sector.

We also launched a rebrand of the Charity, introducing the "Be the Hero" campaign. This new identity has helped elevate our visibility among donors, Supported Lodgings hosts, foster carers, commissioners, and young people.

There was no negative publicity reported during the year.

Fundraising and Compliance

In an increasingly challenging fundraising environment, Step by Step successfully raised a cash receipts figure of £684,673 in 2024/25. This significant achievement is a testament to the commitment of our supporters and the creativity and perseverance of our fundraising team.

We remained fully compliant with the Code of Fundraising Practice and continue to uphold the standards set out by the Fundraising Regulator. Step by Step does not purchase or share donor data, nor do we target individuals directly. Our fundraising activities include online giving campaigns, the Open Doors appeal, and a range of community-led events.

We are proud to report that no complaints were received in 2024/25.

Outcomes Monitoring

We use the nationally recognised Outcomes Star model to assess impact and progression. In 2024/25, we transitioned from the Triangle Homelessness Star to the Young Person's Star, allowing for more tailored tracking of individual journeys. Data is recorded and analysed using our Inform system.

Governance

Governance remains a strong foundation of Step by Step. A bi-annual board self-assessment ensures continued development and accountability, forming part of a wider culture of review and reflection embedded across the organisation. The board currently includes eight trustees, each recruited to bring specific expertise aligned with the needs of the Charity. Trustees oversee key strategic and operational matters through structured reporting and a clear Delegated Powers Register.

The board benefits from a diverse skill set and a healthy blend of experience and renewal, with trustee service ranging from two to six years and an average tenure of five years. A two-tier policy framework ensures clarity in oversight and decision-making, with clearly defined boundaries between board-level and operational responsibilities. This structure supports robust governance, effective risk management, and alignment with the Charity's long-term vision and values.

Standard items of report to every Board meeting includes – Declaration of Conflicts of Interest, CEO report, Treasurer's report, Serious Incidents report, Safeguarding report, Health & Safety report and Property Maintenance report. Every other Board meeting considers the Risk Register.

Key Achievements

The Charity is proud that, despite a challenging environment for UK charities, we have remained focused on our mission and the numbers of young people supported has been maintained. Some of our key achievements in 2024/25 include:

DIRECTORS' REPORT

For the year ended 31 March 2025

- We have introduced a large number of training opportunities through apprenticeships and external course providers for our staff teams.
- Foyer services have accommodated 96 young people this year.
- We have accommodated 229 young people in Supported Lodgings services this year.
- We have successfully funded the Supported Independence Flats and Supported Accommodation Beds for a further year allowing us to continue supporting and offering vital housing to unfunded young people.
- We completed our 24-25 safeguarding section 11 audit. An external safeguarding audit was successfully passed in June 2024
- We successfully secured 12 separated children (previously UASC) placements in Hampshire foyers.
- Trauma-informed training was first delivered to the Board and subsequently to the Leadership Team. It is now being rolled out across the entire organisation to ensure all staff benefit from this approach.
- Counselling services were delivered to 528 young people, through 3216 counselling sessions across Surrey and Hampshire.
- We have delivered 1071 Launch sessions, including 5 sexual health sessions.
- We have supported 725 vulnerable young people in our communities through our Launch services.
- Provided Mental Health First Aid Training to all young person facing employees in the Foyers and our Supported Lodging services.
- 76% of young people in Supported Lodgings have progressed.
- Ofsted registration achieved and implemented changes to meet the new Ofsted legislation in all Supported Lodgings and Foyer services and created processes and invested in resource to sustain compliance.
- We achieved Cyber essentials accreditation once again for 2025.
- Developed new ways of reaching potential hosts for the Supported Lodgings service via Radio advertising and our new Step by Step Podcast.
- Fostering Agency fully operational and actively supporting children.
- Speak Out group has had excellent progression and capturing high quality feedback that can develop our services and improve the experiences of young people.
- Our Opportunity Fund has enabled purchases for 149 young people this year, providing crucial financial support for items and rental deposits they otherwise couldn't afford. This fund empowers them to take significant steps forward in their lives and future independence.
- Created the Be the Hero Campaign and significantly raised Step by Step's profile as a youth charity. We have recently engaged with BBC South and radio shows.

FINANCIAL REVIEW FOR THE YEAR

The Statement of Financial Activities is set out on page 18 and shows the net movement in funds for the year.

During the year a surplus of £85,689 was recorded for the Group, comprising a surplus of £174,207 for Step by Step Partnership Ltd and a deficit of £88,518 for its wholly owned subsidiary, Step by Step Fostering Limited.

Step by Step Fostering Limited has incurred losses to date as a result of company set-up and Ofsted registration costs and the time taken to attract and approve carers and to secure suitable placements. It had four placements at the year end, with two additional foster carer placements available and more foster carers going through the approval process.

We continue to review our income and expenditure on a monthly basis. We seek new contracts and utilise our fundraising resources to increase income. We also continuously review our cost

DIRECTORS' REPORT

For the year ended 31 March 2025

base to ensure that our resources are applied efficiently and effectively to meet our objectives.

Reserves Policy

The Charity's policy is to establish and maintain a level of reserves which ensures resilience and adequate financial resources exist to secure on-going social impact and public benefit. It aims to ensure that there are funds available to meet all current and known liabilities and continue to operate all our vital, high-quality services for young people. It will also aim to ensure that there are funds available to cover financial risks and future uncertainties, for future planned expansion of services and for other commitments and designations.

The Directors regularly review reserves, including the reserves of the Charity's wholly owned subsidiary, to ensure that total group reserves are sufficient to cover:

- Six to nine months cover of budgeted expenditure less committed income for the next twelve months. Six to nine months' cover is between £421k and £631k.
- Proposed development and committed capital expenditure for at least the next 12 months (£682K).
- Fixed Asset Designation as required by the SORP (£995K).

Total Reserves as of 31st March 2025 were £2,298,626 comprising of designated funds of £1,676,933 and unrestricted funds of £621,693.

After allowing for restricted and designated funds, the free reserves were £621,693 at the year end. Free reserves are funds that have not been restricted by the funder or designated by the Charity for a specific service or investment. Free reserves are within the reserves requirement as stated in the Reserves Policy agreed by the Trustees, which the Trustees feel is appropriate at the current time.

Going Concern

In determining that the Charity continues to be a going concern for the purposes of preparing these financial statements, the Trustees have considered the following:

- The financial performance of the Charity since 31 March 2025 and current balance sheet position.
- 2025/26 Budgets and forecasts of performance of the Charity to 31 August 2026, including cash flow.
- the new contract opportunities and investments that are being progressed that evidence the benefit of the new foundations set for the Charity over the last few years.

Through this review, the Trustees have assessed that the Charity continues to be a going concern.

Investment Policy

All investment decisions are taken in the best interests of the Charity achieving its charitable purpose and follow the Charity Commission's guidance on investment matters as stated in their publication "Investing Charity Money: a guide for Trustees".

Financial Investment

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable. As such, investments by the Charity are subject to risk assessment as part of the formulation of financial investment cases. These may vary from very low risk investments e.g., cash reserves investment to support the Reserves Policy invested under FSCS guarantees, through to relatively high-risk assessments e.g. funding new services with the objective of creating new income streams and surplus to support the charitable purpose.

DIRECTORS' REPORT

For the year ended 31 March 2025

PLANS FOR YEAR AHEAD

The 2025/26 financial year marks the third and final year of Step by Step's current three-year Strategic Plan. In parallel, we will begin the development of our next strategic cycle, which will include a new three-year plan alongside a set of ambitious long-term goals. These goals will set the course for the Charity over the next 5 to 10 years, providing a clear vision for growth, innovation and impact.

Building on the strong progress made in the previous three years, the Charity will continue to focus on expanding services, driving innovation, and maintaining financial sustainability, all the while remaining rooted in its mission to empower young people and prevent homelessness.

Demand for services continues to rise, with increasingly complex needs among young people. This presents both a challenge and an opportunity. Step by Step will respond by investing in new and existing services that deliver impact where it's needed most. We will also continue to innovate in the ways we reach and support young people, ensuring accessibility, inclusivity, and flexibility.

Key priorities for 2025/26 include:

- **Expanding accommodation options** – We will explore opportunities for new High Support Beds and Supported Lodgings placements across and beyond our six counties, as well as new models of move-on accommodation for young people aged 18 and over. Addressing the cliff-edge that exists when support ends remains a critical priority.
- **Strengthening the Fostering service** – Informed by our most recent Ofsted inspection, we will implement service improvements that enhance support for foster carers and the children in their care. Continued recruitment of carers and capacity-building will remain central.
- **Improving accessibility of services** – We will enhance digital, and where possible in person, access to services like Launch and counselling, and ensure all young people—regardless of background, identity, or circumstance—can engage with us in a meaningful way.
- **Embedding the Be the Hero campaign** – We will continue to integrate our new brand identity and campaign messaging across all services and stakeholder communications. This includes developing hero-led storytelling content and building greater engagement with donors, commissioners, and young people.
- **Building influence and advocacy** – As part of our emerging role as a sector thought leader, we will continue to advocate on issues affecting young people, from housing policy to mental health provision. We will develop position statements and collaborate with other organisations to amplify the voice of youth support charities.
- **Investing in people** – We will continue to support the wellbeing, development, and leadership capacity of our staff, hosts, and volunteers. Succession planning and skills development will remain key areas of focus.
- **Ensuring sustainability** – Financial resilience will underpin all our plans. We will continue to diversify income, explore new funding partnerships, and ensure all services are cost-effective and high-impact.

DIRECTORS' REPORT

For the year ended 31 March 2025

We will also continue to embed our quality assurance processes and respond proactively to regulatory frameworks, including those introduced through Ofsted. Our focus will remain on sustaining compliance across Supported Lodgings, Foyers and Fostering, while continuously improving the standards of care and support we provide.

Strong internal financial governance continues to underpin our strategy. With a highly capable finance team, rigorous monthly management accounts, and clear oversight from our Board and Treasurer, we are confident in our ability to manage uncertainty and resource future growth.

Creativity and innovation remain part of the Charity's DNA. We will continue to build on our culture of agile thinking and bold ideas to find new ways to meet the evolving needs of young people.

The economic and political environment is likely to remain unpredictable, but Step by Step has proven its ability to adapt and thrive. The year ahead will be about consolidating gains, scaling successful approaches, and ensuring that every young person we support has the chance to take their next step with confidence.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of Step by Step Partnership Limited for the purposes of company law) are responsible for preparing the Directors' Report and 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, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Charitable 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 Charitable Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

DIRECTORS' REPORT

For the year ended 31 March 2025

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31st March 2025 was 24 (2024:22). The Trustees are members of the Charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the Charity.

Auditor

Sayer Vincent LLP was re-appointed as the Charitable Company's auditor during the year and has expressed its willingness to continue in that capacity.

The director's annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The Trustees' annual report has been approved by the Trustees on 11th August 2025 and signed on their behalf by

Andrew Mitchell
Chair

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2025

Opinion

We have audited the financial statements of Step by Step Partnership (the 'parent charitable company') and its subsidiary/subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Step by Step Partnership'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 trustees' annual report, the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2025

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 group 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 group 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.

Opinions 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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.

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2025

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 auditor's 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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the Audit and Remuneration Sub-committee (ARSC), which included obtaining and reviewing supporting documentation, concerning the group's 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 related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2025

- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

2 September 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2025

	Note	Unrestricted £	Designated £	Restricted £	2025 Total £	Unrestricted £	Designated £	Restricted £	2024 Total £
Income from:									
Donations and legacies	2	168,929	–	–	168,929	182,225	–	–	182,225
Charitable activities									
Accommodation	3	3,247,105	–	251,286	3,498,391	3,149,024	–	276,559	3,425,583
Counselling & support	3	377,832	–	198,305	576,137	369,906	–	221,907	591,813
Development projects	3	–	–	35,612	35,612	–	–	4,396	4,396
Investments		42,947	–	–	42,947	29,389	–	–	29,389
Total income		3,836,813	–	485,203	4,322,016	3,730,544	–	502,862	4,233,406
Expenditure on:									
Raising funds	5	262,001	–	–	262,001	261,824	–	–	261,824
Charitable activities									
Accommodation	5	2,947,816	–	251,286	3,199,102	2,674,424	–	276,559	2,950,983
Counselling & support	5	460,329	–	198,305	658,634	391,883	–	221,907	613,790
Development projects	5	80,978	–	35,612	116,590	133,734	–	4,396	138,130
Total expenditure		3,751,124	–	485,203	4,236,327	3,461,865	–	502,862	3,964,727
Net income / (expenditure) for the year	6	85,689	–	–	85,689	268,679	–	–	268,679
Transfers between funds		(106,011)	106,011	–	–	(453,059)	453,059	–	–
Net income / (expenditure) before other recognised gains and losses		(20,322)	106,011	–	85,689	(184,380)	453,059	–	268,679
Net movement in funds		(20,322)	106,011	–	85,689	(184,380)	453,059	–	268,679
Reconciliation of funds:									
Total funds brought forward		642,015	1,570,922	–	2,212,937	826,395	1,117,863	–	1,944,258
Total funds carried forward		621,693	1,676,933	–	2,298,626	642,015	1,570,922	–	2,212,937

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19a to the financial statements.

As at 31 March 2025

		The group		The charity	
	Note	2025 £	2024 £	2025 £	2024 £
Fixed assets:					
Tangible assets	11	994,846	606,922	994,846	606,922
Investments	12	–	–	1	1
		<u>994,846</u>	<u>606,922</u>	<u>994,847</u>	<u>606,923</u>
Current assets:					
Debtors	14	288,358	269,450	576,968	434,717
Short term deposits		250,000	250,000	250,000	250,000
Cash at bank and in hand		1,316,922	1,776,324	1,262,475	1,761,337
		<u>1,855,280</u>	<u>2,295,774</u>	<u>2,089,443</u>	<u>2,446,054</u>
Liabilities:					
Creditors: amounts falling due within one year	15	(551,500)	(689,759)	(541,623)	(684,517)
Net current assets		<u>1,303,780</u>	<u>1,606,015</u>	<u>1,547,820</u>	<u>1,761,537</u>
Total net assets		<u>2,298,626</u>	<u>2,212,937</u>	<u>2,542,667</u>	<u>2,368,460</u>
Funds:	19				
Restricted income funds		–	–	–	–
Unrestricted income funds:					
Designated funds		1,676,933	1,570,922	1,676,933	1,570,922
General funds		621,693	642,015	865,734	797,538
Total unrestricted funds		<u>2,298,626</u>	<u>2,212,937</u>	<u>2,542,667</u>	<u>2,368,460</u>
Total funds		<u>2,298,626</u>	<u>2,212,937</u>	<u>2,542,667</u>	<u>2,368,460</u>

Approved by the trustees on 11th August 2025 and signed on their behalf by

S Mylvaganam
Treasurer / Director

A Mitchell
Chair / Director

Step by Step Partnership Ltd

Consolidated statement of cash flows

For the year ended 31 March 2025

	Note	2025 £	£	2024 £	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		85,689		268,679	
Depreciation charges		36,406		32,280	
Dividends, interest and rent from investments		(42,947)		(29,389)	
(Profit)/loss on the disposal of fixed assets		–		–	
(Increase)/decrease in debtors		(18,908)		256,144	
Increase/(decrease) in creditors		(138,259)		57,749	
Net cash provided by / (used in) operating activities			(78,019)		585,463
Cash flows from investing activities:					
Dividends, interest and rents from investments		42,947		29,389	
Proceeds from the sale of fixed assets		–		–	
Transfer to short term deposit account		–		(250,000)	
Purchase of fixed assets		(424,330)		(25,739)	
Net cash provided by / (used in) investing activities			(381,383)		(246,350)
Change in cash and cash equivalents in the year			(459,402)		339,113
Cash and cash equivalents at the beginning of the year			1,776,324		1,437,211
Change in cash and cash equivalents due to exchange rate movements			–		–
Cash and cash equivalents at the end of the year			1,316,922		1,776,324

1 Accounting policies

a) Statutory information

Step by Step Partnership Ltd is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

b) Basis of preparation

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

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Step by Step Fostering Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. A summary of the result for the year is disclosed in the notes to the accounts.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) 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 bank.

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in seeking voluntary contributions, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering accommodation and support services, welfare, guidance and counselling activities undertaken to further the purposes of the charity and their associated support
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Supported Accommodation	58%
● Counselling & Support	23%
● Cost of raising funds	4%
● Growth & Development	12%
● Governance costs	3%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. These have also been apportioned based on the amount of time attributable to each activity.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The annual depreciation rates in use are as follows:

● Freehold property	2% straight line
● Computer equipment	33% straight line
● Furniture and fittings	10% – 20% straight line

1 Accounting policies (continued)

m) Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Debtors

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

o) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

p) Cash at bank and in hand

Cash at bank and cash 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.

q) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

r) 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.

s) Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the Scheme in respect of the year.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Churches	13,386	–	13,386	8,207	–	8,207
Secular organisations	74,865	–	74,865	79,556	–	79,556
Individuals	79,391	–	79,391	69,127	–	69,127
Legacies	–	–	–	–	–	–
Events	1,287	–	1,287	25,335	–	25,335
Other	–	–	–	–	–	–
	<u>168,929</u>	<u>–</u>	<u>168,929</u>	<u>182,225</u>	<u>–</u>	<u>182,225</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Accommodation	3,247,105	251,286	3,498,391	3,149,024	276,559	3,425,583
Counselling & Support	377,832	198,305	576,137	369,906	221,907	591,813
Development projects	–	35,612	35,612	–	4,396	4,396
Total	3,624,937	485,203	4,110,140	3,518,930	502,862	4,021,792

4 Income from charitable activities by funder

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Grants and contracts						
Trust income	136,618	482,358	618,976	169,473	483,944	653,417
Local Authority Grants	71	2,845	2,916	–	18,918	18,918
Sub-total	136,689	485,203	621,892	169,473	502,862	672,335
Housing & Supported Lodgings related incomes						
Local Authority Contracts	3,285,806	–	3,285,806	3,222,688	–	3,222,688
Rent and Personal Charges	202,442	–	202,442	126,769	–	126,769
Sundry Income	–	–	–	–	–	–
Sub-total	3,488,248	–	3,488,248	3,349,457	–	3,349,457
Total income from charitable activities	3,624,937	485,203	4,110,140	3,518,930	502,862	4,021,792

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2025

5a Analysis of expenditure (current year)

	Charitable activities							
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	2025 Total £	2024 Total £
Staff costs (Note 7)	162,115	1,387,202	333,186	22,889	64,697	406,640	2,376,729	2,159,119
Direct Costs	64,640	1,376,563	154,833	6,729	19,943	–	1,622,708	1,646,571
Support – Other staff costs	–	–	–	–	–	52,555	52,555	64,937
Support – Administrative running costs	–	–	–	–	–	51,040	51,040	41,765
Support – Building maintenance costs	–	–	–	–	–	8,813	8,813	8,096
Support – Marketing costs	–	–	–	–	–	76,489	76,489	12,469
Support – Legal & Professional Fees	–	–	–	–	–	47,993	47,993	31,770
Support – Misc	–	–	–	–	–	–	–	–
	226,755	2,763,765	488,019	29,618	84,640	643,530	4,236,327	3,964,727
Support costs	29,240	377,069	150,249	86,972	–	(643,530)	–	–
Governance costs	6,006	58,268	20,366	–	(84,640)	–	–	–
Total expenditure 2025	262,001	3,199,102	658,634	116,590	–	–	4,236,327	
Total expenditure 2024	261,824	2,950,983	613,790	138,130	–	–	–	3,964,727

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2025

5b Analysis of expenditure (prior year)

	Charitable activities						
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	2024 Total £
Staff costs (Note 7)	153,355	1,198,161	320,773	15,842	38,117	432,871	2,159,119
Direct Costs	50,692	1,395,198	165,072	18,099	17,510	–	1,646,571
Support – Other staff costs	–	–	–	–	–	64,937	64,937
Support – Administrative running costs	–	–	–	–	–	41,765	41,765
Support – Building maintenance costs	–	–	–	–	–	8,096	8,096
Support – Marketing costs	–	–	–	–	–	12,469	12,469
Support – Legal & Professional Fees	–	–	–	–	–	31,770	31,770
Support – Misc	–	–	–	–	–	–	–
	204,047	2,593,359	485,845	33,941	55,627	591,908	3,964,727
Support costs	53,380	319,085	115,254	104,189	–	(591,908)	–
Governance costs	4,397	38,539	12,691	–	(55,627)	–	–
Total expenditure 2024	261,824	2,950,983	613,790	138,130	–	–	3,964,727

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2025 £	2024 £
Depreciation	36,406	32,280
Loss or profit on disposal of fixed assets	–	–
Operating lease rentals:		
Property	30,766	30,766
Other	696	749
Auditor's remuneration (excluding VAT):		
Audit	15,000	13,300
Other services	1,320	1,350
	<u>2,376,729</u>	<u>2,159,119</u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2025 £	2024 £
Salaries and wages	2,132,149	1,940,892
Social security costs	184,029	164,522
Employer's contribution to defined contribution pension schemes	60,551	53,705
	<u>2,376,729</u>	<u>2,159,119</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2025 No.	2024 No.
£80,000 – £89,999	1	–
£70,000 – £79,999	–	1
£60,000 – £69,999	1	1
	<u>1</u>	<u>1</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £454,826 (2024: £412,960).

The charity trustees were neither paid nor received any benefits from employment with the charity in the year (2024: £nil). No charity trustee received payment for professional or other services supplied to the charity (2024: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2024: £nil) incurred by no (2024: nil) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 84 (2024: 81).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2025 No.	2024 No.
Governance, Management and Admin	10.6	8.6
Fundraising and Marketing	6.7	4.8
Accommodation and other Service Staff	46.2	45.5
	<u>63.5</u>	<u>58.9</u>

9 Related party transactions

There are no related party transactions to disclose for 2025 (2024: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax because all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary, Step by Step Fostering Limited, distributes under Gift Aid available profits to the parent charity.

11 Tangible fixed assets**The group**

	Freehold property £	Computer equipment £	Furniture & fittings £	Total £
Cost or valuation				
At the start of the year	577,368	130,010	8,439	715,817
Additions in year	398,154	21,695	4,481	424,330
Disposals in year	–	(5,132)	–	(5,132)
At the end of the year	975,522	146,573	12,920	1,135,015
Depreciation				
At the start of the year	15,787	90,831	2,277	108,895
Charge for the year	11,547	22,915	1,944	36,406
Eliminated on disposal	–	(5,132)	–	(5,132)
At the end of the year	27,334	108,614	4,221	140,169
Net book value				
At the end of the year	948,188	37,959	8,699	994,846
At the start of the year	561,581	39,179	6,162	606,922

The charity

	Freehold property £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At the start of the year	577,368	128,465	8,439	714,272
Additions in year	398,154	21,695	4,481	424,330
Disposals in year	–	(5,132)	–	(5,132)
At the end of the year	975,522	145,028	12,920	1,133,470
Depreciation				
At the start of the year	15,787	89,286	2,277	107,350
Charge for the year	11,547	22,915	1,944	36,406
Eliminated on disposal	–	(5,132)	–	(5,132)
At the end of the year	27,334	107,069	4,221	138,624
Net book value				
At the end of the year	948,188	37,959	8,699	994,846
At the start of the year	561,581	39,179	6,162	606,922

All of the above assets are used for charitable purposes.

12 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of Step by Step Fostering Limited, a company registered in England. The company number is 13672670. The registered office address is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under Gift Aid to the parent charity.

The trustees Andrew Mitchell and James Mowat, together with the Chief Executive, Debra Moreton, and Head of Strategic Marketing and External Affairs, Nic Goom, are also directors of the subsidiary.

A summary of the results of the subsidiary is shown below:

	2025 £	2024 £
Turnover	127,742	8,656
Cost of sales	(60,433)	(4,439)
Gross profit/(loss)	67,309	4,217
Administrative expenses	(155,827)	(105,889)
Other operating income	–	–
Profit/(loss) on ordinary activities before interest and taxation	(88,518)	(101,672)
Interest receivable and similar income	–	–
Interest payable and similar charges	–	–
Profit / (loss) on ordinary activities before taxation	(88,518)	(101,672)
Taxation on profit on ordinary activities	–	–
Profit / (loss) for the financial year	(88,518)	(101,672)
Retained earnings		
Total retained earnings brought forward	(155,523)	(53,851)
Profit / (loss) for the financial year	(88,518)	(101,672)
Distribution under Gift Aid to parent charity	–	–
Total retained earnings carried forward	(244,041)	(155,523)
The aggregate of the assets, liabilities and reserves was:		
Assets	76,036	30,034
Liabilities	(320,076)	(185,556)
Reserves	(244,040)	(155,522)

Amounts owed to the parent undertaking are shown in note 14.

13 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2025 £	2024 £
Gross income	4,194,274	4,224,751
Result for the year	174,207	370,351

14 Debtors

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Trade debtors	182,203	160,487	169,573	151,831
Other debtors	360	166	–	166
Amounts due from group undertakings	–	–	310,199	180,313
Prepayments	98,921	104,587	93,298	98,196
Accrued income	6,874	4,210	3,898	4,211
	288,358	269,450	576,968	434,717

Included in Debtors above for the charity is an amount of £310,199 (2024: £180,313) which is likely to be repaid after more than one year.

15 Creditors: amounts falling due within one year

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Trade creditors	163,430	153,864	155,499	150,404
Taxation and social security	42,988	52,172	42,988	52,172
Other creditors	4,095	15,692	4,095	15,692
Amounts due to group undertakings	–	–	–	–
Accruals	65,647	57,967	63,701	56,185
Deferred income (note 16)	275,340	410,064	275,340	410,064
	551,500	689,759	541,623	684,517

16 Deferred income

Deferred income comprises of multi-year grant funding and contract income received in advance.

	The group		The charity	
	2025	2024	2025	2024
	£	£	£	£
Balance at the beginning of the year	410,064	388,482	410,064	388,482
Amount released to income in the year	(408,008)	(368,642)	(408,008)	(368,642)
Amount deferred in the year	273,284	390,224	273,284	390,224
Balance at the end of the year	275,340	410,064	275,340	410,064

17 Pension scheme

The charity operates a Defined Contribution Scheme. Amounts paid into the scheme were £73,916 (2024: £50,394). This included contributions relating to March 2024 which were accrued in the 2024 accounts. Amounts outstanding at the end of the year were £Nil (2024: £13,366).

18a Analysis of group net assets between funds (current year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	–	994,846	–	994,846
Net current assets	1,173,193	682,087	–	1,855,280
Creditors due within one year	(551,500)	–	–	(551,500)
Net assets at 31 March 2025	621,693	1,676,933	–	2,298,626

18b Analysis of group net assets between funds (prior year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	–	606,922	–	606,922
Net current assets	1,331,774	964,000	–	2,295,774
Creditors due within one year	(689,759)	–	–	(689,759)
Net assets at 31 March 2024	642,015	1,570,922	–	2,212,937

19a Movements in funds (current year)

	At 1 April 2024 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2025 £
Restricted funds:					
Supported Accommodation	-	251,286	(251,286)	-	-
Counselling & Support Services	-	198,305	(198,305)	-	-
Development Projects	-	35,612	(35,612)	-	-
Total restricted funds	-	485,203	(485,203)	-	-
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	45,000	-	-	40,000	85,000
Development Capital Fund	919,000	-	-	(321,914)	597,086
Fixed Asset Fund	606,922	-	-	387,925	994,847
Total designated funds	1,570,922	-	-	106,011	1,676,933
General funds	642,015	4,322,016	(4,236,327)	(106,011)	621,693
Total unrestricted funds	2,212,937	4,322,016	(4,236,327)	-	2,298,626
Total funds	2,212,937	4,807,219	(4,721,530)	-	2,298,626

The narrative to explain the purpose of each fund is given at the foot of the note below.

19b Movements in funds (prior year)

	At 1 April 2023	Income & gains	Expenditure & losses	Transfers	At 31 March 2024
	£	£	£	£	£
Restricted funds:					
Supported Accommodation	–	276,559	(276,559)	–	–
Counselling & Support Services	–	221,907	(221,907)	–	–
Development Projects	–	4,396	(4,396)	–	–
Total restricted funds	–	502,862	(502,862)	–	–
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	65,000	–	–	(20,000)	45,000
Development Capital Fund	439,400	–	–	479,600	919,000
Fixed Asset Fund	613,463	–	–	(6,541)	606,922
Total designated funds	1,117,863	–	–	453,059	1,570,922
General funds	826,395	4,233,406	(3,964,727)	(453,059)	642,015
Total unrestricted funds	1,944,258	4,233,406	(3,964,727)	–	2,212,937
Total funds	1,944,258	4,736,268	(4,467,589)	–	2,212,937

Purposes of restricted funds

Supported Accommodation

This fund is restricted funding to be used within the supported accommodation services. This includes; Specialist staff training and enhanced one to one support with young people at our foyer accommodation, Support workers for Supported Independence Flats and Supported Accommodation Beds and funding for our Supported Lodgings scheme for young people aged 18 and over.

Counselling & Support Services

This fund provides specialist one to one counselling services and a drop-in service providing information, guidance and support to young people and their families.

Development Projects

This fund is to support projects to develop the services provided to young people.

Purposes of designated funds

Capital and Maintenance Fund

This has been designated for the necessary replacement of equipment, property dilapidations and non-routine property maintenance and repairs.

Development Capital Fund

This fund had been designated to provide funding for investments in projects to further diversify and grow and support the services we provide to young people.

Fixed Asset Fund

This fund has been designated to match the net book value of the Charity's fixed assets.

20 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2025	2024	2025	2024
	£	£	£	£
Less than one year	30,766	30,766	434	562
One to five years	123,064	123,064	1,603	–
Over five years	189,724	220,490	–	–
	343,554	374,320	2,037	562

21 Post balance sheet events

There are no post balance sheet events which need to disclosed.

22 Legal status of the charity

Step by Step Partnership Limited is a charitable company limited by guarantee and has no share capital. Each member is liable to contribute a sum, not exceeding £1, in the event of the Charity being wound up.

STEP BY STEP PARTNERSHIP LIMITED

England & Wales - Charity number 900308

Accounts

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2024

CONTENTS

	Page
Legal and administrative information	1
Directors' report	2
Auditors' report	13
Statement of financial activities	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2024

Directors

Mr K Gathergood, Chairman
Mr S Mylvaganam, Treasurer
Mr A Mitchell, Deputy Chairman
Mr J Devlin
Sir J Portal
Mrs C Skerry
Mr J Mowat
Mrs L Barnes
Mr S Brearley
Mrs C Gallagher

Company Registration Number

2431825

Charity Registration Number

900308

Address & Registered Office

36 Crimea Road, Aldershot, Hampshire, GU11 1UD

Company Secretary

Mrs L Barnes

Chief Executive

Mrs D Moreton

Head of Fundraising

Mrs A Chiu Maternity Leave Jan 2024 expected to be returning 13th Jan 2025
Nic Goom Maternity Cover

Head of HR

Mrs R Palmer

Head of Finance

Mrs A Thurlow

Head of Fostering & Supported Lodgings

Mrs K Headen

Head of Wellbeing & Foyers

Miss M Partridge

Auditors

Sayer Vincent LLP, 110 Golden Lane, London, EC1Y 0TG

Bankers

Lloyds Bank Plc, 25 Gresham Street, London, EC2V 7HN

Solicitors

Moore Barlow LLP, Concord House, 165 Church St East, Woking GU21 6HJ

DIRECTORS' REPORT

For the year ended 31 March 2024

The Directors of the Company for the purposes of the Companies Act, who are also Trustees of the Charity for the purposes of the Charities Act, submit their annual report and the financial statements for Step by Step Partnership Limited (the Charity) for the year ended 31 March 2024. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

OBJECTIVES AND ACTIVITIES

Objectives

As stated in the Memorandum of Association, the Charity's objective is to relieve the need of the young homeless, unemployed and other people by reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

Mission

The mission of the Charity is empowering young people and preventing homelessness. This is achieved by providing accommodation and support services. These offer a number of different programmes all designed to progress people towards independence. At the present time young people are aged between 11 and 27 years and mainly fall into the 16-21 age group.

By providing a range of services, including accommodation and early intervention and prevention services, our services are tailored to the needs of the young people accessing them. We work with young people to overcome their barriers and achieve their aspirations. Our services include Foyer accommodation, supported lodgings accommodation, counselling services, advice and guidance services.

Public Benefit

The Trustees confirm that they have complied with the guidance of the Charities Act 2011 to have due regard to the public benefit guidance in determining the activities undertaken by the Charity.

The Charity Commission, in its "Charities and Public Benefit" Guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public.

The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charity which during the year under review has worked directly with 1586 young people and family members and has educated a further 3260 young people via school and community talks, a total beneficiary number of 4846. Several of our key achievements during 2023/24 are detailed under 'Achievements and Performance'.

In the year to 31 March 2024, 55.2% of young people supported were male, 42% female and 1.3% identified as non-binary (1.5% preferred not to say or did not specify their gender); 74% of young people were teenagers. In our Foyer accommodation there were 47 placements available for homeless young people aged 16-21 (or 25 under certain circumstances) and a total of 83 young people were accommodated over the year. In Supported Lodgings there were 232 placements available for homeless young people and a total of 251 young people were accommodated during the year.

Our placements across Hampshire, Surrey, West Berkshire, Wiltshire, West Sussex and Dorset offer either Supported Lodgings accommodation or Foyer accommodation. Young people are in a downward spiral when they arrive with 42% unemployed but 76% of young people positively progressed or stabilised their circumstances. The key point about the 11-25 age group is that they are young enough and still adaptable enough to be helped. When they do succeed, the

DIRECTORS' REPORT

For the year ended 31 March 2024

benefit to both them and the local community is enormous.

The Charity's aim is to help young people accept and deal with their problems, turn their lives around and become independent and successful members of the community who are able to realise their aspirations. This is done by a combination of individual advice and motivation, insistence on clear standards of acceptable behaviour and the provision of a range of training schemes covering:

- **basic independent living skills** to ensure that young people can look after themselves properly - cooking, hygiene, laundry etc.
- **health and fitness** - registration with the NHS, physical and emotional health, teenage pregnancy and sexual health, drug and alcohol misuse, motivation.
- **understanding finance** - dealing with debts and gambling and learning to budget and to successfully maintain independence on a low income.
- **education and employment** - getting into work or training is a very important part of gaining independence.
- **community contribution** - controlling anger, ceasing offending, and taking part in volunteering schemes organised by the Charity to encourage community involvement.
- **mental health and wellbeing** - Positive mental health and wellbeing help to create a foundation for growth and development. It is important we recognise and address any barriers such as mental health and ensure young people can access the support they need.

The Charity provides a unique combination of services to support young people to reach their goals. The Trustees believe that this, together with the achievements outlined above, provide considerable evidence of the significant public benefit the Charity achieves.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Charity was incorporated under the Companies Act 1985 on 12 October 1989 and is limited by guarantee. It has been registered as a charity since 25 January 1990. As a charitable company limited by guarantee, operations are governed by the Charity's Memorandum and Articles of Association.

The Charity's wholly owned subsidiary, Step by Step Fostering Limited, was incorporated under the Companies Act 2006 on 11 October 2021 and is limited by shares. Its operations are also governed by its Memorandum and Articles of Association.

Directors and Method of Appointment

The Directors of the Charity, who are also its Trustees, are elected at an AGM (or may be appointed during the year by the Board with election at the next AGM). The candidature of people with skills, experience and/or interests relevant to the Charity's activities is encouraged through advertising publicly, employing specialist recruitment agencies and soliciting local organisations. They may serve for up to three years before re-election.

Step by Step Fostering Limited has a separate Board of Directors. Two of the Directors are also Directors of the Charity, Andrew Mitchell and James Mowat. The Chief Executive Officer of the Charity, Debra Moreton, is also a director of the subsidiary, along with three additional directors (two independent of the Charity) who have been chosen for their knowledge and experience in their specialist areas.

Organisation and Decision Making

The Governance structure is made up of a Board and two types of subcommittees which are known as a Board Executive Committee (BEC) and Board Subcommittees (BS). The BEC is

DIRECTORS' REPORT

For the year ended 31 March 2024

based on delegated decision-making powers handed down from the main Board whilst BSs are based on advice and recommendations being requested by and submitted to the Board.

Board members are appointed to fulfil the terms of reference of specific roles that the Board wishes to add to its Board team through a process managed by a Board Appointments Subcommittee. The Chief Executive is not a director but a permanent non-voting member of the Board with the right to attend all Board Meetings unless a conflict of interest exists. The Board meets every quarter. An induction procedure is used for all new members of the Board and includes learning about the history, ethos and day-to-day operation of the Charity as well as outlining their responsibilities, conduct at meetings and relations with staff. The induction is usually carried out by the Chairman supported by other Directors and the Chief Executive. Directors are encouraged to attend training events relevant to their roles or assigned interests within the Charity. The Charity operates in a consistent way by following the policies set out and agreed by the Board, supported and implemented by the Chief Executive, Leadership Team and staff.

Day-to-day operational responsibility rests with the Chief Executive, who is responsible for all staff, Supported Lodgings Host families and volunteers who provide valuable support to young people.

Day to day operational responsibility for the subsidiary rests with its Responsible Individual and Registered Manager. Separate Board Meetings for the subsidiary are held every quarter and it holds its own delegated powers register.

Remuneration Policy

To secure the standards of its work and to provide young people with excellent services, Step by Step (SbS) strives to attract and retain high quality employees. A number of its services significantly benefit from appropriately qualified and competent staff that provide a continuity of care and high level of continuity of service. Consequently, SbS's salary policy is to reward its talented people fairly, equitably, and consistently in accordance with market values and to encourage their motivation and engagement.

It is the general principle of the Charity that the salaries and benefits, on average, be positioned competitively in the local marketplace at a level recommended to the Audit and Remuneration Board Sub Committee (ARSC) by the CEO and Head of HR.

Leadership Team salary and benefits, excluding the CEO, is proposed to the ARSC by the CEO and if supported by the ARSC recommended to the Board for approval. With regard to the CEO's salary and benefits review, the Chairperson conducts a six monthly and annual appraisal, utilising feedback from the Board members. Any proposed change to CEO remuneration and benefits is made by the Chairperson to the ARSC, including appraisal and local market remuneration data, and if supported recommended to the Board for approval. In the light of current best practice, it is not anticipated that the CEO's salary will be more than five times greater than the lowest paid full-time employee of the Charity.

Risks

The Charity operates a Risk Management process that meets the requirements of the Charity Commission. The significant risks to which the Charity could be exposed are:

- a. The welfare and safety of the young people accessing our services, particularly where they may be engaging in risk taking behaviours.
- b. Loss of income due to an inability to deliver fundraising income, contract losses or the impact of welfare reform.

Priority is given to managing and mitigating these potential risks effectively. Key mitigating actions to manage these risks have been implemented in the year. These include:

- a. Safeguarding – we review our safeguarding practice and governance every year by completing a section 11 safeguarding audit and an external independent audit every

DIRECTORS' REPORT

For the year ended 31 March 2024

- third year (including the current year).
- b. Loss of income – the long-term outlook naturally has a degree of uncertainty due to the current cost of living after the pandemic. We have, however, exceeded our fundraising income targets in 2021-2022, 2022-2023 and 2023-2024. The New Forest Provision is up and running and we are actively working with Local Authorities to house further Separated Children (Previously Unaccompanied Asylum-Seeking Children (UASC)) and Refugees. Our Supported Independence Flats & Supported Accommodation Beds in our Crimea Road Building enable us to leverage income in addition to our main local authority contracts.

Ofsted for Supported Accommodation for 16+ Young People

In March 2023, the government initiated the first set of regulations essential for implementing reforms to supported accommodation for 16 and 17 year-old looked after children and care leavers. Following this, an Ofsted application for registration was submitted by SbS in August 2023. Our registration process and interviews were successfully completed during September and October 2023. As a result, we are now officially registered with Ofsted to provide supported accommodation to age 16+ young people.

The Charity operates a Risk Management process that meets the requirements of Ofsted. Notifiable Events we need to submit to Ofsted as part of our registration are:

- A death of a child
- A referral about a staff member under section 35 of the Safeguarding Vulnerable Groups Act 2006
- A child involved in or subject to, or is suspected of being involved in or subject to, sexual exploitation or child criminal exploitation
- An incident requiring police involvement in relation to a child and the registered person considers that incident to be serious
- An allegation of abuse against the service or a member of staff
- If a child protection enquiry is instigated or concludes
- An incident involving the use of a measure of restraint on a child
- Any other incident relating to a child which the registered person considers to be serious.

Relationships with Other Organisations

The Charity works with many organisations including Local Authorities, voluntary sector organisations, Children's Services, Youth Support Services, the National Health Service (NHS) the Police and the Probation Service and Offender Management Service, all of whom refer young people to the Charity and with whom we seek to further their interests. The Charity works in partnership with Vivid Housing Association and London & Quadrant Housing Association to accommodate vulnerable young people.

Funders are a group of stakeholders who have a continuing interest in the Charity's performance and its use of resources. Major funders include Local Authorities, charitable trusts, corporate funders and foundations and other charities. We are also supported by voluntary donations - mainly from individuals, local churches, schools, and organisations such as the Rotary, Round Table and Lions. To all of them, the Trustees give their thanks on behalf of the most important stakeholders, the young people and their families that we serve.

ACHIEVEMENTS AND PERFORMANCE

Opening of the New Forest Foyer Accommodation: We have successfully implemented the New Forest Foyer, housing 4 young people at any one time.

DIRECTORS' REPORT

For the year ended 31 March 2024

Accommodation Services: At the end of the financial year, 31st March 2024, the Charity was providing up to 279 accommodation beds for young people at any one time, down from 281 at the end of March 2023.

Stage 1 accommodation offers support to those who meet the referral criteria for this accommodation. This includes 16+ looked after children and young people with High Intensive Support needs and is based in Aldershot, Basingstoke, New Forest and Havant.

Supported Independence Flats are based within the Aldershot Foyer and provide accommodation for young people who are not otherwise entitled to financial support with housing. Within these flats young people are able to live more independently alongside other young people and are supported with step sessions with a dedicated support worker.

Supported Accommodation Beds are also available within the Aldershot Foyer for young people that need our support but that do not have the funding for the support that they require. This support is funded from our fund-raising activity.

Referrals are from several agencies with whom the Charity has a relationship, as well as young people being able to refer themselves. This year the Charity accommodated 42% of all referrals made to its accommodation services, receiving 445 referrals and making 189 admissions. During the course of the year 334 young people were accommodated, with up to 279 in residence in our accommodation services at any one time. Positive progression was achieved by 76% of young people in the accommodation services overall.

We commissioned the Supported Independence Flats in December 2020 and have had 43 young people stay with a progression rate of 50%.

Supported Lodgings: Placements for 232 young people were available at any one time across six counties, with 251 young people being supported during the year, and 83% achieving positive progress.

Fostering: The subsidiary company, Step by Step Fostering Limited, received registration approval by Ofsted to operate as an independent fostering agency during the financial year ended 31st March 2024. It is able to provide quality supportive foster placements to CYP (Children and Young People) aged 11-18 (and siblings) including those with multiple and complex needs within South Central England. It had one active placement during the financial year ended 31st March 2024.

Training Services: Our training programmes are delivered by our accommodation teams and provide a range of sessions targeted at enhancing the key life skills of young people and supporting them into employment and educational opportunities.

Launch: Launch is a community outreach service. Launch provides a wealth of services including information, advice and guidance on a range of issues, including housing and homelessness support, applying for benefits, sexual health, signposting, relationships, getting into education or employment. In addition, Launch operates two specialised sessional based offers including help with alcohol or drug recovery including those affected by misuse in the home, and general emotional wellbeing support.

Young people aged 11-25 can access Launch in person, via live chat, email, text or phone. Last year Launch supported 831 young people, offering 924 sessions. Launch is free and available for young people living in one of the six counties Step by Step operates in.

Counselling: We are proud to deliver a counselling service across Surrey and Hampshire County Councils to young people aged 11-25. Counselling is free to access and can be accessed via self-referral from our website or via health services such as a GP.

DIRECTORS' REPORT

For the year ended 31 March 2024

With a qualified team of over 8 counsellors ready to support young people. The counselling service is in high demand, against a backdrop of rising youth mental ill health, we were pleased to be able to support 508 young people in the year who attended 2702 counselling sessions.

Fundraising: The Charity is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees support the aims of this legislation. The majority of the Charity's income comes from other charitable bodies and local authorities. The Charity undertakes very little direct fundraising activity involving individual donors. Examples include our online giving page, Open Doors appeal and events which are promoted generally through communications, rather than targeting specific individuals. The Charity considers the origin of unsolicited donations and legacies.

The Charity does not share or purchase any donor data with or from third parties.

Step by Step has been a registered member of the Fundraising Regulator since 2017. This body helps to ensure that organisations raising money for charity from the public do so honestly and properly. The Fundraising Regulator has a Code of Fundraising Practice which helps guide Step by Step fundraising practice.

During the year ended 31 March 2024, the Charity was fully compliant with the Code of Fundraising Practice and did not receive any complaints in relation to fundraising or raise any matter with regulators.

Public Relations: The Charity has continued to receive regular positive media coverage including on local radio and in the press. No negative publicity has been received.

Young People's Initiatives/Participation: The Charity has worked to maximise young peoples' involvement in all aspects of service provision and the ethos of the Charity places emphasis on ensuring the young peoples' interests are at the heart of service delivery. The organisation takes an asset-based approach to working with young people, meaning very simply, that the focus is on their strengths and their talents, optimising these qualities in order to support young people to realise their potential and fulfil their aspirations. This approach encourages responsibility and accountability, and all young people are invited to join our Speak Out advisory group to share their thoughts and help guide the charity forward in its future decision making and strategic planning.

Volunteers: This year we have retained our volunteers and successfully increased the number of volunteers providing valuable support to the services.

Volunteers contribute to areas such as premises maintenance and development, community fundraising, finance and administration, support of a database and recording system, management and collection of food and clothing donations. Their varied and significant contributions are greatly appreciated, and the Charity aims to further increase the number of volunteers supporting our staff team further in the coming year.

Outcomes Monitoring: The Outcomes Star system, which is a nationally recognised formal outcome monitoring system, has been used with continuing positive results. Credible outcome information is critical in assessing the effectiveness of our services to progress our young people and we continue to maintain accurate and comprehensive data records through the "Inform" young people record management system. We have successfully moved from the Triangle Homelessness Outcome Star to the Triangle Young Persons Star during 2024 so we can better focus support on the needs of young people.

Governance: A bi-annual self-assessment process to review Board performance is a well-established practice and provides a productive vehicle for continuous governance

DIRECTORS' REPORT

For the year ended 31 March 2024

improvement. Last reviewed January 2024. The Board currently has 10 Trustee/Directors. Each Trustee/Director has been recruited to a specific role and a competency table is maintained to reflect the overall capability and skill set of the Board, scored to highlight any exposures. The Board is satisfied that the current mix of skills and competence is well suited to the governance of the charity. The 10 Directors service range is 1 – 17 years with an average of 5.8 years.

The Company Secretary tracks changes in both Company Law and Charity Commission regulations and advises the Board accordingly. Necessary and appropriate policies and associated procedures are in place separated into two lists. List A being those that require Board approval and List B being those that do not and are solely within the remit of the CEO and the Leadership Team. A clear statement is maintained, through a Delegated Powers Register, on the powers the Board has delegated into the organisation with clear limits on those powers and who is empowered to execute them.

Standard items of report to every Board meeting includes – Declaration of Conflicts of Interest, CEO report, Treasurer's report, Serious Incidents report, Safeguarding report, Health & Safety report, Property Maintenance report. Every other Board meeting considers the Risk Register.

Key Achievements: The Charity is proud that, despite a challenging environment for UK charities, we have remained focused on our mission and the numbers of young people supported has been maintained. Some of our key achievements in 2023/24 include:

- We have introduced a wide number of training opportunities through apprenticeships and external course providers for our staff teams.
- Foyer services have accommodated 83 young people this year.
- We have accommodated 251 young people in Supported Lodgings services this year.
- We have successfully funded the Supported Independence Flats and Supported Accommodation Beds for a further year allowing us to continue supporting and offering vital housing to unfunded young people.
- We completed our 24-25 safeguarding section 11 audit.
- We successfully secured 9 separated children (previously UASC) placements in Hampshire foyers.
- Counselling services were delivered to 508 young people, through 2702 counselling sessions across Surrey and Hampshire.
- We have delivered 924 Launch sessions, including 5 sexual health sessions.
- We have supported 831 vulnerable young people in our communities through our launch services.
- SBS has continued to support Staff Training and Development. Taking on a new apprentice to the organisation and supporting 5 employees to undertake Level 3 or Level 5 qualifications.
- Trauma informed Training was delivered to everyone in the organisation.
- Provided Mental Health First Aid Training to all young person facing employees in the Foyers and our Supported Lodging services.
- 83% of young people in Supported Lodgings have progressed.
- Ofsted registration achieved and implementation changes to meet the new Ofsted legislation in all Supported Lodgings and Foyer services and created processes and invested in resource to sustain compliance.
- We achieved Cyber essentials accreditation.
- Developed new ways of reaching potential hosts for the Supported Lodgings service via Radio advertising and our new Step by Step Podcast.
- Fostering Agency fully operational and actively supporting children.
- Speak Out group has had excellent progression and capturing high quality feedback that can develop our services and improve the experiences of young people.

DIRECTORS' REPORT

For the year ended 31 March 2024

- The Opportunity Fund has enabled 615 purchases for young people this year, providing crucial financial support for items and rental deposits they otherwise couldn't afford. This fund empowers them to take significant steps forward in their lives and future independence.

FINANCIAL REVIEW FOR THE YEAR

The Statement of Financial Activities is set out on page 17 and shows the net movement in funds for the year.

During the year a surplus of **£268,679** was recorded for the Group, A surplus of £370,351 for Step by Step Partnership Ltd and a deficit of £101,672 for its wholly owned subsidiary, Step by Step Fostering Limited.

Step by Step Fostering Limited has incurred losses to date. This has been as a result of Company set-up and achieving Ofsted registration approval. It does however have current placements and more foster carers going through the approval process.

We continue to review our income and expenditure on a monthly basis. We seek new contracts and utilise our fundraising resources to increase income. We also continuously review our cost base to ensure that our resources are applied efficiently and effectively to meet our objectives.

Reserves Policy

The Charity's policy is to establish and maintain a level of reserves which ensures resilience and adequate financial resources are available when needed to secure on-going social impact and public benefit. It aims to ensure that there are funds available to meet all current and known liabilities and continue to operate all our vital, high quality services for young people. It will also aim to ensure that there are funds available to cover financial risks and future uncertainties, for future planned expansion of services and for other commitments and designations.

The Directors regularly review reserves, including the reserves of the Charity's wholly owned subsidiary, to ensure that the total group reserves are sufficient to cover:

- Six to nine months cover of budgeted expenditure less committed income for the next twelve months. Six to nine months' cover is between £492k and £738k
- Proposed development and committed capital expenditure for at least the next 12 months (£1m)
- Fixed Asset Designation as required by the SORP (£0.6m)

Total Reserves as of 31st March 2024 are £2,212,938 comprising of designated funds of £1,570,923 and unrestricted funds of £642,015.

After allowing for restricted and designated funds, the free reserves were £642,015 at the year end. Free reserves are funds that have not been restricted by the funder or designated by the Charity for a specific service or investment. Free reserves are within the reserves requirement as stated in the Reserves Policy agreed by the Trustees, which the Trustees feel is appropriate at the current time.

Going Concern

In determining that the Charity continues to be a going concern for the purposes of preparing these financial statements, the Trustees have considered the following:

- The financial performance of the Charity since the 31 March 2024 and current balance sheet position

DIRECTORS' REPORT

For the year ended 31 March 2024

- 2024/25 Budgets and forecasts of performance of the Charity to 31st July 2025, including cash flow.
- the new contract opportunities and investments that are being progressed that evidence the benefit of the new foundations set for the Charity over the last few years.

Through this review, the Trustees have assessed that the Charity continues to be a going concern.

Investment Policy

All investment decisions are taken in the best interests of the Charity achieving its charitable purpose and follow the Charity Commission's guidance on investment matters as stated in their publication "Charities and Investment Matters: a guide for Trustees".

Financial Investment

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable. All such investments by the Charity are subject to risk assessment as part of the formulation of financial investment cases. These may vary from very low risk investments e.g., cash reserves investment to support the Reserves Policy invested under FSCS guarantees, through to relatively high-risk assessments e.g. funding new services with the objective of creating new income streams and surplus to support the charitable purpose.

PLANS FOR YEAR AHEAD

The 2024/25 year is the second year of a Board approved 3 year Strategic Plan following a very successful delivery of the first year. The Charity will stay focused on its mission and focus on both the growth of existing services and adding to them. Regrettably, in this day and age demand for the Charity's services from vulnerable and disadvantaged young people continues to grow and diversify which presents both a challenge and opportunity for the Charity to help meet that demand.

Expansion of all the services referenced in this annual report is part of the 24/25 year plan and we are also seeking to generate alternatives for providing 18+ move on accommodation. The lack of move on accommodation, and the lack of funding to support it, creates a cliff edge for young people in their journey to independent living and it is essential that options are found to address this issue.

The 24/25 year is the first full year that Step by Step will be operating under Ofsted regulations for its Foyer, Supported Lodgings and Fostering services. The achievement of successful registration in 23/24 year was a great success for the Charity requiring both organisational changes and increased costs. Registration was seen as essential to enable the Charity to continue to deliver its mission. In 24/25 the Charity is committed to successfully delivering under these registrations.

The plan assumes that the economic and political environment will continue to be uncertain, and that further pressure will exist on public authorities to cut social funding budgets. Over the years Step by Step has shown that it is creative and innovative in dealing with such funding cuts and its fund-raising activities evidence our success. Creativity and innovation is now part of the culture of Step by Step in everything it does. Financial sustainability is at the heart of this culture. All we do has to be affordable and financially sustainable. An excellent Financial Team has been established and we have comprehensive monthly management accounts reviewed every month by the Treasurer and a selection of directors. The annual creation of a positive surplus and associated positive cash generation underpins this financial sustainability.

DIRECTORS' REPORT

For the year ended 31 March 2024

The key assets of Step by Step are its staff, volunteers, Supporting Lodgings Hosts, and Foster Carers. The training, development, support and well-being of all these wonderful assets is of great importance to the delivery of the strategic plan. Individual personal development plans support this process plus the use of a combination of in house and external training, mentoring and support services. The CEO continues to develop a Leadership Team capable of delivering the Charity's plans, with attention also being paid to succession planning and leadership training.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of Step by Step Partnership Limited for the purposes of company law) are responsible for preparing the Directors' Report and 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, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards 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 Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Charitable 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 Charitable Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31st March 2024 was 22 (2023:23). The Trustees are members of the Charity but this entitles them only to

DIRECTORS' REPORT

For the year ended 31 March 2024

voting rights. The Trustees have no beneficial interest in the Charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The director's annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The Trustees' annual report which includes the strategic report has been approved by the Trustees on 26th July 2024 and signed on their behalf by

Keith Gathergood
Chair

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2024

Opinion

We have audited the financial statements of Step by Step Partnership (the 'parent charitable company') and its subsidiary/subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Step by Step Partnership'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 trustees' annual report, than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2024

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 group 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 group 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.

Opinions 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' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2024

applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 auditor's 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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's 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 related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT
To the members of Step by Step Partnership Ltd
For the year ended 31 March 2024

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

Date: 8 August 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Step by Step Partnership Ltd

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2024

	Note	Unrestricted £	Designated £	Restricted £	2024 Total £	Unrestricted £	Designated £	Restricted £	2023 Total £
Income from:									
Donations and legacies	2	182,225	-	-	182,225	233,874	-	-	233,874
Charitable activities									
Accommodation	3	3,149,024	-	276,559	3,425,583	2,877,250	-	174,683	3,051,933
Counselling & support	3	369,906	-	221,907	591,813	350,439	-	204,579	555,018
Development projects	3	-	-	4,396	4,396	-	-	23,000	23,000
Investments		29,389	-	-	29,389	2,086	-	-	2,086
Total Income		3,730,544	-	502,862	4,233,406	3,463,649	-	402,262	3,865,911
Expenditure on:									
Raising funds	5	261,824	-	-	261,824	211,169	-	-	211,169
Charitable activities									
Accommodation	5	2,674,424	-	276,559	2,950,983	2,522,608	-	174,683	2,697,291
Counselling & support	5	391,883	-	221,907	613,790	405,913	-	204,579	610,492
Development projects	5	133,734	-	4,396	138,130	131,347	-	23,000	154,347
Total expenditure		3,461,865	-	502,862	3,964,727	3,271,037	-	402,262	3,673,299
Net Income / (expenditure) for the year	6	268,679	-	-	268,679	192,612	-	-	192,612
Transfers between funds		(453,059)	453,059	-	-	80,434	69,566	(150,000)	-
Net Income / (expenditure) before other recognised gains and losses		(184,380)	453,059	-	268,679	273,046	69,566	(150,000)	192,612
Net movement in funds		(184,380)	453,059	-	268,679	273,046	69,566	(150,000)	192,612
Reconciliation of funds:									
Total funds brought forward		826,395	1,117,863	-	1,944,258	553,349	1,048,297	150,000	1,751,646
Total funds carried forward		642,015	1,570,922	-	2,212,937	826,395	1,117,863	-	1,944,258

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19a to the financial statements.

Step by Step Partnership Ltd

Balance sheets

Company no. 2431825

As at 31 March 2024

	Note	The group 2024 £	2023 £	The charity 2024 £	2023 £
Fixed assets:					
Tangible assets	11	606,922	613,463	606,922	613,161
Investments	12	–	–	1	1
		606,922	613,463	606,923	613,162
Current assets:					
Debtors	14	269,450	525,594	434,717	614,261
Short term deposits		250,000	–	250,000	–
Cash at bank and in hand		1,776,324	1,437,211	1,761,337	1,402,646
		2,295,774	1,962,805	2,446,054	2,016,907
Liabilities:					
Creditors: amounts falling due within one year	15	(689,759)	(632,010)	(684,517)	(631,960)
Net current assets		1,606,015	1,330,795	1,761,537	1,384,947
Total net assets		2,212,937	1,944,258	2,368,460	1,998,109
Funds:	19				
Restricted income funds		–	–	–	–
Unrestricted income funds:					
Designated funds		1,570,922	1,117,863	1,570,922	1,117,863
General funds		642,015	826,395	797,538	880,246
Total unrestricted funds		2,212,937	1,944,258	2,368,460	1,998,109
Total funds		2,212,937	1,944,258	2,368,460	1,998,109

Approved by the trustees on 26th July 2024 and signed on their behalf by

S Mylvaganam
Treasurer / Director

K Gathergood
Chair / Director

Step by Step Partnership Ltd

Consolidated statement of cash flows

For the year ended 31 March 2024

	Note	2024 £	£	2023 £	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		268,679		192,612	
Depreciation charges		32,280		28,552	
Dividends, interest and rent from investments		(29,389)		(2,086)	
(Profit)/loss on the disposal of fixed assets		—		—	
(Increase)/decrease in debtors		256,144		(222,175)	
Increase/(decrease) in creditors		57,749		(24,529)	
Net cash provided by / (used in) operating activities		585,463		(27,626)	
Cash flows from investing activities:					
Dividends, interest and rents from investments		29,389		2,086	
Proceeds from the sale of fixed assets		—		—	
Transfer to short term deposit account		(250,000)		—	
Purchase of fixed assets		(25,739)		(604,718)	
Net cash provided by / (used in) investing activities		(246,350)		(602,632)	
Change in cash and cash equivalents in the year		339,113		(630,258)	
Cash and cash equivalents at the beginning of the year		1,437,211		2,067,469	
Change in cash and cash equivalents due to exchange rate movements		—		—	
Cash and cash equivalents at the end of the year		1,776,324		1,437,211	

1 Accounting policies

a) Statutory information

Step by Step Partnership Ltd is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

b) Basis of preparation

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

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Step by Step Fostering Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. A summary of the result for the year is disclosed in the notes to the accounts.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) 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 bank.

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in seeking voluntary contributions, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering accommodation and support services, welfare, guidance and counselling activities undertaken to further the purposes of the charity and their associated support
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

• Supported Accommodation	53%
• Counselling & Support	19%
• Cost of raising funds	9%
• Growth & Development	16%
• Governance costs	3%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Freehold property	2% straight line
• Computer equipment	33% straight line
• Furniture and fittings	10% – 20% straight line

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies (continued)

m) Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Debtors

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

o) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

p) Cash at bank and in hand

Cash at bank and cash 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.

q) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

r) 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.

s) Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the Scheme in respect of the year.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Churches	8,207	–	8,207	6,571	–	6,571
Secular organisations	79,556	–	79,556	145,366	–	145,366
Individuals	69,127	–	69,127	67,765	–	67,765
Legacies	–	–	–	–	–	–
Events	25,335	–	25,335	14,172	–	14,172
Other	–	–	–	–	–	–
	182,225	–	182,225	233,874	–	233,874

3 Income from charitable activities

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Accommodation	3,149,024	276,559	3,425,583	2,877,250	174,683	3,051,933
Counselling & Support	369,906	221,907	591,813	350,439	204,579	555,018
Development projects	–	4,396	4,396	–	23,000	23,000
Total	3,518,930	502,862	4,021,792	3,227,689	402,262	3,629,951

4 Income from charitable activities by funder

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Grants and contracts						
Trust income	169,473	483,944	653,417	142,323	402,262	544,585
Local Authority Grants	–	18,918	18,918	–	–	–
Sub-total	169,473	502,862	672,335	142,323	402,262	544,585
Housing & Supported Lodgings related incomes						
Local Authority Contracts	3,222,688	–	3,222,688	2,955,553	–	2,955,553
Rent and Personal Charges	126,769	–	126,769	129,753	–	129,753
Sundry Income	–	–	–	60	–	60
Sub-total	3,349,457	–	3,349,457	3,085,366	–	3,085,366
Total income from charitable activities	3,518,930	502,862	4,021,792	3,227,689	402,262	3,629,951

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

5a Analysis of expenditure (current year)

	Charitable activities						2023 Total £
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	
Staff costs (Note 7)	153,354	1,198,161	320,773	15,842	38,117	432,871	2,013,932
Direct Costs	50,692	1,395,198	165,072	18,099	17,510	-	1,574,819
Support – Other staff costs	-	-	-	-	-	64,937	27,181
Support – Administrative running costs	-	-	-	-	-	41,765	18,993
Support – Building maintenance costs	-	-	-	-	-	8,096	2,703
Support – Marketing costs	-	-	-	-	-	12,469	5,290
Support – Legal & Professional Fees	-	-	-	-	-	31,770	29,381
Support – Misc	-	-	-	-	-	-	-
	204,047	2,593,359	485,845	33,941	55,627	591,908	3,673,299
Support costs	53,380	319,085	115,254	104,189	-	(591,908)	-
Governance costs	4,397	38,539	12,691	-	(55,627)	-	-
Total expenditure 2024	261,824	2,950,983	613,790	138,130	-	-	3,964,727
Total expenditure 2023	211,169	2,697,291	610,492	154,347	-	-	3,673,299

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

5b Analysis of expenditure (prior year)

	Raising funds £	Charitable activities					Support costs £	2023 Total £
		Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £			
Staff costs (Note 7)	131,671	1,084,520	337,241	40,468	50,258		369,774	2,013,932
Direct Costs	31,149	1,359,913	162,572	5,028	16,157		-	1,574,819
Support – Other staff costs	-	-	-	-	-		27,181	27,181
Support – Administrative running costs	-	-	-	-	-		18,993	18,993
Support – Building maintenance costs	-	-	-	-	-		2,703	2,703
Support – Marketing costs	-	-	-	-	-		6,290	6,290
Support – Legal & Professional Fees	-	-	-	-	-		29,381	29,381
Support – Misc	-	-	-	-	-		-	-
	162,820	2,444,433	499,813	45,496	66,415		454,322	3,673,299
Support costs	42,710	207,537	95,224	108,851	-		(454,322)	-
Governance costs	5,639	45,321	15,455	-	(66,415)		-	-
Total expenditure 2023	211,169	2,697,291	610,492	154,347	-		-	3,673,299

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2024 £	2023 £
Depreciation	32,280	28,552
Loss or profit on disposal of fixed assets	–	–
Operating lease rentals:		
Property	30,766	30,766
Other	749	1,339
Auditor's remuneration (excluding VAT):		
Audit	13,300	12,750
Other services	1,350	1,080

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	1,940,892	1,799,159
Redundancy and termination costs	–	13,535
Social security costs	164,522	150,595
Employer's contribution to defined contribution pension schemes	53,705	50,643
	2,159,119	2,013,932

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2024 No.	2023 No.
£70,000 – £79,999	1	–
£60,000 – £69,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £412,960 (2023: £395,977).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2024: £nil) incurred by no (2023: nil) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 81 (2023: 78).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2024 No.	2023 No.
Governance, Management and Admin	8.6	8.6
Fundraising	4.8	5.0
Accommodation and other service staff	45.5	44.1
	58.9	57.7

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

9 Related party transactions

There are no related party transactions to disclose for 2024 (2023: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax because all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary, Step by Step Fostering Limited, distributes under Gift Aid available profits to the parent charity.

11 Tangible fixed assets

The group

	Freehold property £	Computer equipment £	Furniture & fittings £	Total £
Cost or valuation				
At the start of the year	577,368	105,976	6,734	690,078
Additions in year	–	24,034	1,705	25,739
Disposals in year	–	–	–	–
At the end of the year	577,368	130,010	8,439	715,817
Depreciation				
At the start of the year	4,208	71,318	1,089	76,615
Charge for the year	11,579	19,513	1,188	32,280
Eliminated on disposal	–	–	–	–
At the end of the year	15,787	90,831	2,277	108,895
Net book value				
At the end of the year	561,581	39,179	6,162	606,922
At the start of the year	573,160	34,658	5,645	613,463

All of the above assets are used for charitable purposes.

The charity

	Freehold property £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At the start of the year	577,368	104,431	6,734	688,533
Additions in year	–	24,034	1,705	25,739
Disposals in year	–	–	–	–
At the end of the year	577,368	128,465	8,439	714,272
Depreciation				
At the start of the year	4,208	70,075	1,089	75,372
Charge for the year	11,579	19,211	1,188	31,978
Eliminated on disposal	–	–	–	–
At the end of the year	15,787	89,286	2,277	107,350
Net book value				
At the end of the year	561,581	39,179	6,162	606,922
At the start of the year	573,160	34,356	5,645	613,161

All of the above assets are used for charitable purposes.

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

12 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of Step by Step Fostering Limited, a company registered in England. The company number is 13672670. The registered office address is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under Gift Aid to the parent charity.

The trustees Andrew Mitchell and James Mowat, together with the Chief Executive, Debra Moreton, are also directors of the subsidiary.

A summary of the results of the subsidiary is shown below:

	2024 £	2023 £
Turnover	8,656	–
Cost of sales	(4,439)	–
Gross profit/(loss)	4,217	–
Administrative expenses	(105,889)	(108,851)
Other operating income	–	55,000
Profit/(loss) on ordinary activities before interest and taxation	(101,672)	(53,851)
Interest receivable and similar income	–	–
Interest payable and similar charges	–	–
Profit / (loss) on ordinary activities before taxation	(101,672)	(53,851)
Taxation on profit on ordinary activities	–	–
Profit / (loss) for the financial year	(101,672)	(53,851)
Retained earnings		
Total retained earnings brought forward	(53,851)	–
Profit / (loss) for the financial year	(101,672)	(53,851)
Distribution under Gift Aid to parent charity	–	–
Total retained earnings carried forward	(155,523)	(53,851)
The aggregate of the assets, liabilities and reserves was:		
Assets	30,034	39,190
Liabilities	(185,556)	(93,040)
Reserves	(155,522)	(53,850)

Amounts owed to the parent undertaking are shown in note 14.

Notes to the financial statements

For the year ended 31 March 2024

13 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2024 £	2023 £
Gross income	4,224,751	3,865,911
Result for the year	370,351	246,463

14 Debtors

	The group		The charity	
	2024 £	2023 £	2024 £	2023 £
Trade debtors	160,487	399,507	151,831	399,507
Other debtors	166	1,486	166	1,486
Amounts due from group undertakings	—	—	180,313	92,990
Prepayments	104,587	65,867	98,196	63,772
Accrued income	4,210	58,734	4,211	56,506
	269,450	525,594	434,717	614,261

15 Creditors: amounts falling due within one year

	The group		The charity	
	2024 £	2023 £	2024 £	2023 £
Trade creditors	153,864	163,427	150,404	163,377
Taxation and social security	52,172	34,399	52,172	34,399
Other creditors	15,692	11,328	15,692	11,328
Amounts due to group undertakings	—	—	—	—
Accruals	57,967	34,374	56,185	34,374
Deferred income (note 16)	410,064	388,482	410,064	388,482
	689,759	632,010	684,517	631,960

Notes to the financial statements

For the year ended 31 March 2024

16 Deferred Income

Deferred income comprises of multi-year grant funding and contract income received in advance.

	The group		The charity	
	2024	2023	2024	2023
	£	£	£	£
Balance at the beginning of the year	388,482	324,194	388,482	324,194
Amount released to income in the year	(368,642)	(324,194)	(368,642)	(324,194)
Amount deferred in the year	390,224	388,482	390,224	388,482
Balance at the end of the year	410,064	388,482	410,064	388,482

17 Pension scheme

The charity operates a Defined Contribution Scheme. Amounts paid into the scheme were £50,394 (2023: £49,011). Amounts outstanding at the end of the year were £13,366 (2023: £10,055).

18a Analysis of group net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	–	606,922	–	606,922
Net current assets	1,331,774	964,000	–	2,295,774
Creditors due within one year	(689,759)	–	–	(689,759)
Net assets at 31 March 2024	642,015	1,570,922	–	2,212,937

18b Analysis of group net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	–	613,463	–	613,463
Net current assets	1,458,405	504,400	–	1,962,805
Creditors due within one year	(632,010)	–	–	(632,010)
Net assets at 31 March 2023	826,395	1,117,863	–	1,944,258

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2024

19a Movements In funds (current year)

	At 1 April 2023 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2024 £
Restricted funds:					
Supported Accommodation	–	276,559	(276,559)	–	–
Counselling & Support Services	–	221,907	(221,907)	–	–
Development Projects	–	4,396	(4,396)	–	–
Total restricted funds	–	502,862	(502,862)	–	–
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	65,000	–	–	(20,000)	45,000
Development Capital Fund	439,400	–	–	479,600	919,000
Fixed Asset Fund	613,463	–	–	(6,541)	606,922
Total designated funds	1,117,863	–	–	453,059	1,570,922
General funds	826,395	4,233,406	(3,964,727)	(453,059)	642,015
Total unrestricted funds	1,944,258	4,233,406	(3,964,727)	–	2,212,937
Total funds	1,944,258	4,736,268	(4,467,589)	–	2,212,937

The narrative to explain the purpose of each fund is given at the foot of the note below.

19b Movements in funds (prior year)

	At 1 April 2022	Income & gains	Expenditure & losses	Transfers	At 1 April 2023
	£	£	£	£	£
Restricted funds:					
Supported Accommodation	–	174,683	(174,683)	–	–
Counselling & Support Services	–	204,579	(204,579)	–	–
Purchase of Property	150,000	–	–	(150,000)	–
Development Projects	–	23,000	(23,000)	–	–
Total restricted funds	150,000	402,262	(402,262)	(150,000)	–
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	65,000	–	–	–	65,000
Development Capital Fund	946,000	–	–	(506,600)	439,400
Fixed Asset Fund	37,297	–	–	576,166	613,463
Total designated funds	1,048,297	–	–	69,566	1,117,863
General funds	553,349	3,865,911	(3,673,299)	80,434	826,395
Total unrestricted funds	1,601,646	3,865,911	(3,673,299)	150,000	1,944,258
Total funds	1,751,646	4,268,173	(4,075,561)	–	1,944,258

Purposes of restricted funds**Supported Accommodation**

This fund is restricted funding to be used within the supported accommodation services. This includes; Specialist staff training and enhanced one to one support with young people at our foyer accommodation, Support workers for Supported Independence Flats and Supported Accommodation Beds and funding for our Supported Lodgings scheme for young people aged 18 and over.

Counselling & Support Services

This fund provides specialist one to one counselling services and a drop-in service providing information, guidance and support to young people and their families.

Purchase of Property

This fund represents donations by individuals restricted to the purchase of property only.

Young people Training and Activities

This fund supports a number of services, which offer a combination of support, skills training, activities and constructive occupation of time.

Development Projects

This fund is to support projects to develop the services provided to young people.

Purposes of designated funds**Capital and Maintenance Fund**

This has been designated for the necessary replacement of equipment, property dilapidations and non-routine property maintenance and repairs.

Development Capital Fund

This fund had been designated to provide funding for investments in development projects to further diversify and grow and support the services we provide to young people.

Fixed Asset Fund

This fund has been designated to match the net book value of the Charity's fixed assets.

Notes to the financial statements

For the year ended 31 March 2024

20 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2024	2023	2024	2023
	£	£	£	£
Less than one year	30,766	30,766	562	749
One to five years	123,064	123,064	–	562
Over five years	220,490	251,256	–	–
	374,320	405,086	562	1,311

21 Post balance sheet events

There are no post balance sheet events which need to disclosed.

22 Legal status of the charity

Step by Step Partnership Limited is a charitable company limited by guarantee and has no share capital. Each member is liable to contribute a sum, not exceeding £1, in the event of the Charity being wound up.

STEP BY STEP PARTNERSHIP LIMITED

England & Wales - Charity number 900308

Accounts



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

CONTENTS

	Page
Legal and administrative information	1
Directors' report	2
Auditors' report	12
Statement of financial activities	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2023

Directors

Mr K Gathergood, Chairman
Mr S Mylvaganam, Treasurer
Mr A Mitchell, Deputy Chairman
Mr J Devlin
Sir J Portal
Mrs C Skerry
Mr J Mowat
Mrs L Barnes
Mr S Brearley - Appointed November 2022
Mrs C Gallagher - Appointed November 2022
Mr R James – Resigned October 2022
Mr A Auteri - Resigned October 2022
Mrs C Thomas - Resigned October 2022

Company Registration Number

02431825

Charity Registration Number

900308

Address & Registered Office

36 Crimea Road, Aldershot, Hampshire, GU11 1UD

Company Secretary

Mrs L Barnes

Chief Executive Officer

Mrs D Moreton

Head of Fundraising

Mrs A Chiu

Head of HR

Mrs R Palmer

Head of Finance

Mrs A Thurlow

Head of Fostering & Supported Lodgings

Mrs K Headen

Head of Foyers & Wellbeing

Miss M Partridge

Auditors

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Bankers

Lloyds Bank Plc, 25 Gresham Street, London, EC2V 7HN

Solicitors

Moore Barlow LLP, Concord House, 165 Church St East, Woking GU21 6HJ

DIRECTORS' REPORT

For the year ended 31 March 2023

The Directors of the Company for the purposes of the Companies Act, who are also Trustees of the Charity for the purposes of the Charities Act, submit their annual report and the financial statements for Step by Step Partnership Limited (the Charity) for the year ended 31 March 2023. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Charity was incorporated under the Companies Act 1985 on 12 October 1989 and is limited by guarantee. It has been registered as a charity since 25 January 1990. As a charitable company limited by guarantee, operations are governed by the Charity's Memorandum and Articles of Association.

The Charity's wholly owned subsidiary, Step by Step Fostering Limited, was incorporated under the Companies Act 2006 on 11 October 2021 and is limited by shares. Its operations are also governed by its Memorandum and Articles of association.

Directors and Method of Appointment

The Directors of the Charity, who are also its Trustees, are elected at an AGM (or may be appointed during the year by the Board with election at the next AGM). The candidature of people with skills, experience and/or interests relevant to the Charity's activities is encouraged through advertising publicly, employing specialist recruitment agencies and soliciting local organisations. They may serve for up to three years before re-election.

Step by Step Fostering Limited has a separate Board of Directors. Two of the Directors are also Directors of the Charity, Andrew Mitchell and James Mowat. The Chief Executive Officer of the Charity, Debra Moreton, is also a director of the subsidiary, along with two additional independent directors who have been chosen for their knowledge and experience in their specialist areas.

Organisation and Decision Making

The Governance structure for the Charity is made up of a Board and two types of subcommittees which are known as a Board Executive Committee (BEC) and Board Subcommittees (BS). The BEC is based on delegated decision-making powers handed down from the main Board whilst BSs are based on advice and recommendations being requested by and submitted to the Board.

Board members are appointed to fulfil the terms of reference of specific roles that the Board wishes to add to its Board team through a process managed by a Board Appointments Subcommittee. The Chief Executive Officer is not a director of the Charity but a permanent non-voting member of the Board with the right to attend all Board Meetings unless a conflict of interest exists. The Board meets every quarter. An induction procedure is used for all new members of the Board and includes learning about the history, ethos and day-to-day operation of the Charity as well as outlining their responsibilities, conduct at meetings and relations with staff. The induction is usually carried out by the Chairman supported by other Directors and the Chief Executive Officer. Directors are encouraged to attend training events relevant to their roles or assigned interests within the Charity. The Charity operates in a consistent way by following the policies set out and agreed by the Board, supported and implemented by the Chief Executive Officer, Leadership Team and staff.

DIRECTORS' REPORT

For the year ended 31 March 2023

Day-to-day operational responsibility for the charity rests with the Chief Executive Officer, who is responsible for all staff, Supported Lodgings Host families and volunteers who provide valuable support to young people.

Day-to-day operational responsibility for the subsidiary rests with the Responsible Individual and Registered Manager, both of whom have applied for registration with Ofsted. Separate Board Meetings for the subsidiary are held every quarter and it holds its own delegated powers register.

Remuneration Policy

To secure the standards of its work and to provide young people with excellent services, Step by Step (SbS) strives to attract and retain high quality employees. A number of its services significantly benefit from appropriately qualified and competent staff that provide a continuity of care and high level of continuity of service. Consequently, SbS's salary policy is to reward its talented people fairly, equitably, and consistently in accordance with market values and to encourage their motivation and engagement.

It is the general principle of the Charity that the salaries and benefits, on average, be positioned competitively in the local marketplace at a level recommended to the Audit and Remuneration Board Sub Committee (ARSC) by the Chief Executive Officer (CEO) and Head of HR.

Leadership Team salary and benefits, excluding the CEO, is proposed to the ARSC by the CEO and if supported by the ARSC recommended to the Board for approval. With regard to the CEO's salary and benefits review, the Chairperson conducts a six monthly and annual appraisal, utilising feedback from the Board members. Any proposed change to CEO remuneration and benefits is made by the Chairperson to the ARSC, including appraisal and local market remuneration data, and if supported recommended to the Board for approval. In the light of current best practice, it is not anticipated that the CEO's salary will be more than five times greater than the lowest paid full-time employee of the Charity.

Risks

The Charity operates a Risk Management process that meets the requirements of the Charity Commission. The significant risks to which the Charity could be exposed are:

- a. The welfare and safety of the young people accessing our services, particularly where they may be engaging in risk taking behaviours.
- b. Loss of income due to an inability to deliver fundraising income, contract losses or the impact of welfare reform.

Priority is given to managing and mitigating these potential risks effectively. Key mitigating actions to manage these risks have been implemented in the year. These include:

- a. Safeguarding – we review our safeguarding practice and governance every year by completing a section 11 safeguarding audit and an external independent audit every third year. Next due 2024.
- b. Loss of income – the long-term outlook naturally has a degree of uncertainty due to the current cost of living after the pandemic. We have, however, exceeded our fundraising income targets in 2021-2022 and 2022-2023. The New Forest Provision is up and running and we are actively working with Local Authorities to house further Unaccompanied Asylum-Seeking Children (UASC) and Refugees. Our Supported Independence Flats & Supported Accommodation Beds in our Crimea Road Building, enable us to leverage income in addition to our main local authority contracts.

Relationships with Other Organisations

The Charity works with many organisations including Local Authorities, voluntary sector organisations, Children's Services, Youth Support Services, the National Health Service (NHS)

DIRECTORS' REPORT

For the year ended 31 March 2023

the Police and the Probation Service and Offender Management Service, all of whom refer young people to the Charity and with whom we seek to further their interests. The Charity works in partnership with Vivid Housing Association and London & Quadrant Housing Association to accommodate vulnerable young people.

Funders are a group of stakeholders who have a continuing interest in the Charity's performance and its use of resources. Major funders include Local Authorities, charitable trusts, corporate funders and foundations and other charities. We are also supported by voluntary donations - mainly from individuals, local churches, schools, and organisations such as the Rotary, Round Table and Lions. To all of them, the Trustees give their thanks on behalf of the most important stakeholders, the young people and their families that we serve.

OBJECTIVES AND ACTIVITIES

Objectives

As stated in the Memorandum of Association, the Charity's objective is to relieve the need of the young homeless, unemployed and other people by reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

Mission

The mission of the Charity is empowering young people and preventing homelessness. This is achieved by providing accommodation and support services. These offer a number of different programmes all designed to progress people towards independence. At the present time young people are aged between 10 and 26 years and mainly fall into the 16-21 age group.

By providing a range of services, including accommodation and early intervention and prevention services, our services are tailored to the needs of the young people accessing them. We work with young people to overcome their barriers and achieve their aspirations. Our services include Foyer accommodation, supported lodgings accommodation, counselling services, advice and guidance services.

Public Benefit

The Trustees confirm that they have complied with the guidance of the Charities Act 2011 to have due regard to the public benefit guidance in determining the activities undertaken by the Charity.

The Charity Commission, in its "Charities and Public Benefit" Guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public.

The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charity which during the year under review has worked directly with 1345 young people and family members and has educated a further 4750 young people via school and community talks, a total beneficiary number of 6095. Several of our key achievements during 2022/23 are detailed under 'Achievements and Performance'.

In the year to 31 March 2023, 45.4% of young people supported were male, 52.5% female and 1.9% identified as non-binary; 78% of young people were teenagers. In our Foyer accommodation there were 47 placements available for homeless young people aged 16-21 (or 25 under certain circumstances) and a total of 97 young people in total were accommodated over the year. In Supported Lodgings there were 234 placements available for homeless young

DIRECTORS' REPORT

For the year ended 31 March 2023

people and a total of 313 young people were accommodated during the year.

Our placements across Hampshire, Surrey, West Berkshire, Wiltshire and Dorset offer either Supported Lodgings accommodation or Foyer accommodation. Young people are in a downward spiral when they arrive with 50% unemployed but 73% of young people positively progressed or stabilised their circumstances. The key point about the 11-25 age group is that they are young enough and still adaptable enough to be helped. When they do succeed, the benefit to both them and the local community is enormous.

The Charity's aim is to help young people accept and deal with their problems, turn their lives around and become independent and successful members of the community who are able to realise their aspirations. This is done by a combination of individual advice and motivation, insistence on clear standards of acceptable behaviour and the provision of a range of training schemes covering:

- **basic independent living skills** to ensure that young people can look after themselves properly - cooking, hygiene, laundry etc.
- **health and fitness** - registration with the NHS, physical and emotional health, teenage pregnancy and sexual health, drug and alcohol misuse, motivation.
- **understanding finance** - dealing with debts and gambling and learning to budget and to successfully maintain independence on a low income.
- **education and employment** - getting into work or training is a very important part of gaining independence.
- **community contribution** - controlling anger, ceasing offending, and taking part in volunteering schemes organised by the Charity to encourage community involvement.
- **mental health and wellbeing** - Positive mental health and wellbeing help to create a foundation for growth and development. It is important we recognise and address any barriers such as mental health and ensure young people can access the support they need.

The Charity provides a unique combination of services to support young people to reach their goals. The Trustees believe that this, together with the achievements outlined above, provide considerable evidence of the significant public benefit the Charity achieves.

ACHIEVEMENTS AND PERFORMANCE

Opening of the New Forest Foyer Accommodation

We successfully tendered and won the New Forest Tender with Hampshire County Council to provide a home for 4/6 young people within the New Forest area. This provision started to run in November 2022 and is successfully housing 4 young people at any one time.

Accommodation Services: At the end of the financial year, 31st March 2023, the Charity was providing up to 281 accommodation beds for young people at any one time, up from 253 at the end of March 2022.

Stage 1 accommodation offers support to those who meet the referral criteria for this accommodation. This includes 16+ looked after children and young people with High Intensive Support needs and is based in Aldershot, Basingstoke, New Forest and Havant.

Supported Independence Flats are based within the Aldershot Foyer and provide accommodation for young people who are not otherwise entitled to financial support with housing. Within these flats young people are able to live more independently alongside other young people and are supported with step sessions with a dedicated support worker.

DIRECTORS' REPORT

For the year ended 31 March 2023

Supported Accommodation Beds are also available within the Aldershot Foyer for young people that need our support but that do not have the funding for the support that they require. This support is funded from our fund-raising activity,

Referrals are from several agencies with whom the Charity has a relationship with, as well as young people being able to refer themselves. This year the Charity accommodated 52% of all referrals made to its accommodation services, receiving 491 referrals and making 257 admissions. During the course of the year 410 young people were accommodated, with up to 281 in residence in our accommodation services at any one time. Positive progression was achieved by 73% of young people in the accommodation services overall.

We commissioned the Supported Independence Flats in December 2020 and have had 35 young people stay with a progression rate of 52%.

Supported Lodgings placements for 234 young people were available at any one time across five counties, with 313 young people being supported during the year, and 77% achieving positive progress. New 18+ and UASC Supported Lodgings services have been successfully piloted in 2022-23, supporting more young people and generating additional income for the charity. Both new Supported Lodgings services will be continuing next year.

Fostering: The subsidiary company has been preparing for its upcoming Ofsted inspection and accreditation. Foster families cannot be sought, and placements cannot be made, until this accreditation has been given. However, the company has made very good progress towards the goal in being able to provide quality supportive foster placements for young people aged 11-18, including those with multiple and complex needs.

Training Services: Our training programmes are delivered by our accommodation teams and provide a range of sessions targeted at enhancing the key life skills of young people and supporting them into employment and educational opportunities.

Launch: Launch is a remodelling and rebranding of our Youth Aims service and went live in Feb 2022. Launch provides information and guidance on a range of issues, including housing and homelessness, applying for benefits, sexual health, signposting, relationships, and getting into education or employment.

Young people can access Launch in person, via live chat, email, text message and phone. Over the last year, 229 chat sessions were delivered to young people using live chat.

The Launch team includes a Recovery Support Worker and an Emotional Wellbeing Support Worker to allow new expertise to be offered to young people requiring specialist support. Launch is free and available for young people aged 11-25 living in one of the six counties Step by Step operates in.

Counselling: As a provider of youth counselling for young people aged 11 – 25, and against a backdrop of rising youth mental ill health, we were pleased to be able to support 491 young people in the year who attended counselling sessions.

Fundraising: The Charity is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees support the aims of this legislation. The majority of the Charity's income comes from other charitable bodies and local authorities. The Charity undertakes very little direct fundraising activity involving individual donors. Examples include our online giving page, Open Doors appeal and events which are promoted generally through communications, rather

DIRECTORS' REPORT

For the year ended 31 March 2023

than targeting specific individuals. The Charity considers the origin of unsolicited donations and legacies.

The Charity does not share or purchase any donor data with or from third parties.

During the year ended 31 March 2023, the Charity did not receive any complaints in relation to fundraising or raise any matter with regulators.

Public Relations: The Charity has continued to receive regular positive media coverage including on local radio and in the press. No negative publicity has been received.

Young People's Initiatives/Participation: The Charity has worked to maximise young people's involvement in all aspects of service provision and the ethos of the Charity places emphasis on ensuring the young peoples' interests are at the heart of service delivery. The organisation takes an asset-based approach to working with young people, meaning very simply, that the focus is on their strengths and their talents, optimising these qualities in order to support young people to realise their potential and fulfil their aspirations. This approach encourages responsibility and accountability, and young people are able to plan and implement community-based projects, to support delivery of training sessions, and mentor their peers via the Young Persons Advisory Group (YPAG).

Volunteers: This year we have been successful in recruiting a Volunteer Co-Ordinator. The Volunteer Coordinator provides support to all volunteers across the organisation coordinating training and HR needs. This year we have both retained our volunteers and successfully increased the number of volunteers providing valuable support to the services. Currently we have 19 volunteers working and supporting across the charity.

Volunteers contribute to areas such as premises maintenance and development, community fundraising, finance and administration, support of a database and recording system, management and collection of food and clothing donations. Their varied and significant contributions are greatly appreciated, and the Charity aims to further increase the number of volunteers supporting our staff team further in the coming year.

Outcomes Monitoring: The Outcomes Star system, which is a nationally recognised formal outcome monitoring system, has been used with continuing positive results. Credible outcome information is critical in assessing the effectiveness of our services to progress our young people and we continue to maintain accurate and comprehensive data records through the "Inform" young people record management system. We are moving from the Triangle Homelessness Outcome Star to the Triangle Young Persons Star during 2023 so we can better focus support on the needs of young people.

Governance: A bi-annual self-assessment process to review Board performance is a well-established practice and provides a productive vehicle for continuous governance improvement. The Board currently has 10 Trustee/Directors. Each Trustee/Director has been recruited to a specific role and a competency table is maintained to reflect the overall capability and skill set of the Board, scored to highlight any exposures. The Board is satisfied that the current mix of skills and competence is well suited to the governance of the charity. The 10 Directors service range is 1 – 16 years with an average of six years.

The Company Secretary tracks changes in both Company Law and Charity Commission regulations and advises the Board accordingly. Necessary and appropriate policies and associated procedures are in place separated into two lists. List A being those that require Board approval and List B being those that do not and are solely within the remit of the CEO and the Leadership Team. A clear statement is maintained, through a Delegated Powers

DIRECTORS' REPORT

For the year ended 31 March 2023

Register, on the powers the Board has delegated into the organisation with clear limits on those powers and who is empowered to execute them.

Standard items of report to every Board meeting includes – Declaration of Conflicts of Interest, CEO report, Treasurer's report, Serious Incidents report, Safeguarding report, Health & Safety report, Property Maintenance report. Every other Board meeting considers the Risk Register.

Key Achievements: The Charity is proud that, despite a challenging environment for UK charities, we have remained focused on our mission and the numbers of young people supported has been maintained. Some of our key achievements in 2022/23 include:

- A total of 6,095 young people were supported by Step by Step in 2022/23 across Hampshire, Surrey, West Berkshire, Dorset, Wiltshire.
- Total bed spaces available rose by 11% between March 2022 and March 2023.
- The number of counselling sessions delivered to young people grew by 30.4% to 2869 sessions in the year. A total of 491 young people accessed this service.
- Supported Lodgings supported a total of 313 young people and expanded service delivery in two counties.
- We exceeded our Fundraising income targets for the year, income for the year was £778,459.
- We have successfully funded the Supported Independence Flats and Supported Accommodation Beds for a further Year allowing us to support unfunded young people to access our services.
- The New Forest Property is now live housing 4 young people at any one time.
- We successfully passed our 2022-23 safeguarding Section 11 Audit.
- We had our first ever Supported Lodgings Unaccompanied Asylum-Seeking Children active, supporting more young people and generating income for the charity.
- Our new Supported Lodgings 18+ service pilot was successful and resulted in leading an expansion to 7 placements. Funding by corporate companies is now in place until 2026.
- We achieved 100% occupancy in the foyers.
- We have been awarded high compliance in Health and Safety audits this year in all properties.
- We have introduced a wide number of training opportunities through apprenticeships and external course providers for our staff teams.

FINANCIAL REVIEW FOR THE YEAR

The Statement of Financial Activities is set out on page 17 and shows the net movement in funds for the year.

During the year a surplus of **£192,612** was recorded for the Group, A surplus of £246,463 for Step by Step Partnership Ltd and a deficit of £53,851 for its wholly owned subsidiary, Step by Step Fostering Limited.

We continue to review our income and expenditure on a monthly basis. We seek new contracts and utilise our fundraising resources to increase income. We also continuously review our cost base to ensure that our resources are applied efficiently and effectively to meet our objectives.

Reserves Policy

The Charity's policy is to establish and maintain a level of reserves which ensures there are adequate funds to meet all current and known liabilities as well as committed development

DIRECTORS' REPORT

For the year ended 31 March 2023

expenditure. In practice the Directors regularly review reserves to ensure that they are sufficient to cover a minimum of:

- Six to nine months cover of committed income less budgeted expenditure for the next 12 months. Committed income for the next 12 months is £3.1m; budgeted expenditure against the income streams is £4.2m. Six to nine months' cover is therefore between £546k and £819k.
- Proposed development and committed capital expenditure for at least the next 12 months of £1.1m.

Total Reserves as of 31st March 2023 are £1,944,258 comprising of designated funds of £1,117,863 and unrestricted funds of £826,395.

After allowing for restricted and designated funds, the free reserves were £826,395 at the year end. Free reserves are funds that have not been restricted by the funder or designated by the Charity for a specific service or investment. Free reserves are within the reserves requirement as stated in the Reserves Policy agreed by the Trustees, which the Trustees feel is appropriate at the current time.

Going Concern

In determining that the Charity continues to be a going concern for the purposes of preparing these financial statements, the Trustees have considered the following:

- The financial performance of the charity since the 31 March 2023 and current balance sheet position
- 2023/24 Budgets and forecasts of performance of the charity to 31st July 2024, including cash flow.
- the new contract opportunities and investments that are being progressed that evidence the benefit of the new foundations set for the charity over the last few years.

Through this review, the Trustees have assessed that the charity continues to be a going concern.

Investment Policy

All investment decisions are taken in the best interests of the charity achieving its charitable purpose and follow the Charity Commission's guidance on investment matters as stated in their publication "Charities and Investment Matters: a guide for Trustees".

Financial Investment

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable. All such investments by the Charity are subject to risk assessment as part of the formulation of financial investment cases. These may vary from very low risk investments e.g., cash reserves investment to support the Reserves Policy invested under FSCS guarantees, through to relatively high-risk assessments e.g., funding new services with the objective of creating new income streams and surplus to support the charitable purpose.

PLANS FOR YEAR AHEAD

The 22/23 year was the third year of a strategic plan to establish sound and sustainable foundations to enable the charity to take the next chapter in its development. The successful delivery of that plan has enabled the Board to agree a new and exciting 3-year strategic plan

DIRECTORS' REPORT

For the year ended 31 March 2023

for years 23/24 to 25/26. This plan confirms that the charity will stay focused on its mission and focus on both the growth of existing services and adding to them. Regrettably, in this day and age demand for the charity's services from vulnerable and disadvantaged young people continues to grow and diversify which presents both a challenge and opportunity for the charity to help meet that demand.

In the 23/24 year we seek to be successful in obtaining Ofsted accreditation for Step by Step Fostering Limited enabling it to proceed to completing the setup of the service and commence trading. Also, Step by Step Partnership Ltd is planning to submit an application for Ofsted accreditation of its 16+ services. Expansion of all the services referenced in this annual report is part of the 23/24 year plan and we are also seeking to generate alternatives for providing 18+ move on accommodation. The lack of move on accommodation, and the lack of funding to support it, creates a cliff edge for young people in their journey to independent living and it is essential that options are found to address this issue.

The plan assumes that the economic environment will continue to be turbulent, and that further pressure will exist on public authorities to cut social funding budgets. Over the years Step by Step has shown that it is creative and innovative in dealing with such funding cuts and its fund-raising activities evidence our success. Creativity and innovation are now part of the culture of Step by Step in everything it does. Financial sustainability is at the heart of this culture. All we do has to be affordable and financially sustainable. In the last year the Financial Team has been refreshed and we have comprehensive monthly management accounts reviewed every month by the Treasurer and a selection of directors. The annual creation of a positive surplus and associated positive cash generation underpins this financial sustainability.

The key assets of Step by Step are its staff, volunteers and Supporting Lodgings Hosts. We hope to add Foster Carers to that asset base during 2023-2024. The training, development, support and well-being of all these wonderful assets is of great importance to the delivery of the new 3 year strategic plan. Individual personal development plans support this process plus the use of a combination of in house and external training, mentoring and support services. The CEO has now built a Leadership Team capable of delivering the charity's plans, with attention also being paid to succession planning and leadership training.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of Step by Step Partnership Limited for the purposes of company law) are responsible for preparing the Directors' Report and 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, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company 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 in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

DIRECTORS' REPORT

For the year ended 31 March 2023

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Charitable 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 Charitable Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

APPROVAL

This report was approved on the 28 July 2023 by the Board and signed on its behalf, by:

Keith Gathergood
Chair

INDEPENDENT AUDITOR'S REPORT
To the members of the Step by Step Partnership Ltd
For the year ended 31 March 2023

Opinion

We have audited the financial statements of Step by Step Partnership Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Step by Step Partnership Limited'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.

INDEPENDENT AUDITOR'S REPORT
To the members of the Step by Step Partnership Ltd
For the year ended 31 March 2023

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 trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group 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 group 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 group 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.

Opinions 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or

INDEPENDENT AUDITOR'S REPORT
To the members of the Step by Step Partnership Ltd
For the year ended 31 March 2023

- 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; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 auditor's 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 are set out below.

INDEPENDENT AUDITOR'S REPORT
To the members of the Step by Step Partnership Ltd
For the year ended 31 March 2023

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's 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 related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

INDEPENDENT AUDITOR'S REPORT
To the members of the Step by Step Partnership Ltd
For the year ended 31 March 2023

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

1 September 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2023

	Note	Unrestricted £	Designated £	Restricted £	2023 Total £	Unrestricted £	Designated £	Restricted £	2022 Total £
Income from:									
Donations and legacies	2	233,874	–	–	233,874	286,484	–	150,000	436,484
Charitable activities									
Accommodation	3	2,877,250	–	174,683	3,051,933	2,544,725	–	175,652	2,720,377
Counselling & support	3	350,439	–	204,579	555,018	293,365	–	96,082	389,447
Development projects	3	–	–	23,000	23,000	–	–	11,000	11,000
Investments		2,086	–	–	2,086	25	–	–	25
Total income		3,463,649	–	402,262	3,865,911	3,124,599	–	432,734	3,557,333
Expenditure on:									
Raising funds	5	211,169	–	–	211,169	209,279	–	–	209,279
Charitable activities									
Accommodation	5	2,522,608	–	174,683	2,697,291	2,273,769	–	169,945	2,443,714
Counselling & support	5	405,913	–	204,579	610,492	302,982	–	101,789	404,771
Development projects	5	131,347	–	23,000	154,347	34,989	–	11,000	45,989
Total expenditure		3,271,037	–	402,262	3,673,299	2,821,019	–	282,734	3,103,753
Net income / (expenditure) for the year	6	192,612	–	–	192,612	303,580	–	150,000	453,580
Transfers between funds		80,434	69,566	(150,000)	–	(481,057)	481,057	–	–
Net income / (expenditure) before other recognised gains and losses		273,046	69,566	(150,000)	192,612	(177,477)	481,057	150,000	453,580
Net movement in funds		273,046	69,566	(150,000)	192,612	(177,477)	481,057	150,000	453,580
Reconciliation of funds:									
Total funds brought forward		553,349	1,048,297	150,000	1,751,646	730,826	567,240	–	1,298,066
Total funds carried forward		826,395	1,117,863	–	1,944,258	553,349	1,048,297	150,000	1,751,646

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19a to the financial statements.

Balance sheets

Company no. 2431825

As at 31 March 2023

	Note	The group 2023 £	2022 £	The charity 2023 £	2022 £
Fixed assets:					
Tangible assets	11	613,463	37,297	613,161	37,297
Investments	12	–	–	1	–
		613,463	37,297	613,162	37,297
Current assets:					
Debtors	14	525,594	303,419	614,261	303,419
Cash at bank and in hand		1,437,211	2,067,469	1,402,646	2,067,469
		1,962,805	2,370,888	2,016,907	2,370,888
Liabilities:					
Creditors: amounts falling due within one year	15	(632,010)	(656,539)	(631,960)	(656,539)
Net current assets		1,330,795	1,714,349	1,384,947	1,714,349
Total net assets		1,944,258	1,751,646	1,998,109	1,751,646
Funds:	19				
Restricted income funds		–	150,000	–	150,000
Unrestricted income funds:					
Designated funds		1,117,863	1,048,297	1,117,863	1,048,297
General funds		826,395	553,349	880,246	553,349
Total unrestricted funds		1,944,258	1,601,646	1,998,109	1,601,646
Total funds		1,944,258	1,751,646	1,998,109	1,751,646

Approved by the trustees on 28 July 2023 and signed on their behalf by

S Mylvaganam
Treasurer / DirectorK Gathergood
Chair / Director

Step by Step Partnership Ltd

Consolidated statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	£	2022 £	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		192,612		453,580	
Depreciation charges		28,552		24,755	
Dividends, interest and rent from investments		(2,086)		(25)	
(Profit)/loss on the disposal of fixed assets		–		350	
(Increase)/decrease in debtors		(222,175)		(137,972)	
Increase/(decrease) in creditors		(24,529)		61,750	
Net cash provided by / (used in) operating activities		(27,626)		402,438	
Cash flows from investing activities:					
Dividends, interest and rents from investments		2,086		25	
Proceeds from the sale of fixed assets		–		–	
Purchase of fixed assets		(604,718)		(11,162)	
Net cash provided by / (used in) investing activities		(602,632)		(11,137)	
Change in cash and cash equivalents in the year		(630,258)		391,301	
Cash and cash equivalents at the beginning of the year		2,067,469		1,676,168	
Change in cash and cash equivalents due to exchange rate movements		–		–	
Cash and cash equivalents at the end of the year	a	1,437,211		2,067,469	
Analysis of cash and cash equivalents and of net debt					
	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £	
Cash at bank and in hand	2,067,469	(630,258)	–	1,437,211	
Overdraft facility repayable on demand	–	–	–	–	
a Total cash and cash equivalents	2,067,469	(630,258)	–	1,437,211	
Loans falling due within one year	–	–	–	–	
Loans falling due after more than one year	–	–	–	–	
Finance lease obligations	–	–	–	–	
Total	2,067,469	(630,258)	–	1,437,211	

1 Accounting policies

a) Statutory information

Step by Step Partnership Ltd is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

b) Basis of preparation

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

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Step by Step Fostering Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. A summary of the result for the year is disclosed in the notes to the accounts.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) 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 bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in seeking voluntary contributions, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering accommodation and support services, welfare, guidance and counselling activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

• Supported Accommodation	47%
• Counselling & Support	21%
• Cost of raising funds	9%
• Growth & Development	20%
• Governance costs	3%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Freehold property	2% straight line
• Computer equipment	33% straight line
• Furniture and fittings	10% – 20% straight line

1 Accounting policies (continued)

m) Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Debtors

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

o) Cash at bank and in hand

Cash at bank and cash 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.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) 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.

r) Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the Scheme in respect of the year.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Churches	6,571	–	6,571	7,820	–	7,820
Secular organisations	145,366	–	145,366	100,363	–	100,363
Individuals	67,765	–	67,765	159,042	150,000	309,042
Legacies	–	–	–	12,438	–	12,438
Events	14,172	–	14,172	6,811	–	6,811
Other	–	–	–	10	–	10
	<u>233,874</u>	<u>–</u>	<u>233,874</u>	<u>286,484</u>	<u>150,000</u>	<u>436,484</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Accommodation	2,877,250	174,683	3,051,933	2,544,725	175,652	2,720,377
Counselling & Support	350,439	204,579	555,018	293,365	96,082	389,447
Development projects	–	23,000	23,000	–	11,000	11,000
Total	3,227,689	402,262	3,629,951	2,838,090	282,734	3,120,824

4 Income from charitable activities by funder

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Grants and contracts						
Trust income	142,323	402,262	544,585	107,760	282,734	390,494
Local Authority Grants	–	–	–	–	–	–
Sub-total	142,323	402,262	544,585	107,760	282,734	390,494
Housing & Supported Lodgings related incomes						
Local Authority Contracts	2,955,553	–	2,955,553	2,628,574	–	2,628,574
Rent and Personal Charges	129,753	–	129,753	101,644	–	101,644
Sundry Income	60	–	60	112	–	112
Sub-total	3,085,366	–	3,085,366	2,730,330	–	2,730,330
Total income from charitable activities	3,227,689	402,262	3,629,951	2,838,090	282,734	3,120,824

5a Analysis of expenditure (current year)

	Charitable activities							
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	2023 Total £	2022 Total £
Staff costs (Note 7)	131,671	1,084,520	337,241	40,468	50,258	369,774	2,013,932	1,633,085
Direct Costs	31,149	1,359,913	162,572	5,028	16,157	–	1,574,819	1,358,403
Support – Other staff costs	–	–	–	–	–	27,181	27,181	32,491
Support – Administrative running costs	–	–	–	–	–	18,993	18,993	53,499
Support – Building maintenance costs	–	–	–	–	–	2,703	2,703	2,514
Support – Marketing costs	–	–	–	–	–	6,290	6,290	3,368
Support – Legal & Professional Fees	–	–	–	–	–	29,381	29,381	20,393
Support – Misc	–	–	–	–	–	–	–	–
	162,820	2,444,433	499,813	45,496	66,415	454,322	3,673,299	3,103,753
Support costs	42,710	207,537	95,224	108,851	–	(454,322)	–	–
Governance costs	5,639	45,321	15,455	–	(66,415)	–	–	–
Total expenditure 2023	211,169	2,697,291	610,492	154,347	–	–	3,673,299	
Total expenditure 2022	209,279	2,443,714	404,771	45,989	–	–		3,103,753

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2023

5b Analysis of expenditure (prior year)

		Charitable activities					
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	2022 Total £
Staff costs (Note 7)	109,565	954,489	200,180	58,512	29,296	281,043	1,633,085
Direct Costs	53,015	1,200,320	101,451	(12,523)	16,140	–	1,358,403
Support – Other staff costs	–	–	–	–	–	32,491	32,491
Support – Administrative running costs	–	–	–	–	–	53,499	53,499
Support – Building maintenance costs	–	–	–	–	–	2,514	2,514
Support – Marketing costs	–	–	–	–	–	3,368	3,368
Support – Legal & Professional Fees	–	–	–	–	–	20,393	20,393
Support – Misc	–	–	–	–	–	–	–
	162,580	2,154,809	301,631	45,989	45,436	393,308	3,103,753
Support costs	42,960	257,689	92,659	–	–	(393,308)	–
Governance costs	3,739	31,216	10,481	–	(45,436)	–	–
Total expenditure 2022	209,279	2,443,714	404,771	45,989	–	–	3,103,753

Notes to the financial statements

For the year ended 31 March 2023

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2023 £	2022 £
Depreciation	28,552	24,755
Loss or profit on disposal of fixed assets	–	350
Operating lease rentals:		
Property	30,766	30,766
Other	1,339	1,536
Auditor's remuneration (excluding VAT):		
Audit	12,750	11,600
Other services	1,080	–
	28,552	24,755

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	1,799,159	1,474,362
Redundancy and termination costs	13,535	–
Social security costs	150,595	117,321
Employer's contribution to defined contribution pension schemes	50,643	41,402
	2,013,932	1,633,085

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2023 No.	2022 No.
£60,000 – £69,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £395,977 (2022: £353,517).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2022: £nil) incurred by no (2022: nil) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 78 (2022: 73).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2023 No.	2022 No.
Governance, Management and Admin	8.6	7.6
Fundraising	5.0	5.0
Accommodation and other service staff	44.1	40.1
	57.7	52.7

9 Related party transactions

There are no related party transactions to disclose for 2023 (2022: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax because all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary, Step by Step Fostering Limited, distributes under Gift Aid available profits to the parent charity.

11 Tangible fixed assets

The group

	Freehold property £	Computer equipment £	Furniture & fittings £	Total £
Cost or valuation				
At the start of the year	–	85,097	263	85,360
Additions in year	577,368	20,879	6,471	604,718
Disposals in year	–	–	–	–
At the end of the year	577,368	105,976	6,734	690,078
Depreciation				
At the start of the year	–	47,835	228	48,063
Charge for the year	4,208	23,483	861	28,552
Eliminated on disposal	–	–	–	–
At the end of the year	4,208	71,318	1,089	76,615
Net book value				
At the end of the year	573,160	34,658	5,645	613,463
At the start of the year	–	37,262	35	37,297

All of the above assets are used for charitable purposes.

The charity

	Freehold property £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At the start of the year	–	85,097	263	85,360
Additions in year	577,368	20,879	6,471	604,718
Disposals in year	–	(1,545)	–	(1,545)
At the end of the year	577,368	104,431	6,734	688,533
Depreciation				
At the start of the year	–	47,835	228	48,063
Charge for the year	4,208	23,483	861	28,552
Eliminated on disposal	–	(1,243)	–	(1,243)
At the end of the year	4,208	70,075	1,089	75,372
Net book value				
At the end of the year	573,160	34,356	5,645	613,161
At the start of the year	–	37,262	35	37,297

All of the above assets are used for charitable purposes.

12 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of Step by Step Fostering Limited, a company registered in England. The company number is 13672670. The registered office address is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under Gift Aid to the parent charity.

The trustees Andrew Mitchell and James Mowat, together with the Chief Executive, Debra Moreton, are also directors of the subsidiary.

A summary of the results of the subsidiary is shown below:

	2023 £	2022 £
Turnover	-	-
Cost of sales	-	-
Gross profit/(loss)	-	-
Administrative expenses	(108,851)	-
Other operating income	55,000	-
Profit/(loss) on ordinary activities before interest and taxation	(53,851)	-
Interest receivable and similar income	-	-
Interest payable and similar charges	-	-
Profit / (loss) on ordinary activities before taxation	(53,851)	-
Taxation on profit on ordinary activities	-	-
Profit / (loss) for the financial year	(53,851)	-
Retained earnings		
Total retained earnings brought forward	-	-
Profit / (loss) for the financial year	(53,851)	-
Distribution under Gift Aid to parent charity	-	-
Total retained earnings carried forward	(53,851)	-
The aggregate of the assets, liabilities and reserves was:		
Assets	39,190	-
Liabilities	(93,040)	-
Reserves	(53,850)	-

Amounts owed to the parent undertaking are shown in note 14.

13 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2023 £	2022 £
Gross income	3,865,911	3,557,333
Result for the year	246,463	453,580

14 Debtors

	The group		The charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	399,507	155,005	399,507	155,005
Other debtors	1,486	31,992	1,486	31,992
Amounts due from group undertakings	–	–	92,990	–
Prepayments	65,867	58,547	63,772	58,547
Accrued income	58,734	57,875	56,506	57,875
	525,594	303,419	614,261	303,419

15 Creditors: amounts falling due within one year

	The group		The charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	163,427	193,460	163,377	193,460
Taxation and social security	34,399	30,651	34,399	30,651
Other creditors	11,328	16,377	11,328	16,377
Amounts due to group undertakings	–	–	–	–
Accruals	34,374	91,857	34,374	91,857
Deferred income (note 16)	388,482	324,194	388,482	324,194
	632,010	656,539	631,960	656,539

16 Deferred income

Deferred income comprises of multi-year grant funding and contract income received in advance.

	The group		The charity	
	2023	2022	2023	2022
	£	£	£	£
Balance at the beginning of the year	324,194	373,472	324,194	373,472
Amount released to income in the year	(324,194)	(373,472)	(324,194)	(373,472)
Amount deferred in the year	388,482	324,194	388,482	324,194
Balance at the end of the year	388,482	324,194	388,482	324,194

17 Pension scheme

The charity operates a Defined Contribution Scheme. Amounts paid into the scheme were £49,011 (2022: £41,402). Amounts outstanding at the end of the year were £10,055 (2022: £8,535).

18a Analysis of group net assets between funds (current year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	–	613,463	–	613,463
Net current assets	1,458,405	504,400	–	1,962,805
Creditors due within one year	(632,010)	–	–	(632,010)
Net assets at 31 March 2023	826,395	1,117,863	–	1,944,258

18b Analysis of group net assets between funds (prior year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	–	37,297	–	37,297
Net current assets	1,359,888	1,011,000	150,000	2,520,888
Creditors due within one year	(806,539)	–	–	(806,539)
Net assets at 31 March 2022	553,349	1,048,297	150,000	1,751,646

19a Movements in funds (current year)

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds:					
Supported Accommodation	–	174,683	(174,683)	–	–
Counselling & Support Services	–	204,579	(204,579)	–	–
Purchase of Property	150,000	–	–	(150,000)	–
Young people Training and Activities	–	–	–	–	–
Covid 19 Emergency Funds	–	–	–	–	–
Development Projects	–	23,000	(23,000)	–	–
Total restricted funds	150,000	402,262	(402,262)	(150,000)	–
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	65,000	–	–	–	65,000
Development Capital Fund	946,000	–	–	(506,600)	439,400
Fixed Asset Fund	37,297	–	–	576,166	613,463
Total designated funds	1,048,297	–	–	69,566	1,117,863
General funds	553,349	3,865,911	(3,673,299)	80,434	826,395
Total unrestricted funds	1,601,646	3,865,911	(3,673,299)	–	1,944,258
Total funds	1,751,646	4,268,173	(4,075,561)	–	1,944,258

The narrative to explain the purpose of each fund is given at the foot of the note below.

The transfers out of Restricted funds and the Development Capital Fund relate to the purchase of our Freehold Property during the year, all restriction removed at the point the Property was purchased.

Notes to the financial statements

For the year ended 31 March 2023

19b Movements in funds (prior year)

	At 1 April 2021	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
	£	£	£	£	£
Restricted funds:					
Supported Accommodation	–	169,945	(169,945)	–	–
Counselling & Support Services	–	101,789	(101,789)	–	–
Purchase of Property	–	150,000	–	–	150,000
Young people Training and Activities	–	–	–	–	–
Covid 19 Emergency Funds	–	–	–	–	–
Development Projects	–	11,000	(11,000)	–	–
Total restricted funds	–	432,734	(282,734)	–	150,000
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	65,000	–	–	–	65,000
Development Capital Fund	451,000	–	–	495,000	946,000
Fixed Asset Fund	51,240	–	–	(13,943)	37,297
Total designated funds	567,240	–	–	481,057	1,048,297
General funds	730,826	3,124,599	(2,821,019)	(481,057)	553,349
Total unrestricted funds	1,298,066	3,124,599	(2,821,019)	–	1,601,646
Total funds	1,298,066	3,557,333	(3,103,753)	–	1,751,646

Purposes of restricted funds**Supported Accommodation**

This fund is restricted funding to be used within the supported accommodation services. This includes; specialist staff training and enhanced one to one support with young people at our foyer accommodation, support workers for Supported Independence Flats and funding for pilot supported lodgings scheme for young people aged 18 and over.

Counselling & Support Services

This fund provides specialist one to one counselling services and a drop-in service providing information, guidance and support to young people and their families.

Purchase of Property

This fund represents donations by individuals restricted to the purchase of property only.

Young people Training and Activities

This fund supports a number of services, which offer a combination of support, skills training, activities and constructive occupation of time.

Development Projects

This fund is to support projects to develop the services provided to young people.

Purposes of designated funds**Capital and Maintenance Fund**

This has been designated for the necessary replacement of equipment, property dilapidations and non-routine property maintenance and repairs.

Development Capital Fund

This fund had been designated to provide funding for investments in development projects to further diversify and grow and support the services we provide to young people.

Fixed Asset Fund

This fund has been designated to match the net book value of the Charity's fixed assets.

20 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2023	2022	2023	2022
	£	£	£	£
Less than one year	30,766	30,766	749	1,152
One to five years	123,064	123,064	562	–
Over five years	251,256	282,022	–	–
	405,086	435,852	1,311	1,152

21 Post balance sheet events

There are no post balance sheet events which need to disclosed.

22 Legal status of the charity

Step by Step Partnership Limited is a charitable company limited by guarantee and has no share capital. Each member is liable to contribute a sum, not exceeding £1, in the event of the Charity being wound up.

STEP BY STEP PARTNERSHIP LIMITED

England & Wales - Charity number 900308

Accounts



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2022

CONTENTS

	Page
Legal and administrative information	1
Directors' report	2
Auditors' report	12
Statement of financial activities	16
Balance sheet	17
Statement of cash flows	18
Notes to the financial statements	19

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2022

Directors

Mr K Gathergood, Chairman
Mr S Mylvaganam, Treasurer
Mr R James
Mr J Devlin
Mr A Auteri
Mrs C Thomas
Sir J Portal
Mrs C Skerry
Mr J Mowat
Mr A Mitchell
Mrs L Barnes

Company Registration Number

2431825

Charity Registration Number

900308

Address & Registered Office

36 Crimea Road, Aldershot, Hampshire, GU11 1UD

Company Secretary

Mrs L Barnes

Chief Executive

Mrs D Moreton

Head of Fundraising

Mrs A Chiu

Head of Income Generation

Mrs N Goom

HR Manager

Mrs R Palmer

Head of Finance

Mrs M Bareham – resigned 19.05.22

Mrs A Thurlow - appointed 30.03.22

Supported Lodgings Manager

Ms K Headen

Regional Foyer Manager & Safeguarding Lead

Miss M Partridge

Auditors

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Bankers

CAF Bank Limited, 25 Kings Hill Avenue, West Malling, Kent, ME19 4TA

Solicitors

Moore Barlow LLP, Concord House, 165 Church St East, Woking GU21 6HJ

DIRECTORS' REPORT

For the year ended 31 March 2022

The Directors of the Company for the purposes of the Companies Act, who are also Trustees of the Charity for the purposes of the Charities Act, submit their annual report and the financial statements for Step by Step Partnership Limited (the Charity) for the year ended 31 March 2022. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Charity was incorporated under the Companies Act 1985 on 12 October 1989 and is limited by guarantee. It has been registered as a charity since 25 January 1990. As a charitable company limited by guarantee, operations are governed by the Charity's Memorandum and Articles of Association.

Directors and Method of Appointment

The Directors of the Charity, who are also its Trustees, are elected at an AGM (or may be appointed during the year by the Board with election at the next AGM). The candidature of people with skills, experience and/or interests relevant to the Charity's activities is encouraged through advertising publicly, employing specialist recruitment agencies and soliciting local organisations. They may serve for up to three years before re-election.

Organisation and Decision Making

The Governance structure is made up of a Board and two types of subcommittee which are known as a Board Executive Committee (BEC) and Board Subcommittees (BS). The BEC is based on delegated decision-making powers handed down from the main Board whilst BS's are based on advice and recommendations being requested by and submitted to the Board.

Board members are appointed to fulfil the terms of reference of specific roles that the Board wishes to add to its Board team through a process managed by a Board Appointments Subcommittee. The Chief Executive is not a Director but a permanent non-voting member of the Board with the right to attend all Board Meetings unless a conflict of interest exists. The Board meets every quarter. An induction procedure is used for all new members of the Board and includes learning about the history, ethos and day-to-day operation of the Charity as well as outlining their responsibilities, conduct at meetings and relations with staff. The induction is usually carried out by the Chairman supported by other Directors and the Chief Executive. Directors are encouraged to attend training events relevant to their roles or assigned interests within the Charity. The Charity operates in a consistent way by following the policies set out and agreed by the Board, supported and implemented by the Chief Executive, Leadership Team and staff.

Day-to-day operational responsibility rests with the Chief Executive, who is responsible for all staff, Supported Lodging Host families and volunteers who provide valuable support to young people.

Remuneration Policy

To secure the standards of its work and to provide young people with excellent services, Step by Step (SbS) strives to attract and retain high quality employees. A number of its services significantly benefit from appropriately qualified and competent staff that provide a continuity of care and high level of continuity of service. Consequently, SbS's salary policy is to reward its talented people fairly, equitably, and consistently in accordance with market values and to encourage their motivation and engagement.

DIRECTORS' REPORT

For the year ended 31 March 2022

It is the general principle of the Charity that the salaries and benefits, on average, be positioned competitively in the local marketplace at a level recommended to the Audit and Remuneration Board Sub Committee (ARSC) by the CEO and HR Manager.

Leadership Team salary and benefits, excluding the CEO, is proposed to the ARSC by the CEO and if supported by the ARSC recommended to the Board for approval. With regard to the CEO's salary and benefits review, the Chairperson conducts a six monthly and annual appraisal, utilising feedback from the Board members. Any proposed change to CEO remuneration and benefits is made by the Chairperson to the ARSC, including appraisal and local market remuneration data, and if supported recommended to the Board for approval. In the light of current best practice, it is not anticipated that the CEO's salary will be more than five times greater than the lowest paid full-time employee of the Charity.

Risks

The Charity operates a Risk Management process that meets the requirements of the Charity Commission. The significant risks to which the Charity could be exposed are:

- a. Disruption through responding to the global COVID-19 pandemic.
- b. The welfare and safety of the young people accessing our services, particularly where they may be engaging in risk taking behaviours.
- c. Loss of income due to an inability to deliver fundraising income, contract losses or the impact of welfare reform.

Priority is given to managing and mitigating these potential risks effectively. Key mitigating actions to manage these risks have been implemented in the year. These include:

- a. COVID-19 – we established a COVID-19 Response Steering Group and worked with the Local Authorities in the areas we operate to minimise the impact on the young people we support. Throughout all the lock downs in 2021 we remained open, and no member of staff has needed to be furloughed.
- b. Safeguarding – we review our safeguarding practice and governance every year by completing a section 11 safeguarding audit and an external independent audit every third year. Next due 2024.
- c. Loss of income – the long-term outlook naturally has a degree of uncertainty due to the economic impact of COVID-19 however we have exceeded our fundraising income targets in 2021-2022. We have won the New Forest Provision Tender and are actively working with Local Authorities to house further Unaccompanied Asylum-Seeking Children (UASC) and Refugees. Our Supported Independence Flats & Supported Accommodation Beds enable us to leverage further income utilising these beds in our Crimea Road building.

Relationships with Other Organisations

The Charity works with many organisations including local authorities, voluntary sector organisations, Children's Services, Youth Support Services, the National Health Service (NHS) the Police and the Probation Service and Offender Management Service, all of whom refer young people to the Charity and with whom we seek to further their interests. The Charity works in partnership with Vivid Housing Association and London & Quadrant Housing Association to accommodate vulnerable young people.

Funders are a group of stakeholders who have a continuing interest in the Charity's performance and its use of resources. Major funders include Local Authorities, charitable trusts, corporate funders and foundations and other charities. We are also supported by voluntary donations - mainly from individuals, local churches, schools, and organisations such as Rotary, Round Table and Lions. To all of them, the Trustees give their thanks on behalf of the most important stakeholders, the young people and their families that we serve.

DIRECTORS' REPORT

For the year ended 31 March 2022

OBJECTIVES AND ACTIVITIES

Objectives

As stated in the Memorandum of Association, the Charity's objective is to relieve the need of the young homeless, unemployed and other people by reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

Mission

The mission of the Charity is empowering young people and preventing homelessness. This is achieved by providing accommodation and support services. These offer a number of different programmes all designed to progress people towards independence. At the present time young people are aged between 11 and 26 years and mainly fall into the 16-21 age group.

By providing a range of services, including accommodation and early intervention and prevention services, our services are tailored to the needs of the young people accessing them. We work with young people to overcome their barriers and achieve their aspirations. Our services include Foyer accommodation, supported lodgings accommodation, counselling services, advice and guidance services.

Public Benefit

The Trustees confirm that they have complied with the guidance of the Charities Act 2011 to have due regard to the public benefit guidance in determining the activities undertaken by the Charity.

The Charity Commission, in its "Charities and Public Benefit" Guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public.

The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charity which during the year under review has worked directly with 1,580 young people and family members which is an increase over the 2020/21 year of 128 young people. Several of our key achievements during 2021/22 are detailed under 'Achievements and Performance'.

In the year to 31 March 2022, 43.8% of young people were male, 55.1% female and 1.1% identified as non-binary; 79% of young people were teenagers. Residential Foyer accommodation for 44 homeless young people aged 16-21 (or to 25 under certain circumstances) was available in the year (98 young people were resident during the year). In addition, Supported Lodgings accommodation, with carefully vetted local families, was available to another 209 young people in the year (331 young people were resident during the year).

Our placements across Hampshire, Surrey, West Berkshire, Wiltshire and Dorset Offer either Supported Lodgings accommodation or Residential Foyer accommodation. Young people are in a downward spiral when they arrive with 61% unemployed but 70% of young people positively progressed or stabilised their circumstances. The key point about the 11-25 age group is that they are young enough and still adaptable enough to be helped. When they do succeed, the benefit to both them and the local community is enormous.

The Charity's aim is to help young people accept and deal with their problems, turn their lives around and become independent and successful members of the community who are able to

DIRECTORS' REPORT

For the year ended 31 March 2022

realise their aspirations. This is done by a combination of individual advice and motivation, insistence on clear standards of acceptable behaviour and the provision of a range of training schemes covering:

- **basic independent living skills** to ensure that young people can look after themselves properly - cooking, hygiene, laundry etc.
- **health and fitness** - registration with the NHS, physical and emotional health, teenage pregnancy and sexual health, drug and alcohol misuse, motivation.
- **understanding finance** - dealing with debts and gambling and learning to budget and to successfully maintain independence on a low income.
- **education and employment** - getting into work or training is very important part of gaining independence.
- **community contribution** - controlling anger, ceasing offending, and taking part in volunteering schemes organised by the Charity to encourage community involvement.
- **Mental health and wellbeing** - Positive mental health and wellbeing help to create a foundation for growth and development. It is important we recognise and address any barriers such as mental health and ensure young people can access the support they need.

The Charity provides a unique combination of services, to support young people to reach their goals. The Trustees believe that this, together with the achievements outlined above, provide considerable evidence of the significant public benefit the Charity achieves.

ACHIEVEMENTS AND PERFORMANCE

COVID 19 Pandemic

We have now been through an unprecedented second year, with the impact of COVID-19 beginning in March 2020. We needed to balance abiding by the newly imposed lockdown rules and remaining at home where possible, with the need to continue providing consistent support to those in need.

The Charity has stayed open and fully operational throughout the pandemic. The charity's employees, Host families and volunteers have shown amazing dedication, commitment, and flexibility during the period. Inevitably many services have had to be re-engineered to be able to operate remotely through online services rather than face-to-face. We are now progressing to a hybrid form of working that will become the new norm.

Accommodation Services: At the end of the financial year (March 2022) the Charity was providing up to 253 accommodation beds for young people at any one time, down from 267 at March 2021.

The Charity provides **Stage 1 accommodation** support to those who meet the referral criteria for this accommodation. This includes 16+ looked after young People with High Intensive Support needs and is based in Aldershot, Basingstoke, and Havant. We have recently purchased a property in the New Forest District Council area where we will be able to further support young people under the High Intensive Support Needs contract with Hampshire Council. This committed purchase, approved by the Board in the 2021/22 year, is a post year end Balance Sheet event involving an asset purchase of £534,974.

Supported Independence Flats are based within the Aldershot Foyer and provide accommodation for young people, who are not otherwise entitled to financial support with housing. Within these flats young people are able to live more independently alongside other

DIRECTORS' REPORT

For the year ended 31 March 2022

young people and are supported with step sessions with a dedicated support worker.

Supported Accommodation Beds are also available within the Aldershot Foyer for Young People that need our support but that do not have the funding for the support that they require. This support is funded from our fund-raising activity.

Referrals are from several agencies with whom the Charity has a relationship with, as well as young people being able to refer themselves. This year the Charity accommodated 58% of all referrals made to its accommodation services, receiving 542 referrals and making 314 admissions. During the course of the year 429 young people were accommodated, with up to 253 in residence in our accommodation services at any one time (year-end position). Positive progression or stabilisation was achieved by 70% of young people in the accommodation services overall.

We commissioned the Supported Independence Flats in December 2020 and so far, have had 30 young people stay with a progression rate of 67%, with 11 young people (75%) positively moved on and one placement being abandoned.

The charity provides **Supported Lodgings** family placements for 209 young people at any one time across five counties (year-end position) with 331 residents during the year, with 73% of young people achieving positive progress or stabilisation.

Training Services: Our training programmes are delivered by our accommodation teams and provide a range of sessions targeted at enhancing the key life skills of young people and supporting them into employment and educational opportunities.

Launch: Launch is a remodelling and rebranding of our Youth Aims service and went live in Feb 2022. **Launch** provides information and guidance on a range of issues, including housing and homelessness, applying for benefits, sexual health, signposting, relationships, and getting into education or employment.

The Launch team includes a **Recovery Support Worker** and an **Emotional Wellbeing Support Worker** to allow new expertise to be offered to young people requiring specialist support. **Launch** is free and available for young people aged 11-25 living in one of the six counties Step by Step operates in.

Young people can access **Launch** via live chat, email, text message and phone. In this way, Last year this service supported 162 young people in the year and the step chat service conducted 361 chat sessions.

Counselling: As a specialist provider of youth counselling for young people aged 11 – 24, and against a backdrop of rising youth mental ill health, we were pleased to be able to support 694 young people in the year who attended counselling sessions.

Fundraising: The Charity is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees support the aims of this legislation. The majority of the Charity's income comes from other charitable bodies and local authorities. The Charity undertakes very little direct fundraising activity involving individual donors. Examples include our online giving page, Open Doors appeal and events which are promoted generally through communications, rather than targeting specific individuals. The Charity considers the origin of unsolicited donations and legacies.

DIRECTORS' REPORT

For the year ended 31 March 2022

The Charity does not share or purchase any donor data with or from third parties.

During the year ended 31 March 2022, the Charity did not receive any complaints in relation to fundraising or raise any matter with regulators.

Public Relations: The Charity has continued to receive regular positive media coverage including on local radio and in the press. No negative publicity has been received.

Young People's Initiatives/Participation: The Charity has worked to maximise young people's involvement in all aspects of service provision and the ethos of the Charity places emphasis on ensuring the young peoples' interests are at the heart of service delivery. The organisation takes an asset-based approach to working with young people, meaning very simply, that the focus is on their strengths and their talents, optimising these qualities in order to support young people to realise their potential and fulfil their aspirations. This approach encourages responsibility and accountability, and young people are able to plan and implement community-based projects, to support delivery of training sessions, and mentor their peers via the Young Persons Advisory Group (YPAG).

Volunteers: This year we have been successful in recruiting a Volunteer Co-Ordinator. The Volunteer Coordinator provides support to all volunteers across the organisation coordinating training and HR needs. This year we have both retained our volunteers and successfully increased the number of volunteers providing valuable support to the services. Currently we have 19 volunteers working and supporting across the charity.

Volunteers contribute to areas such as premises maintenance and development, community fundraising, finance and administration, support of a database and recording system, management and collection of food / clothing donations. Their varied and significant contributions are greatly appreciated, and the Charity aims to further increase the number of volunteers supporting our staff team further in the coming year.

Outcomes Monitoring: The Outcomes Star system, which is a nationally recognised formal outcome monitoring system, has been used with continuing positive results. Credible outcome information is critical in assessing the effectiveness of our services to progress our young people and we continue to maintain accurate and comprehensive data records through the "Inform" young people record management system.

Governance: A bi-annual self- assessment process to review Board performance is a well-established practice and provides a productive vehicle for continuous governance improvement. The Board currently has 11 Trustee/Directors. Each Trustee/Director has been recruited to a specific role and a competency table is maintained to reflect the overall capability and skill set of the Board and scored to highlight any exposures. The Board is satisfied that the current mix of skills and competence is well suited to the governance of the charity. The 11 Directors service range is 2 – 15 years with an average of six years.

The Company Secretary tracks changes in both Company Law and Charity Commission regulations and advises the Board accordingly. Necessary and appropriate policies and associated procedures are in place separated into two lists. List A being those that require Board approval and List B being those that do not and are solely within the remit of the CEO and their Leadership Team. A clear statement is maintained on the powers the Board has delegated into the organisation with clear limits on those powers and who is empowered to execute them.

Standard items of report to every Board meeting includes – Declaration of Conflicts of Interest, CEO report, Treasurer's report, Serious Incidents report, Safeguarding report, Health & Safety report, Property Maintenance report, GDPR report. Every other Board meeting considers the Risk Register.

DIRECTORS' REPORT

For the year ended 31 March 2022

Key Achievements: The Charity is proud that despite a challenging environment for UK charities we have remained focused on our mission and the numbers of young people supported has been maintained. Some of our key achievements in 2021/22 include:

- A total of 1,580 young people were supported by Step by Step in 2021/22 across Hampshire, Surrey, West Berkshire, Dorset, West Sussex and Wiltshire.
- The number of counselling sessions delivered to young people grew by 12.4% to 2199 sessions in the year. A total of 694 young people accessed this service compared to 593 the previous year.
- We have been successful in retaining a pilot in the Supported Lodgings Service in Swindon.
- Our Supported Lodgings service continued to grow, and a total of 331 young people accessed this service compared with 302 the previous year.
- We exceeded our Fundraising income targets for the year achieving a total of £811.692
- We have successfully funded the Supported Independence Flats and Supported Accommodation Beds for a further Year allowing us to support unfunded young people to access our services.
- We have successfully produced a Business and Investment plan for a Trading subsidiary that has been approved by the Board and is expected to go live during the 2022/23 financial year not only enabling us to support further young people but to also generate funds for the Charity. Board approved investment in this subsidiary will take place in the next financial year and will comprise of a mix of loan and grant finance.
- We have sourced a property in the New Forest District Council area that is being purchased to provide a new Foyer service in the area.
- We successfully passed our 2021 safeguarding Section 11 Audit
- We have introduced a wide number of training opportunities through apprenticeships and external course providers for our staff teams.

FINANCIAL REVIEW FOR THE YEAR

The Statement of Financial Activities is set out on page 16 and shows the net movement in funds for the year.

During the year a surplus of **£453,580** was recorded.

We continue to review our income and expenditure on a monthly basis. We seek new contracts and utilise our fundraising resources to increase income. We also continuously review our cost base to ensure that our resources are applied efficiently and effectively to meet our objectives.

Reserves Policy

The Charity's policy is to establish and maintain a level of reserves which ensures there are adequate funds to meet all current and known liabilities as well as committed development expenditure. In practice the Directors regularly review reserves to ensure that they are sufficient to cover a minimum of:

- Six to nine months cover of committed income less budgeted expenditure for the next 12 months. Committed income for the next 12 months is £3.0m; budgeted expenditure against the income streams is £3.81m. Six to nine months' cover is therefore between £414k and £621k
- Proposed development and committed capital expenditure for at least the next 12 months of £1,048k

DIRECTORS' REPORT

For the year ended 31 March 2022

Total Reserves as of 31st March 2022 are £1,751,646 comprising of restricted funds of £150,000, designated funds of £1,048,297 and unrestricted funds of £553,349.

After allowing for restricted and designated funds, the free reserves were £553,349 at the year end. Free reserves are funds that have not been restricted by the funder or designated by the Charity for a specific service or investment. Free reserves are within the reserves requirement as stated in the Reserves Policy agreed by the Trustees, which the Trustees feel is appropriate at the current time.

Going Concern

In determining that the Charity continues to be a going concern for the purposes of preparing these financial statements, the Trustees have considered the following:

- The financial performance of the charity since the 31 March 2022 and current balance sheet position
- 2022/23 Budgets and forecasts of performance of the charity to 31st July 2023, including cash flow
- That major contracts will be either re-tendered or extended in the year to 31 March 2023, and we have considered the consequences of renewing or extending those contracts at a different rate, or not renewing the contracts
- the new contract opportunities and investments that are being progressed that evidence the benefit of the new foundations set for the charity over the last few years.

Through this review, the Trustees have assessed that the charity continues to be a going concern.

Investment Policy

All investment decisions are taken in the best interests of the charity achieving its charitable purpose and follow the Charity Commission's guidance on investment matters as stated in their publication "Charities and Investment Matters: a guide for Trustees".

Financial Investment

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable. All such investments by the Charity are subject to risk assessment as part of the formulation of financial investment cases. These may vary from very low risk investments e.g., cash reserves investment to support the Reserves Policy invested under FSCS guarantees, through to relatively high-risk assessments e.g. funding new services with the objective of creating new income streams and surplus to support the charitable purpose.

PLANS FOR THE YEAR AHEAD

The 2021/22 year was the second year of a 3-year strategic plan. A key aspect of this plan was to lay down the foundations for the next chapter in the development of the charity. This plan recognised the significant changes taking place in this sector of charity activity. Examples being, significant reductions in government funding and reductions in the scope of what it was possible to fund, a broadening range of demand for services including support for unaccompanied asylum-seeking children and increasing numbers of young people presenting with mental health issues. Despite the impact of the pandemic Step by Step is immensely proud that it has stayed committed to the plan and is successfully delivering against it. This is a great credit to the CEO, the Leadership Team and all at Step by Step.

DIRECTORS' REPORT

For the year ended 31 March 2022

The charity enters the third year of the plan with sound foundations in place but at all times recognising that we live in very uncertain times. Step by Step will stay true to its mission but also stay focused on achieving financial sustainability. The latter implying the need to create annual surplus and maintain good levels of cash generation and reserves. Monthly financial

review meetings will continue to take place with the Leadership Team and Treasurer and is open to any Director to attend.

2022/23 is a year in which the portfolio of current services will be sustained supported by an opening position of excellent contract coverage. In addition, investments agreed in the 2021/22 year will be pursued with vigour including the investment in establishing a fostering agency trading subsidiary and, completing the property purchase that establishes a new Foyer in the south of Hampshire. Plans are also in place to expand our services for unaccompanied asylum-seeking children, a regrettable consequence of the turmoil that increasingly exists in several parts of the world.

A new 3 year strategic plan will also be formed in the year and be part of the annual budget and business plan approval process. The formulation of that plan is already underway.

Step by Step is mindful that as it develops it goes hand in hand with the development of the Leadership Team and all staff in the charity. Sustained attention to staff development and careful recruitment are key to the journey that the charity is taking. Whilst the charity is keen to help as many young people as possible, that fall within the remit of its mission, its development approach will remain one of caution. Every decision is made in the best interests of the young people we seek to help and support providing it is financially affordable and sustainable.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of Step by Step Partnership Limited for the purposes of company law) are responsible for preparing the Directors' Report and 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, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards 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 Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are

DIRECTORS' REPORT

For the year ended 31 March 2022

also responsible for safeguarding the assets of the Charitable Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

APPROVAL

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

This report was approved by the Board on 29 July 2022 and signed on its behalf, by:

Keith Gathergood

INDEPENDENT AUDITOR'S REPORT
to the members of Step By Step Partnership Ltd

Opinion

We have audited the financial statements of Step by Step Partnership Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 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
- 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 Auditor's 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 UK, including the FRC'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 Step by Step Partnership Limited'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 trustees' annual report other than the financial statements and our auditor's 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.

Opinions 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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' annual report. We have nothing to report in respect of the following matters in relation to which the 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; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Auditor's 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 auditor's 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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's 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 related to fraud or non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT
to the members of Step By Step Partnership Ltd

- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

22 August 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

	Note	Unrestricted General £	Designated £	Restricted £	2022 Total £	Unrestricted General £	Designated £	Restricted £	2021 Total £
Income from:									
Donations and legacies	2	286,484	–	150,000	436,484	353,208	–	–	353,208
Charitable activities	3 & 4								–
Accommodation		2,544,725	–	175,652	2,720,377	2,616,490	–	102,015	2,718,505
Counselling & support		293,365	–	96,082	389,447	175,155	–	37,552	212,707
Development projects		–	–	11,000	11,000	–	–	29,020	29,020
Investments		25	–	–	25	54	–	–	54
Total income		3,124,599	–	432,734	3,557,333	3,144,907	–	168,587	3,313,494
Expenditure on:									
Raising funds	5a	209,279	–	–	209,279	198,014	–	–	198,014
Charitable activities	5a								
Accommodation		2,273,769	–	169,945	2,443,714	2,268,399	–	122,583	2,390,982
Counselling & support		302,982	–	101,789	404,771	224,526	–	39,774	264,300
Development projects		34,989	–	11,000	45,989	17,473	9,094	8,664	35,231
Total expenditure		2,821,019	–	282,734	3,103,753	2,708,412	9,094	171,021	2,888,527
Net income / (expenditure) for the year	6	303,580	–	150,000	453,580	436,495	(9,094)	(2,434)	424,967
Transfers between funds		(481,057)	481,057	–	–	(104,528)	120,864	(16,336)	–
Net income / (expenditure) before other recognised gains and losses		(177,477)	481,057	150,000	453,580	331,967	111,770	(18,770)	424,967
Net movement in funds		(177,477)	481,057	150,000	453,580	331,967	111,770	(18,770)	424,967
Reconciliation of funds:									
Total funds brought forward		730,826	567,240	–	1,298,066	398,859	455,470	18,770	873,099
Total funds carried forward		553,349	1,048,297	150,000	1,751,646	730,826	567,240	–	1,298,066

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

Step by Step Partnership Ltd

Balance sheet

Company no. 2431825

As at 31 March 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	11		37,297		51,240
			37,297		51,240
Current assets:					
Debtors	12	303,419		165,447	
Cash at bank and in hand		2,067,469		1,676,168	
		2,370,888		1,841,615	
Liabilities:					
Creditors: amounts falling due within one year	13	(656,539)		(594,789)	
Net current assets			1,714,349		1,246,826
Total net assets			1,751,646		1,298,066
The funds of the charity:	18				
Restricted income funds			150,000		–
Unrestricted income funds:					
Designated funds		1,048,297		567,240	
General funds		553,349		730,826	
Total unrestricted funds			1,601,646		1,298,066
Total charity funds			1,751,646		1,298,066

Approved by the trustees on 29 July 2022 and signed on their behalf by

S Mylvaganam
Treasurer Director

K Gathergood
Chair

Step by Step Partnership Ltd**Statement of cash flows****For the year ended 31 March 2022**

	2022 £	£	2021 £	£
Cash flows from operating activities				
Net income for the reporting period (as per the statement of financial activities)	453,580		424,967	
Depreciation charges	24,755		21,913	
Dividends, interest and rent from investments	(25)		(54)	
(Profit)/loss on the disposal of fixed assets	350		1,691	
(Increase)/decrease in debtors	(137,972)		132,015	
Increase / (Decrease) in creditors	61,750		153,621	
Net cash provided by operating activities	402,438		734,153	
Cash flows from investing activities:				
Dividends, interest and rents from investments	25		54	
Purchase of fixed assets	(11,162)		(30,991)	
Net cash (used in) investing activities	(11,137)		(30,937)	
Change in cash and cash equivalents in the year	391,301		703,216	
Cash and cash equivalents at the beginning of the year	1,676,168		972,952	
Cash and cash equivalents at the end of the year	2,067,469		1,676,168	

1 Accounting policies

a) Statutory information

Step by Step Partnership Ltd is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

b) Basis of preparation

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements 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. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

The charity owns a trading subsidiary company, Step by Step Fostering Limited. This company did not trade in the financial year and was dormant, and no consolidation with these accounts was required.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) 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 bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in seeking voluntary contributions, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering accommodation and support services, welfare, guidance and counselling activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on the amount of support utilised by each service.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

• Supported Accommodation	64%
• Counselling & Support	23%
• Cost of raising funds	10%
• Growth & Development	0%
• Governance costs	3%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• IT and computer equipment	33% straight line
• Fixtures and fittings	20% straight line

1 Accounting policies (continued)**m) Debtors**

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

o) Cash at bank and in hand

Cash at bank and cash 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.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) 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.

r) Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the Scheme in respect of the year.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Churches	7,820	–	7,820	9,890	–	9,890
Secular organisations	100,363	–	100,363	200,805	–	200,805
Individuals	159,042	150,000	309,042	118,503	–	118,503
Legacies	12,438	–	12,438	–	–	–
Events	6,811	–	6,811	23,880	–	23,880
Other	10	–	10	130	–	130
	<u>286,484</u>	<u>150,000</u>	<u>436,484</u>	<u>353,208</u>	<u>–</u>	<u>353,208</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Accommodation	2,544,725	175,652	2,720,377	2,616,490	102,015	2,718,505
Counselling & support	293,365	96,082	389,447	175,155	37,552	212,707
Development Projects	–	11,000	11,000	–	29,020	29,020
Total	<u>2,838,090</u>	<u>282,734</u>	<u>3,120,824</u>	<u>2,791,645</u>	<u>168,587</u>	<u>2,960,232</u>

4 Income from charitable activities by funder

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Grants and Contracts						
Trust Income	107,760	282,734	390,494	47,473	168,587	216,060
Local Authority Grants	–	–	–	–	–	–
Sub-total	107,760	282,734	390,494	47,473	168,587	216,060
Housing & Supported Lodgings related incomes						
Local Authority Contracts	2,628,574	–	2,628,574	2,661,353	–	2,661,353
Rent & Personal Charges	101,644	–	101,644	82,819	–	82,819
Sundry Income	112	–	112	–	–	–
Sub-total	2,730,330	–	2,730,330	2,744,172	–	2,744,172
Total income from charitable activities	2,838,090	282,734	3,120,824	2,791,645	168,587	2,960,232

5a Analysis of expenditure (current year)

	Charitable activities							
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	2022 Total £	2021 Total £
Staff costs (Note 7)	109,565	954,489	200,180	58,512	29,296	281,043	1,633,085	1,514,729
Direct Costs	53,015	1,200,320	101,451	(12,523)	16,140	–	1,358,403	1,273,478
Support – Other staff costs	–	–	–	–	–	32,491	32,491	12,903
Support – Administrative running costs	–	–	–	–	–	53,499	53,499	34,878
Support – Building maintenance costs	–	–	–	–	–	2,514	2,514	5,434
Support – Marketing costs	–	–	–	–	–	3,368	3,368	1,429
Support – Legal & Professional Fees	–	–	–	–	–	20,393	20,393	42,230
Support – Misc	–	–	–	–	–	–	–	3,446
	162,580	2,154,809	301,631	45,989	45,436	393,308	3,103,753	2,888,527
Support costs	42,960	257,689	92,659	–	–	(393,308)	–	–
Governance costs	3,739	31,216	10,481	–	(45,436)	–	–	–
Total expenditure 2022	209,279	2,443,714	404,771	45,989	–	–	3,103,753	
Total expenditure 2021	198,014	2,390,982	264,300	35,231	–			2,888,527

5b Analysis of expenditure (prior year)

	Charitable activities						
	Raising funds £	Accommodation £	Counselling & support £	Growth & development £	Governance costs £	Support costs £	2021 Total £
Staff costs (Note 7)	108,044	913,297	97,065	–	46,799	349,524	1,514,729
Direct Costs	37,386	1,167,897	54,906	–	13,289	–	1,273,478
Support – Other staff costs	–	–	–	–	–	12,903	12,903
Support – Administrative running costs	–	–	–	–	–	34,878	34,878
Support – Building maintenance costs	–	–	–	–	–	5,434	5,434
Support – Marketing costs	–	–	–	–	–	1,429	1,429
Support – Legal & Professional Fees	–	–	–	–	–	42,230	42,230
Support – Misc	–	–	–	–	–	3,446	3,446
	145,430	2,081,194	151,971	–	60,088	449,844	2,888,527
Support costs	46,097	263,759	95,771	35,231	8,986	(449,844)	–
Governance costs	6,487	46,029	16,558	–	(69,074)	–	–
Total expenditure 2021	198,014	2,390,982	264,300	35,231	–	–	2,888,527

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2022 £	2021 £
Depreciation	24,755	21,913
Loss on disposal of fixed assets	350	1,691
Operating lease rentals payable:		
Property	30,766	30,766
Other	1,536	1,536
Auditor's remuneration (excluding VAT):		
Audit	11,600	11,075
	<u>11,600</u>	<u>11,075</u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	1,474,362	1,330,266
Redundancy and termination costs	–	38,342
Social security costs	117,321	108,329
Employer's contribution to defined contribution pension schemes	41,402	37,792
	<u>1,633,085</u>	<u>1,514,729</u>

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022 No.	2021 No.
£60,000 – £69,999	1	1
£70,000 – £79,999	–	1
	<u>–</u>	<u>1</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £353,517 (2021: £407,094).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2021: £252) incurred by no (2021: 1) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 73 (2021: 65).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2022 No.	2021 No.
Governance, Management and Admin	7.6	7.2
Fundraising	5.0	4.9
Accommodation and other service staff	40.1	35.5
	<u>52.7</u>	<u>47.6</u>

9 Related party transactions

During the year no Directors received benefits in kind (2021: Nil).

During the year no Directors received consultancy fees (2021: Nil).

During the year no Director received reimbursements for expenses (2021: £252).

During the year no Directors donated to the charity (2021: £805).

There were no further related party transactions during the year (2021: Nil).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

	Furniture, fittings & IT equipment £	Total £
Cost		
At the start of the year	186,783	186,783
Additions in year	11,162	11,162
Disposals in year	(112,585)	(112,585)
At the end of the year	85,360	85,360
Depreciation		
At the start of the year	135,543	135,543
Charge for the year	24,755	24,755
Eliminated on disposal	(112,235)	(112,235)
At the end of the year	48,063	48,063
Net book value		
At the end of the year	37,297	37,297
At the start of the year	51,240	51,240

All of the above assets are used for charitable purposes.

12 Debtors

	2022 £	2021 £
Trade debtors	155,005	118,496
Other debtors	89,867	9,103
Prepayments	58,547	37,848
	303,419	165,447

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	193,460	145,769
Taxation and social security	30,651	27,259
Other creditors	16,377	11,832
Accruals	91,857	36,457
Deferred income (note 14)	324,194	373,472
	656,539	594,789

14 Deferred income

Deferred income comprises of multi-year grant funding and contract income received in advance.

	2022 £	2021 £
Balance at the beginning of the year	373,472	192,826
Amount released to income in the year	(373,472)	(192,826)
Amount deferred in the year	324,194	373,472
	324,194	373,472

15 Pension scheme

The charity operates a Defined Contribution Scheme. Amounts paid into the scheme were £41,402 (2021: £37,792). Amounts outstanding at the end of the year were £8,535 (2021: £8,115).

16 Financial instruments

	2022 £	2021 £
Cash at bank	2,067,469	1,676,168
Financial Assets measured at amortised cost (a)	244,872	127,599
Financial liabilities measured at amortised cost (b)	(775,888)	(583,866)
	1,536,453	1,219,901

- a) Financial assets measured at amortised cost include: trade debtors, other debtors and accrued income. Impairment losses charged to financial assets measured as amortised cost in the year amounted to £4,270 (2021: £7,531)
- b) Financial liabilities measured at amortised cost include: trade creditors, other creditors, accruals and deferred income.

17a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	37,297	-	37,297
Net current assets	1,359,888	1,011,000	150,000	2,520,888
Creditors due within one year	(806,539)	-	-	(806,539)
Net assets at 31 March 2022	553,349	1,048,297	150,000	1,751,646

17b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	51,241	–	51,241
Net current assets	1,325,615	515,999	–	1,841,614
Creditors due within one year	(594,789)	–	–	(594,789)
Net assets at 31 March 2021	730,826	567,240	–	1,298,066

18a Movements in funds (current year)

	At 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds:					
Supported Accommodation	–	169,945	(169,945)	–	–
Counselling & Support Services	–	101,789	(101,789)	–	–
Purchase of Property	–	150,000	–	–	150,000
Young people Training and Activities	–	–	–	–	–
Covid 19 Emergency Funds	–	–	–	–	–
Development Projects	–	11,000	(11,000)	–	–
Total restricted funds	–	432,734	(282,734)	–	150,000
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	65,000	–	–	–	65,000
Development Capital Fund	451,000	–	–	495,000	946,000
Fixed Asset Fund	51,240	–	–	(13,943)	37,297
Total designated funds	567,240	–	–	481,057	1,048,297
General funds	730,826	3,124,599	(2,821,019)	(481,057)	553,349
Total unrestricted funds	1,298,066	3,124,599	(2,821,019)	–	1,601,646
Total funds	1,298,066	3,557,333	(3,103,753)	–	1,751,646

The narrative to explain the purpose of each fund is given at the foot of the note below.

18b Movements in funds (prior year)

	At 31 March 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds:					
Supported Accommodation	4,426	81,614	(86,040)	–	–
Counselling & Support Services	8,294	31,479	(39,773)	–	–
Young people Training and Activities	6,050	10,094	(16,144)	–	–
Covid 19 Emergency Funds	–	20,400	(20,400)	–	–
IT upgrade	–	25,000	(8,664)	(16,336)	–
Total restricted funds	18,770	168,587	(171,021)	(16,336)	–
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	61,617	–	–	3,383	65,000
Development Capital Fund	350,000	–	(9,094)	110,094	451,000
Fixed Asset Fund	43,853	–	–	7,387	51,240
Total designated funds	455,470	–	(9,094)	120,864	567,240
General funds	398,859	3,144,907	(2,708,412)	(104,528)	730,826
Total unrestricted funds	854,329	3,144,907	(2,717,506)	16,336	1,298,066
Total funds	873,099	3,313,494	(2,888,527)	–	1,298,066

Purposes of restricted funds**Supported Accommodation**

This fund is restricted funding to be used within the supported accommodation services. This includes; specialist staff training and enhanced one to one support with young people at our foyer accommodation, support workers for Supported Independence Flats and funding for pilot supported lodgings scheme for young people aged 18 and over.

Counselling & Support Services

This fund provides specialist one to one counselling services and a drop-in service providing information, guidance and support to young people and their families.

Purchase of Property

This fund represents donations by individuals restricted to the purchase of property only.

Young people Training and Activities

This fund supports a number of services, which offer a combination of support, skills training, activities and constructive occupation of time.

Covid 19 Emergency Funds

This fund supported exceptional costs incurred due to the pandemic. This included activities, equipment and support for young people, PPE for staff and hosts, H&S equipment and agency staff.

IT Upgrade

This fund paid for the replacement of the server, associated set-up costs and licences. The remaining balance has been transferred to the designated fixed asset fund.

Development Projects

This fund is to support projects to develop the services provided to young people.

Purposes of designated funds

Capital and Maintenance Fund

This has been designated for the necessary replacement of equipment, property dilapidations and non-routine property maintenance and repairs.

Remuneration Review Fund

This fund had been designated to provide for costs of staff salary uplifts following the results of a bench-marking review. These salary uplifts were implemented during 2019–20.

Development Capital Fund

This fund had been designated to provide funding for investments in development projects to further diversify and grow and support the services we provide to young people.

Fixed Asset Fund

This fund has been designated to match the net book value of the Charity's fixed assets.

19 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property		Equipment	
	2022	2021	2022	2021
	£	£	£	£
Less than one year	30,766	30,766	1,152	1,536
One to five years	123,064	123,064	–	1,152
Over five years	282,022	312,788	–	–
	435,852	466,618	1,152	2,688

20 Legal status of the charity

Step by Step Partnership Limited is a charitable company limited by guarantee and has no share capital. Each member is liable to contribute a sum, not exceeding £1, in the event of the Charity being wound up.

21 Post Balance Sheet Events

In April 2022 the charity purchased a property for £534,974.

STEP BY STEP PARTNERSHIP LIMITED

England & Wales - Charity number 900308

Accounts



Young People. Hard Times. Bright Futures.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2021

CONTENTS

	Page
Legal and administrative information	1
Directors' report	3
Independent auditor's report	14
Statement of financial activities	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2021

Directors

Mr K Gathergood, Chairman
Mr S Mylvaganam, Treasurer
Mr R James
Mr J Devlin
Mr A Auteri
Mrs C Thomas
Sir J Portal
Mrs C Skerry – appointed 04.02.20.
Mr J Mowat
Mr A Mitchell
Mrs L Barnes – appointed 18.06.20.

Company Registration Number

2431825

Charity Registration Number

900308

Address & Registered Office

36 Crimea Road, Aldershot, Hampshire, GU11 1UD

Company Secretary

Mr A Chapman – resigned 18.07.20.
Mrs L Barnes – appointed 18.07.20.

Chief Executive

Mrs D Moreton – appointed 01.07.20.

Head of Programme Management

Mr B Harman – appointed 01.07.20, resigned 28.02.21.

Head of Fundraising

Mrs A Chiu

Head of Income Generation

Mrs N Goom – appointed 1.10.20

HR Manager

Mrs R Palmer – Appointed 01.09.20.

Head of Finance

Mrs M Bareham

Supported Lodgings Manager

Ms K Headen – appointed 01.06.20.

Regional Foyer Manager & Safeguarding Lead

Miss M Partridge – appointed 01.06.20.

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2021

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Bankers

CAF Bank Limited, 25 Kings Hill Avenue, West Malling, Kent, ME19 4TA

Solicitors

Moore Barlow, Concord House, 165 Church St East, Woking GU21 6HJ

DIRECTORS' REPORT

For the year ended 31 March 2021

The Directors of the Company for the purposes of the Companies Act, who are also Trustees of the Charity for the purposes of the Charities Act, submit their annual report and the financial statements for Step by Step Partnership Limited (the Charity) for the year ended 31 March 2021. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Charity was incorporated under the Companies Act 1985 on 12 October 1989 and is limited by guarantee. It has been registered as a charity since 25 January 1990. As a charitable company limited by guarantee, operations are governed by the Charity's Memorandum and Articles of Association.

Directors and Method of Appointment

The Directors of the Charity, who are also its Trustees, are elected at an AGM (or may be appointed during the year by the Board with election at the next AGM). The candidature of people with skills, experience and/or interests relevant to the Charity's activities is encouraged through advertising publicly, employing specialist recruitment agencies and soliciting local organisations. They may serve for up to three years before re-election.

Organisation and Decision Making

The Governance structure is made up of a Board and two types of subcommittees which are known as a Board Executive Committee (BEC) and Board Subcommittees (BS). The BEC is based on delegated decision-making powers handed down from the main Board whilst BS's are based on advice and recommendations being requested by and submitted to the Board.

Board members are appointed to fulfil the terms of reference of specific roles that the Board wishes to add to its Board team through a process managed by a Board Appointments Subcommittee. The Chief Executive is not a director but a permanent non-voting member of the Board with the right to attend all Board Meetings unless a conflict of interest exists. The Board meets every quarter. An induction procedure is used for all new members of the Board and includes learning about the history, ethos and day-to-day operation of the Charity as well as outlining their responsibilities, conduct at meetings and relations with staff. The induction is usually carried out by the Chairman supported by other Directors and the Chief Executive. During the pandemic, no Director presence on the Charity's premises has been possible and hence limited some aspects of the induction process. Directors are encouraged to attend training events relevant to their roles or assigned interests within the Charity. The Charity operates in a consistent way by following the policies set out and agreed by the Board, supported and implemented by the Chief Executive, Leadership Team and staff.

DIRECTORS' REPORT

For the year ended 31 March 2021

Day-to-day operational responsibility rests with the Chief Executive, who is responsible for all staff, Supported Lodging Host families and volunteers who provide valuable support to young people.

Remuneration Policy

To secure the standards of its work and to provide young people with excellent services Step by Step (SbS) needs to attract and retain high quality employees. A number of its services benefit from very qualified and competent staff and from a continuity of care that demands a continuity of service. Consequently, SbS's salary policy is to reward its talented people fairly, equitably, and consistently in accordance with their value to the organisation and in order to ensure their motivation and engagement.

The Charity employs pay scales to administer its salary programme in a consistent and transparent manner. However, it also accesses relevant salary survey data to confirm that all the staff at SbS are compensated equitably and fairly with regard to both their pay and benefits. The Board of SbS therefore requires that a salary and benefits survey be conducted at least every three years and, where wage inflation or other business reasons require, more regularly. The organisations and jobs to be surveyed are agreed by the Audit and Remuneration Sub Committee (ARSC), prior to the commencement of the survey. It is the general principle of the Charity that the salaries and benefits, on average, be positioned competitively in the local marketplace at a level to be determined by the ARSC.

As length of service increases it is anticipated that staff will move through their salary scale until they reach the maximum level of their individual scale. It is fundamental to the salary and benefits programme of the Charity that an increase will only be permitted if the individual has achieved a satisfactory level of performance, following the annual appraisal and development process.

Key personnel remuneration policy is decided by the ARSC and approved by the Board. With regard to the CEO's salary and benefits review, the Chairperson conducts an annual appraisal, utilising feedback from the Board members. The ARSC will then use this appraisal to develop a salary and benefits recommendation in line with the overall salary programme of the Charity, which is put to the Board for approval. In the light of current best practice, it is not anticipated that the CEO's salary will be more than five times greater than the lowest paid full time employee of the Charity.

Risks

The Charity operates a Risk Management process that meets the requirements of the Charity Commission. The significant risks to which the Charity could be exposed are:

- a. Disruption through responding to the global COVID-19 pandemic.
- b. The welfare and safety of the young people accessing our services, particularly where they may be engaging in risk taking behaviours.
- c. Loss of income due to an inability to deliver fundraising income, contract losses or the impact of welfare reform.

Priority is given to managing and mitigating these potential risks effectively. Key mitigating actions to manage these risks have been implemented in the year. These include:

- a. COVID-19 – we established a COVID-19 Response Steering Group and worked with the Local Authorities in the areas we operate to minimise the impact on the young people we support. We have also been delighted with the response to our

DIRECTORS' REPORT

For the year ended 31 March 2021

COVID-19 Emergency Funding Appeal. No member of staff has needed to be furloughed.

- b. Safeguarding – we reviewed our safeguarding practice and governance during the last 12 months, including an independent safeguarding audit that reported favourably on our approach and from which we could make several further improvements.
- c. Loss of income – the long-term outlook naturally has a degree of uncertainty due to the economic impact of COVID-19 however we have recently been successful in retendering for key services, started new Supported Lodgings services in Swindon and Wiltshire, and exceeded our fundraising income targets in 2020-2021.

Relationships with Other Organisations

The Charity works with many organisations including local authorities, voluntary sector organisations, Children's Services, Youth Support Services, the National Health Service (NHS) the Police and the Probation Service and Offender Management Service, all of whom refer young people to the Charity and with whom we seek to further their interests. The Charity works in partnership with Vivid Housing Association, Sovereign Housing Association and London & Quadrant Housing Association to accommodate vulnerable young people.

Funders are another group of stakeholders who have a continuing interest in the Charity's performance and its use of resources. Major funders include Local Authorities, charitable trusts, corporate funders and foundations and other charities. We are also supported by voluntary donations - mainly from individuals, local churches, schools, and organisations such as Rotary, Round Table and Lions. To all of them, the Trustees give their thanks on behalf of the most important stakeholders, the young people and their families that we serve.

OBJECTIVES AND ACTIVITIES

Objectives

As stated in the Memorandum of Association, the Charity's objective is to relieve the need of the young homeless, unemployed and other people by reason of their condition of hardship or distress, by the provision of supported housing, education, training and support.

Mission

The mission of the Charity is empowering young people and preventing homelessness. This is achieved by providing accommodation and support services. These offer a number of different programmes all designed to progress people towards independence. At the present time young people supported by the Charity are aged between 10 and 26 years and mainly fall into the 16-21 age group.

By providing a range of services, including accommodation and early intervention and prevention services, our services are tailored to the needs of the young people accessing them. We work with young people to overcome their barriers and achieve their aspirations. Our services include Foyer accommodation, supported lodgings accommodation, counselling services, advice and guidance services.

DIRECTORS' REPORT

For the year ended 31 March 2021

Public Benefit

The Trustees confirm that they have complied with the guidance of the Charities Act 2011 to have due regard to the public benefit guidance in determining the activities undertaken by the Charity.

The Charity Commission, in its "Charities and Public Benefit" Guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public.

The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charity which during the year under review has worked directly with 1,452 young people and family members which is an increase over the 2019/20 year of 243 young people and has educated a further 222 young people via school and community talks, a total beneficiary number of 1,674. Several of our key achievements during 2020/21 are detailed on page 7 under 'Achievements and Performance'.

In the year to 31 March 2021, 42.8% of young people were male, 56.8% female and 0.4% identified as non-binary; 81% of young people were teenagers. Residential Foyer accommodation for 46 homeless young people aged 16-21 (or to 25 under certain circumstances) was available at any one time at the end of the year (86 young people resident during the year). In addition, Supported Lodgings accommodation, with carefully vetted local families, was available to another 221 young people at any one time at the end of the year (302 young people resident during the year).

It may be surprising that homelessness is a problem in prosperous counties like Hampshire, Surrey, West Berkshire, and Dorset but demand for places consistently remains high. A noticeable shift in the year is that young people are tending to favour Supported Lodgings accommodation rather than Residential Foyer accommodation. However, the primary criteria is what best suits the needs of the young person. Most young people are in a downward spiral when they arrive with 59% unemployed but 95% of young people positively progressed or stabilised their circumstances. The key point about the 11-25 age group is that they are young enough and still adaptable enough to be helped. When they do succeed, the benefit to both them and the local community is enormous.

The Charity's aim is to help young people accept and deal with their problems, turn their lives around and become independent and successful members of the community who are able to realise their aspirations. This is done by a combination of individual advice and motivation, insistence on clear standards of acceptable behaviour and the provision of a range of training schemes covering:

- **basic skills** to ensure that young people can look after themselves properly - cooking, hygiene, laundry etc.
- **health and fitness** - registration with the NHS, physical and emotional health, teenage pregnancy and sexual health, drug and alcohol misuse, motivation.
- **understanding finance** - dealing with debts and gambling and learning to budget and to successfully maintain independence on a low income.
- **education and employment** - getting into work or training is very important part of gaining independence.

DIRECTORS' REPORT

For the year ended 31 March 2021

- **community contribution** - controlling anger, ceasing offending, and taking part in volunteering schemes organised by the Charity to encourage community involvement.
- **mental health and wellbeing** - Positive mental health and wellbeing help to create a foundation for growth and development. It is important we recognise and address any barriers such as mental health and ensure young people can access the support they need.

The Charity provides a unique combination of services, to support young people to reach their goals. The Trustees believe that this, together with the achievements outlined above, provide considerable evidence of the significant public benefit the Charity achieves.

ACHIEVEMENTS AND PERFORMANCE

COVID 19 Pandemic

The Charity has stayed open and fully operational through the 2020/21 year including throughout the three lockdown periods. The Charity's employees, Host families and volunteers have shown amazing dedication, commitment, and flexibility during the period. Inevitably many services have had to be re-engineered to be able to operate remotely through online services rather than face-to-face. This is naturally less than ideal but means we have been able to sustain the objectives of our mission and look forward to safely progressing back to more normal operation in the 21/22 year.

Accommodation Services: At the end of the financial year (March 2021) the Charity was providing up to 267 accommodation beds for young people at any one time, up from 256 at March 2020.

The Charity provides **Stage 1 accommodation** support to those who meet the referral criteria of the accommodation. This includes 16+ looked after young People with High Intensive Support needs and is based in Aldershot, Basingstoke, and Havant.

Supported Independence Flats are based within the Aldershot Foyer and provide accommodation for young people, who are not otherwise entitled to financial support with housing. Within these flats young people are able to live more independently alongside other young people and are supported in step sessions working on their tailored support plans with a dedicated support worker. Supported Independence Flats are currently funded by Children in Need's Inspiring Futures programme.

Referrals are from several agencies with whom the Charity has a relationship, as well as from young people themselves. This year the Charity accommodated 41% of all referrals made to its accommodation services, receiving 121 referrals and making 50 admissions. During the course of the year 86 young people were accommodated, with up to 46 in residence in our accommodation services at any one time (year-end position). Positive progression or stabilisation was achieved by 95% of young people in the accommodation services overall.

We commissioned the Supported Independence Flats in December 2020 and so far, have had ten young people stay with a progression rate of 100%, currently seven young people remain in the flats and three young people have positively moved on.

DIRECTORS' REPORT

For the year ended 31 March 2021

In addition, the charity provides **Supported Lodgings** family placements for 221 young people at any one time across five counties (year-end position) with 302 residents during the year, and 95% of young people achieving positive progress or stabilisation.

Training Services: Our training programmes are now delivered by our accommodation teams rather than by a separate team. The accommodation team provide a range of sessions targeted at enhancing the key life skills of young people and supporting them into employment and educational opportunities.

Young people have accessed education, employment, or training (EET) that were not previously engaged in any of these. Due to the success, we have had engaging young people in EET we secured two funding pots for EET progressions and EET Materials from End Youth Homelessness in December 2020 and had already achieved target, 12 young people accessing EET, by February 2021 and are now seeking further funding.

Youth AIMS: Youth AIMS is a drop-in advice and guidance service operating in Aldershot supporting young people across North Hampshire. The service also administers a rent deposit fund on behalf of Rushmoor Borough Council. The service delivered advice, guidance, information and advocacy to 96 young people in the year. Youth AIMS incorporates **Step Chat** which is a real-time messaging system on our web site through which young people in particular can communicate with our staff online. Our Youth AIMS team conducted 427 chat sessions in the year, an increase of 234 since the previous year.

Counselling: As a specialist provider of youth counselling for young people aged 11 – 24, and against a backdrop of rising youth mental ill health we were pleased to be able to support 593 young people in the year who attended counselling sessions.

Fundraising: The Charity is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees support the aims of this legislation. The majority of the Charity's income comes from other charitable bodies and local authorities. The Charity undertakes very little direct fundraising activity involving individual donors. Examples include our online giving page, Open Doors appeal and events which are promoted generally through communications, rather than targeting specific individuals. The Charity considers the origin of unsolicited donations and legacies. The Charity does not share or purchase any donor data with or from third parties. During the year ended 31 March 2021, the charity did engage with an independent professional fundraiser who went on to become an employee covering the Head of Fundraising's Maternity Leave. During the year ended 31 March 2021 the Charity did not receive any complaints in relation to fundraising or raise any matter with regulators.

Public Relations: The Charity has continued to receive regular positive media coverage including on local radio and in the press. No negative publicity has been received.

Young People's Initiatives/Participation: The Charity has worked to maximise young people's involvement in all aspects of service provision and the ethos of the Charity places emphasis on ensuring the young peoples' interests are at the heart of service delivery. The organisation takes an asset-based approach to working with young people, meaning very simply, that the focus is on their strengths and their talents, optimising these qualities in order to support young people to realise their potential and fulfil their aspirations. This

DIRECTORS' REPORT

For the year ended 31 March 2021

approach encourages responsibility and accountability, and young people are able to plan and implement community-based projects, to support delivery of training sessions, and mentor their peers via the Young Persons Advisory Group (YPAG).

Volunteers: The Charity has again been successful in increasing the number of volunteers providing valuable support to the services. Volunteers contribute to areas such as premises maintenance and development, community fundraising, finance and administration, support of a database and recording system, as well as helping to deliver training sessions and the Charity's drop in advice and guidance service. Their various and significant contributions are greatly appreciated, and the Charity aims to increase the number of volunteers supporting our staff team further in the coming year.

Outcomes Monitoring: The Outcomes Star system, which is a nationally recognised formal outcome monitoring system, has been used with continuing positive results. Credible outcome information is critical in assessing the effectiveness of our services to progress our young people and we continue to maintain accurate and comprehensive data records through the Inform young people record management system.

Governance: An annual self- assessment process to review Board performance is a well-established practice and provides a productive vehicle for continuous governance improvement. Following the restructuring and refocusing of the charity in 2017/18 a key activity has been the refreshing of the Board to guide the next stage of its development. Over the last two years seven new Trustee Director appointments have been made; the Board currently has 11 Trustee/Directors. Each Trustee/Director has been recruited to a specific role and a competency table is maintained to reflect the overall capability and skill set of the Board and scored to highlight any exposures.

The Company Secretary tracks changes in both Company Law and Charity Commission regulations and advises the Board accordingly. Necessary and appropriate policies and associated procedures are in place separated into two lists. List A being those that require Board approval and List B being those that do not and are solely within the remit of the CEO and their Leadership Team. A clear statement is maintained on the powers the Board has delegated into the organisation with clear limits on those powers and who is empowered to execute them.

Standard items of report to every Board meeting includes – Declaration of Conflicts of Interest, CEO report, Treasurer's report, Serious Incidents report, Safeguarding report, Health & Safety report, Property Maintenance report, and GDPR report. Every other Board meeting considers the Risk Register.

Key Achievements: The Charity is proud that despite a challenging environment for UK charities we have remained focused on our mission and the numbers of young people supported has been maintained. Some of our key achievements in 2020/21 include:

- A total of 1,674 young people were supported by Step by Step in 2020/21.
- 1,452 young people were directly supported in services across Hampshire, Surrey, West Berkshire, Dorset, West Sussex Wiltshire, and Swindon.
- Total bed spaces available grew by 4.3% between March 2020 and March 2021.
- The number of counselling sessions delivered to young people grew by 15.3% to 2,199 sessions in the year.

DIRECTORS' REPORT

For the year ended 31 March 2021

- We established a new Supported Lodgings Service in Wiltshire and secured the Swindon Supported Lodgings contract for a further 3 years.
- Our Supported Lodgings service continued to grow, and a total of 302 young people accessed this service compared with 277 the previous year.
- Our counselling service continued to grow, and a total of 593 young people accessed this service compared to 512 the previous year.
- We exceeded our Fundraising income targets for the year and had a great response to our COVID-19 emergency funding appeal.

FINANCIAL REVIEW FOR THE YEAR

The Statement of Financial Activities is set out on **page 19** and shows the net movement in funds for the year.

During the year a surplus of **£424,967** was recorded.

We continue to review our income and expenditure on a monthly basis. We seek new contracts and utilise our fundraising resources to increase income. We also continuously review our cost base to ensure that our resources are applied efficiently and effectively to meet our objectives.

Reserves Policy

The Charity's policy is to establish and maintain a level of reserves which ensures there are adequate funds to meet all current and known liabilities as well as committed development expenditure. In practice the Directors regularly review reserves to ensure that they are sufficient to cover a minimum of:

- Six to nine months cover of committed income less budgeted expenditure for the next 12 months. Committed income for the next 12 months is £2.823m; budgeted expenditure against the income streams is £3.547m. Six to nine months' cover is therefore between £362k and £543k
- Proposed development and committed capital expenditure for at least the next 12 months of £567k.

Total Reserves as at 31st March 2021 were £1,298,066 comprising of: Designated funds of £567,240 and unrestricted funds of £730,826.

After allowing for restricted and designated funds, the free reserves were £730,826 at the year end. Free reserves are funds that have not been restricted by the funder or designated by the Charity for a specific service or investment. Free reserves are above the reserves requirement as stated in the Reserves Policy agreed by the Trustees, which the Trustees feel is appropriate at the current time.

Going Concern

In determining that the Charity continues to be a going concern for the purposes of preparing these financial statements, the Trustees have considered the following:

DIRECTORS' REPORT

For the year ended 31 March 2021

- The financial performance of the Charity since the 31 March 2021 and current balance sheet position
- 2021/22 Budgets and forecasts of performance of the charity to 31st July 2022, including cash flow
- That major contracts will be either re-tendered or extended in the year to 31 March 2022, and we have considered the consequences of renewing or extending those contracts at a different rate, or not renewing the contracts

Through this review, the Trustees have assessed that the Charity continues to be a going concern and that there are no material uncertainties in relation to being a going concern.

Investment Policy

All investment decisions are taken in the best interests of the Charity achieving its charitable purpose and follow the Charity Commission's guidance on investment matters as stated in their publication "Charities and Investment Matters: a guide for Trustees".

Financial Investment

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable. All such investments by the Charity are subject to risk assessment as part of the formulation of financial investment cases. These may vary from very low risk investments e.g. cash reserves investment to support the Reserves Policy invested under FSCS guarantees, through to relatively high risk assessments e.g. funding new services with the objective of creating new income streams and surplus to support the charitable purpose.

PLANS FOR THE YEAR AHEAD

Over the last 2 years (2019/20 & 2020/21), since the restructuring in the 2018/19 year, the Charity has focused on building foundations from which it can grow and develop in a sustainable way. This, in addition to achieving our Mission and generating excellent outcomes for young people, has now been established.

Due to the uncertain times that are created by the COVID 19 pandemic the Charity will be cautiously expanding its range of services and geographic coverage in the 21/22 year. This strategy started towards the end of the 20/21 year with the introduction of the Supported Independence Flats. Plans are also at an advanced stage to offer a new form of social enterprise-based accommodation and support service and expansion to our counselling services. The current intention is that these will be launched in quarter one of the 21/22 year.

Recognising the increased levels of need and trauma that young people are facing today, The Charity plans to broaden our offering of Wellbeing services. We intend to broaden the reach of our Youth AIM Service, introduce Wellbeing Workers in Aldershot and Basingstoke, and create the post of Recovery Worker to support those with substance misuse issues.

Investment in improving the efficiency and productivity of the Charity's operation will continue and be increased in the 21/22 year. This includes following through to full implementation of a new HR system, upgrading our financial management system to Sage 200, and upgrading our fund-raising support system to a new CRM system. Each such

DIRECTORS' REPORT

For the year ended 31 March 2021

investment is subject to business and investment planning to make sure the improvement in operational efficiency and cost savings can be achieved.

The Charity is mindful that the balance between contract income for services commissioned by Councils and Public Authorities and those that need to be supported by other income streams will continue to change. The former continues to reduce under the government's austerity initiatives and demands that the Charity steps up its efforts to generate other income. The role of Head of Income Generation has been created to focus on addressing this change in balance. The 20/21 year generated the largest fund-raised income in the history of the Charity. The Charity's ability to generate and sustain the financing of non-public sector contract income is critical to sustaining the Mission of the charity. For example, sustaining the provision of Supported Independence Flats has such a dependency. The Charity is fortunate in that it has a Leadership Team and Board that is not short of ideas and enthusiasm to rise to this challenge. The re-establishment of the Charity onto sound foundations over the last 2 years supports the achievement of this strategy.

The Board is mindful that the continuing pandemic can cause strategic plans to be reviewed and changed at short notice. All decisions made by the Board are subject to the test that they need to be taken in the best interests of the vulnerable and disadvantaged young people we seek to help and support; providing they are financially sustainable. Through such an approach the Board remains committed to delivering its Mission and staying financially sustainable.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of Step by Step Partnership Limited for the purposes of company law) are responsible for preparing the Directors' Report and 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, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards 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 Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Charitable Company and

DIRECTORS' REPORT
For the year ended 31 March 2021

enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPROVAL

This report was approved by the Board on 30 July 2021 and signed on its behalf by

Keith Gathergood
Chair

INDEPENDENT AUDITOR'S REPORT to the members of Step By Step Partnership Ltd

Opinion

We have audited the financial statements of Step by Step Partnership Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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
- 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 Auditor's 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 UK, including the FRC'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 Step by Step Partnership Limited'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.

INDEPENDENT AUDITOR'S REPORT to the members of Step By Step Partnership Ltd

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's 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.

Opinions 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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' annual report. We have nothing to report in respect of the following matters in relation to which the 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; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT to the members of Step By Step Partnership Ltd

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Auditor's 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 auditor's 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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's 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 related to fraud or non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT to the members of Step By Step Partnership Ltd

- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's report and for no other purpose.

INDEPENDENT AUDITOR'S REPORT
to the members of Step By Step Partnership Ltd

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)
19 August 2021
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Step by Step Partnership Ltd

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted General £	Designated £	Restricted £	2021 Total £	Unrestricted General £	Designated £	Restricted £	2020 Total £
Income from:									
Donations and legacies	2	353,208	–	–	353,208	246,242	–	5,531	251,773
Charitable activities	3 & 4								–
Accommodation		2,616,490	–	102,015	2,718,505	2,787,128	–	16,387	2,803,515
Counselling & support		175,155	–	37,552	212,707	265,130	–	68,426	333,556
Development projects		–	–	29,020	29,020	–	–	–	–
Investments		54	–	–	54	712	–	–	712
Total income		3,144,907	–	168,587	3,313,494	3,299,212	–	90,344	3,389,556
Expenditure on:									
Raising funds	5a	198,014	–	–	198,014	152,841	–	–	152,841
Charitable activities	5a								
Accommodation		2,268,399	–	122,583	2,390,982	2,360,455	52,674	21,888	2,435,017
Counselling & support		224,526	–	39,774	264,300	257,451	–	58,181	315,632
Development projects		17,473	9,094	8,664	35,231	28,480	5,928	3,280	37,688
Total expenditure		2,708,412	9,094	171,021	2,888,527	2,799,227	58,602	83,349	2,941,178
Net income / (expenditure) for the year	6	436,495	(9,094)	(2,434)	424,967	499,985	(58,602)	6,995	448,378
Transfers between funds		(104,528)	120,864	(16,336)	–	(380,283)	380,283	–	–
Net income / (expenditure) before other recognised gains and losses		331,967	111,770	(18,770)	424,967	119,702	321,681	6,995	448,378
Net movement in funds		331,967	111,770	(18,770)	424,967	119,702	321,681	6,995	448,378
Reconciliation of funds:									
Total funds brought forward		398,859	455,470	18,770	873,099	279,157	133,789	11,775	424,721
Total funds carried forward		730,826	567,240	–	1,298,066	398,859	455,470	18,770	873,099

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

Step by Step Partnership Ltd

Balance sheet

Company no. 2431825

As at 31 March 2021

	Note	£	2021 £	£	2020 £
Fixed assets:					
Tangible assets	11		51,240		43,853
			<u>51,240</u>		<u>43,853</u>
Current assets:					
Debtors	12	165,447		297,462	
Cash at bank and in hand		1,676,168		972,952	
		<u>1,841,615</u>		<u>1,270,414</u>	
Liabilities:					
Creditors: amounts falling due within one year	13	(594,789)		(441,168)	
		<u>(594,789)</u>		<u>(441,168)</u>	
Net current assets			<u>1,246,826</u>		<u>829,246</u>
Total net assets			<u>1,298,066</u>		<u>873,099</u>
The funds of the charity:	18				
Restricted income funds			-		18,770
Unrestricted income funds:					
Designated funds		567,240		455,470	
General funds		730,826		398,859	
		<u>1,298,066</u>		<u>854,329</u>	
Total unrestricted funds			<u>1,298,066</u>		<u>854,329</u>
Total charity funds			<u>1,298,066</u>		<u>873,099</u>

Approved by the trustees on 30 July 2021 and signed on their behalf by

S Mylvaganam
Treasurer Director

K Gathergood
Chair

Step by Step Partnership Ltd

Statement of cash flows

For the year ended 31 March 2021

	2021		2020	
	£	£	£	£
Cash flows from operating activities				
Net income for the reporting period (as per the statement of financial activities)	424,967		448,378	
Depreciation charges	21,913		14,297	
Dividends, interest and rent from investments	(54)		(712)	
(Profit)/loss on the disposal of fixed assets	1,691		–	
(Increase)/decrease in debtors	132,015		(52,455)	
Increase / (Decrease) in creditors	153,621		90,110	
Net cash provided by operating activities		734,153		499,618
Cash flows from investing activities:				
Dividends, interest and rents from investments	54		712	
Purchase of fixed assets	(30,991)		(44,580)	
Net cash (used in) investing activities		(30,937)		(43,868)
Change in cash and cash equivalents in the year		703,216		455,750
Cash and cash equivalents at the beginning of the year		972,952		517,202
Cash and cash equivalents at the end of the year		1,676,168		972,952

1 Accounting policies

a) Statutory information

Step by Step Partnership Ltd is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 36 Crimea Road, Aldershot, Hampshire, GU11 1UD.

b) Basis of preparation

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements 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. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) 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 bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in seeking voluntary contributions, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering accommodation and support services, welfare, guidance and counselling activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on the amount of support utilised by each service.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Supported Accommodation	59%
● Counselling & Support	21%
● Cost of raising funds	10%
● Growth & Development	8%
● Governance costs	2%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● IT and computer equipment	20% straight line
● Fixtures and fittings	33% straight line

1 Accounting policies (continued)**m) Debtors**

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

o) Cash at bank and in hand

Cash at bank and cash 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.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) 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.

r) Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the Scheme in respect of the year.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Churches	9,890	–	9,890	11,981	–	11,981
Secular organisations	200,805	–	200,805	121,221	5,531	126,752
Individuals	118,503	–	118,503	70,157	–	70,157
Legacies	–	–	–	15,274	–	15,274
Events	23,880	–	23,880	24,461	–	24,461
Other	130	–	130	3,148	–	3,148
	<u>353,208</u>	<u>–</u>	<u>353,208</u>	<u>246,242</u>	<u>5,531</u>	<u>251,773</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Accommodation	2,616,490	102,015	2,718,505	2,787,128	16,387	2,803,515
Counselling & support	175,155	37,552	212,707	265,130	68,426	333,556
Development Projects	–	29,020	29,020	–	–	–
Total	<u>2,791,645</u>	<u>168,587</u>	<u>2,960,232</u>	<u>3,052,258</u>	<u>84,813</u>	<u>3,137,071</u>

4 Income from charitable activities by funder

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Grants and Contracts						
Trust Income	47,473	168,587	216,060	44,992	84,813	129,805
Local Authority Grants	–	–	–	29,538	–	29,538
Sub-total	47,473	168,587	216,060	74,530	84,813	159,343
Housing & Supported Lodgings related incomes						
Local Authority Contracts	2,661,353	–	2,661,353	2,869,217	–	2,869,217
Rent & Personal Charges	82,819	–	82,819	106,219	–	106,219
Sundry Income	–	–	–	2,292	–	2,292
Sub-total	2,744,172	–	2,744,172	2,977,728	–	2,977,728
Total income from charitable activities	2,791,645	168,587	2,960,232	3,052,258	84,813	3,137,071

5a Analysis of expenditure (current year)

	Charitable activities							
	Raising funds £	Accommodation £	Counselling & Support £	Growth & Development £	Governance costs £	Support costs £	2021 Total £	2020 Total £
Staff costs (Note 7)	108,044	913,297	97,065	–	46,799	349,524	1,514,729	1,536,498
Direct Costs	37,386	1,167,897	54,906	–	13,289	–	1,273,478	1,252,412
Support – Other staff costs	–	–	–	–	–	12,903	12,903	49,510
Support – Administrative running costs	–	–	–	–	–	34,878	34,878	30,706
Support – Building maintenance costs	–	–	–	–	–	5,434	5,434	5,283
Support – Marketing costs	–	–	–	–	–	1,429	1,429	2,745
Support – Legal & Professional Fees	–	–	–	–	–	42,230	42,230	63,919
Support – Misc	–	–	–	–	–	3,446	3,446	105
	145,430	2,081,194	151,971	–	60,088	449,844	2,888,527	2,941,178
Support costs	46,097	263,759	95,771	35,231	8,986	(449,844)	–	–
Governance costs	6,487	46,029	16,558	–	(69,074)	–	–	–
Total expenditure 2021	198,014	2,390,982	264,300	35,231	–	–	2,888,527	

Step by Step Partnership Ltd

Notes to the financial statements

For the year ended 31 March 2021

5b Analysis of expenditure (prior year)

	Charitable activities						
	Raising funds £	Accommodation £	Counselling & support £	Growth & development £	Governance costs £	Support costs £	2020 Total £
Staff costs (Note 7)	95,606	937,486	145,146	–	46,863	311,397	1,536,498
Direct Costs	30,595	1,138,717	71,940	–	11,160	–	1,252,412
Other staff costs	–	–	–	–	–	49,510	49,510
Administrative running costs	–	–	–	–	–	30,706	30,706
Building maintenance costs	–	–	–	–	–	5,283	5,283
Marketing costs	–	–	–	–	–	2,745	2,745
Legal & Professional Fees	–	–	–	–	–	63,919	63,919
Misc	–	–	–	–	–	105	105
	126,201	2,076,203	217,086	–	58,023	463,665	2,941,178
Support costs	21,122	312,864	84,789	37,688	7,202	(463,665)	–
Governance costs	5,518	45,950	13,757	–	(65,225)	–	–
Total expenditure 2020	152,841	2,435,017	315,632	37,688	–	–	2,941,178

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	21,913	14,297
Loss on disposal of fixed assets	1,691	–
Operating lease rentals payable:		
Property	30,766	30,766
Other	1,536	1,536
Auditor's remuneration (excluding VAT):		
Audit	11,075	9,300
	<u>11,075</u>	<u>9,300</u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	1,330,266	1,380,220
Redundancy and termination costs	38,342	4,725
Social security costs	108,329	110,585
Employer's contribution to defined contribution pension schemes	37,792	40,968
	<u>1,514,729</u>	<u>1,536,498</u>

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No.	2020 No.
£60,000 – £69,999	–	1
£70,000 – £79,999	1	–
	<u>1</u>	<u>–</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £407,094 (2020: £292,416).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £252 (2020: £42) incurred by 1 (2020: 2) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 65 (2020: 81).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2021 No.	2020 No.
Governance, Management and Admin	7.2	7.3
Fundraising	4.9	4.8
Accommodation and other service staff	35.5	39.1
	<u>47.6</u>	<u>51.2</u>

9 Related party transactions

During the year no Directors received benefits in kind (2020: Nil).

During the year no Directors received consultancy fees (2020: Nil).

During the year one Director received reimbursements for expenses of £252 (2020: £42).

During the year four Directors donated £805 to the charity (2020: £1,710).

There were no further related party transactions during the year (2020: Nil).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

	Furniture, fittings & IT equipment £	Total £
Cost		
At the start of the year	209,165	209,165
Additions in year	30,991	30,991
Disposals in year	(53,373)	(53,373)
At the end of the year	186,783	186,783
Depreciation		
At the start of the year	165,312	165,312
Charge for the year	21,913	21,913
Eliminated on disposal	(51,682)	(51,682)
At the end of the year	135,543	135,543
Net book value		
At the end of the year	51,240	51,240
At the start of the year	43,853	43,853

All of the above assets are used for charitable purposes.

12 Debtors

	2021 £	2020 £
Trade debtors	118,496	212,434
Other debtors	9,103	37,213
Prepayments	37,848	47,815
	165,447	297,462

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	145,769	139,350
Taxation and social security	27,259	29,081
Other creditors	11,832	7,605
Accruals	36,457	72,306
Deferred income (note 14)	373,472	192,826
	594,789	441,168

14 Deferred income

Deferred income comprises of multi-year grant funding and contract income received in advance.

	2021 £	2020 £
Balance at the beginning of the year	192,826	107,289
Amount released to income in the year	(192,826)	(107,289)
Amount deferred in the year	373,472	192,826
Balance at the end of the year	<u>373,472</u>	<u>192,826</u>

15 Pension scheme

The charity operates a Defined Contribution Scheme. Amounts paid into the scheme were £37,792 (2020: £40,968). Amounts outstanding at the end of the year were £8,115 (2020 £4,091).

16 Financial instruments

	2021 £	2020 £
Cash at bank	1,676,168	972,952
Financial Assets measured at amortised cost (a)	127,599	249,648
Financial liabilities measured at amortised cost (b)	(583,866)	(412,087)
	<u>1,219,901</u>	<u>810,513</u>

- a) Financial assets measured at amortised cost include: trade debtors, other debtors and accrued income. Impairment losses charged to financial assets measured as amortised cost in the year amounted to £7,531 (2020: £9,999)
- b) Financial liabilities measured at amortised cost include: trade creditors, other creditors, accruals and deferred income.

17a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	51,241	–	51,241
Net current assets	1,325,615	515,999	–	1,841,614
Creditors due within one year	(594,789)	–	–	(594,789)
Net assets at 31 March 2021	<u>730,826</u>	<u>567,240</u>	<u>–</u>	<u>1,298,066</u>

17b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	43,853	–	43,853
Net current assets	796,174	455,470	18,770	1,270,414
Creditors due within one year	(441,168)	–	–	(441,168)
Net assets at 31 March 2020	355,006	499,323	18,770	873,099

18a Movements in funds (current year)

	At 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds:					
Supported Accommodation	4,426	81,614	(86,040)	–	–
Counselling & Support Services	8,294	31,479	(39,773)	–	–
Young people Training and Activities	6,050	10,094	(16,144)	–	–
Covid 19 Emergency Funds	–	20,400	(20,400)	–	–
IT upgrade	–	25,000	(8,664)	(16,336)	–
Total restricted funds	18,770	168,587	(171,021)	(16,336)	–
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	61,617	–	–	3,383	65,000
Development Capital Fund	350,000	–	(9,094)	110,094	451,000
Fixed Asset Fund	43,853	–	–	7,387	51,240
Total designated funds	455,470	–	(9,094)	120,864	567,240
General funds	398,859	3,144,907	(2,708,412)	(104,528)	730,826
Total unrestricted funds	854,329	3,144,907	(2,717,506)	16,336	1,298,066
Total funds	873,099	3,313,494	(2,888,527)	–	1,298,066

The narrative to explain the purpose of each fund is given at the foot of the note below.

18b Movements in funds (prior year)

	At 1 April 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2020 £
Restricted funds:					
Supported Accommodation	–	19,638	(15,212)	–	4,426
Family Mediation	6,676	–	(6,676)	–	–
Counselling & Support Services	5,099	54,526	(51,331)	–	8,294
Young people Training and Activities	–	12,900	(6,850)	–	6,050
Fundraising & Marketing	–	3,280	(3,280)	–	–
Total restricted funds	11,775	90,344	(83,349)	–	18,770
Unrestricted funds:					
Designated funds:					
Capital & Maintenance Fund	67,545	–	(5,928)	–	61,617
Remuneration Review Fund	52,674	–	(52,674)	–	–
Development Capital Fund	–	–	–	350,000	350,000
Fixed Asset Fund	13,570	–	–	30,283	43,853
Total designated funds	133,789	–	(58,602)	380,283	455,470
Fair value reserve	–	–	–	–	–
Revaluation reserve	–	–	–	–	–
General funds	279,157	3,299,212	(2,799,227)	(380,283)	398,859
Total unrestricted funds	412,946	3,299,212	(2,857,829)	–	854,329
Total funds	424,721	3,389,556	(2,941,178)	–	873,099

Purposes of restricted funds

Supported Accommodation

This fund is restricted funding to be used within the supported accommodation services. This includes; specialist staff training and enhanced one to one support with young people at our foyer accommodation, support workers for Supported Independence Flats and funding for pilot supported lodgings scheme for young people aged 18 and over.

Family Mediation

This fund is to provide specialist mediation support for young people and their families and specialist mediation training for Step by Step staff.

Counselling & Support Services

This fund provides specialist one to one counselling services and a drop-in service providing information, guidance and support to young people and their families.

Young people Training and Activities

This fund supports a number of services, which offer a combination of support, skills training, activities and constructive occupation of time.

Covid 19 Emergency Funds

This fund supported exceptional costs incurred due to the pandemic. This included activities, equipment and support for young people, PPE for staff and hosts, H&S equipment and agency staff.

IT Upgrade

This fund paid for the replacement of the server, associated set-up costs and licences. The remaining balance has been transferred to the designated fixed asset fund.

Purposes of designated funds

Capital and Maintenance Fund

This has been designated for the necessary replacement of equipment, property dilapidations and non-routine property maintenance and repairs.

Remuneration Review Fund

This fund had been designated to provide for costs of staff salary uplifts following the results of a bench-marking review. These salary uplifts were implemented during 2019-20.

Development Capital Fund

This fund had been designated to provide funding for investments in development projects to further diversify and grow and support the services we provide to young people.

Fixed Asset Fund

This fund has been designated to match the net book value of the Charity's fixed assets.

19 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property		Equipment	
	2021	2020	2021	2020
	£	£	£	£
Less than one year	30,766	30,766	1,536	1,536
One to five years	123,064	123,034	1,152	2,688
Over five years	312,788	343,554	-	-
	<u>466,618</u>	<u>497,354</u>	<u>2,688</u>	<u>4,224</u>

20 Legal status of the charity

Step by Step Partnership Limited is a charitable company limited by guarantee and has no share capital. Each member is liable to contribute a sum, not exceeding £1, in the event of the Charity being wound up.