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Steps to Work (Walsall) Limited

Trustees' Report and Financial Statements

For the Year Ended 31 March 2020

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Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 March 2020

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

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

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

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

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of Steps to Work (Walsall) Limited

Opinion

We have audited the financial statements of Steps to Work (Walsall) Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of Steps to Work (Walsall) Limited (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of Steps to Work (Walsall) Limited (continued)

Responsibilities of trustees

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

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

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.

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

Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

Date:

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Consolidated Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 March 2020

	Note	Designated funds 2020 £	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:						
Charitable activities	4	-	1,624,173	8,494	1,632,667	1,788,032
Other trading activities:	5					
trading activities		-	-	13,448,961	13,448,961	13,992,485
Investments	6	-	-	2,385	2,385	1,850
Total income and endowments		-	1,624,173	13,459,840	15,084,013	15,782,367
Expenditure on:						
Raising funds	7	-	-	12,821,998	12,821,998	13,706,802
Charitable activities	8	69,642	2,420,865	45,028	2,535,535	2,580,100
Total expenditure		69,642	2,420,865	12,867,026	15,357,533	16,286,902
Net income/ (expenditure)		(69,642)	(796,692)	592,814	(273,520)	(504,535)
Transfers between funds	20	45,687	796,692	(842,379)	-	-
Net movement in funds before other recognised gains and losses		(23,955)	-	(249,565)	(273,520)	(504,535)
Actuarial gains on defined benefit pension schemes	18	-	-	543,000	543,000	200,000
Net movement in funds		(23,955)	-	293,435	269,480	(304,535)
Reconciliation of funds:						
Total funds brought forward		97,758	-	(782,666)	(684,908)	(380,373)
Net movement in funds		(23,955)	-	293,435	269,480	(304,535)
Total funds carried forward		73,803	-	(489,231)	(415,428)	(684,908)

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 9 to 29 form part of these financial statements.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)
Registered number: 03738249

Consolidated Balance Sheet
For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	73,803	97,758
Current assets			
Debtors	15	1,932,843	2,647,780
Cash at bank and in hand		1,358,824	1,019,088
		<u>3,291,667</u>	<u>3,666,868</u>
Creditors: amounts falling due within one year	16	(1,824,898)	(2,025,534)
Net current assets		<u>1,466,769</u>	<u>1,641,334</u>
Total assets less current liabilities		<u>1,540,572</u>	<u>1,739,092</u>
Defined benefit pension scheme liability	18	(1,956,000)	(2,424,000)
Total net assets		<u>(415,428)</u>	<u>(684,908)</u>
Charity funds			
Designated Funds	20	73,803	97,758
Unrestricted funds			
Unrestricted funds excluding pension liability	20	1,466,769	1,641,334
Pension reserve	20	(1,956,000)	(2,424,000)
Total unrestricted funds	20	<u>(489,231)</u>	<u>(782,666)</u>
Total funds		<u>(415,428)</u>	<u>(684,908)</u>

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

M Gahir
 Trustee

The notes on pages 9 to 29 form part of these financial statements.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)
Registered number: 03738249

Company Statement of financial position
For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	73,803	97,758
Investments	14	1	1
		<u>73,804</u>	<u>97,759</u>
Current assets			
Debtors	15	799,797	1,012,432
Cash at bank and in hand		854,985	930,551
		<u>1,654,782</u>	<u>1,942,983</u>
Creditors: amounts falling due within one year	16	(321,412)	(435,048)
Net current assets		<u>1,333,370</u>	<u>1,507,935</u>
Total assets less current liabilities		<u>1,407,174</u>	<u>1,605,694</u>
Defined benefit pension scheme liability	18	(1,956,000)	(2,424,000)
Total net assets		<u><u>(548,826)</u></u>	<u><u>(818,306)</u></u>
Charity funds			
Designated funds	20	73,803	97,758
Unrestricted funds			
Unrestricted funds excluding pension liability	20	1,333,371	1,507,936
Pension reserve	20	(1,956,000)	(2,424,000)
Total unrestricted funds	20	<u>(622,629)</u>	<u>(916,064)</u>
Total funds		<u><u>(548,826)</u></u>	<u><u>(818,306)</u></u>

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

M Gahir
Trustee

The notes on pages 9 to 29 form part of these financial statements.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	23	383,055	(440,367)
Cash flows from investing activities			
Dividends, interests and rents from investments		2,385	1,850
Purchase of fixed assets		(45,704)	(45,118)
Net cash used in investing activities		(43,319)	(43,268)
Change in cash and cash equivalents in the year		339,736	(483,635)
Cash and cash equivalents at the beginning of the year		1,019,088	1,502,723
Cash and cash equivalents at the end of the year	24	1,358,824	1,019,088

The notes on pages 9 to 29 form part of these financial statements

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

1. General information

Steps to Work (Walsall) Limited is a charitable company incorporated in England and Wales under Companies Act and registered as a charity with the Charity Commission. The address of the registered office is given in the company information section. The nature of the company's operations and its principal activities are set out in the Trustees' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Steps to Work (Walsall) Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Basis of consolidation

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

The income and expenditure account for the year dealt with in the accounts of the company was £269,480 (2019 - £(304,535)).

2.3 Company status

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

2.4 Going concern

The Trustees have prepared cash flow forecasts through to 30 September 2021, incorporating known defined benefit pension scheme repayments, which demonstrates that the group continues to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. With the above taken in to account, the Trustees consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.5 Income

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

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Expenditure

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

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

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

2.7 Support cost apportionment

Support costs are allocated directly to the activity which they relate. Where support costs relate to several activities, they have been allocated to each of the activities. This is performed on the basis of the number of direct staff supported during the period in the relevant activity.

The number of staff involved in an activity is deemed to be the appropriate basis for allocating support costs as it closely reflects the resource usage of the support functions of the core activities. The number of staff working on a particular activity is determined by the estimated equivalent time devoted by a full time staff member to perform the task.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.8 Interest receivable

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

2.9 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.10 Tangible fixed assets and depreciation

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

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

The estimated useful lives are as follows:

Leasehold land and buildings	-	3 years
Furniture, fittings and equipment	-	3 years

2.11 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.12 Debtors

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

2.13 Cash at bank and in hand

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

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.14 Liabilities

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

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

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

2.15 Financial instruments

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

2.16 Operating leases

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

2.17 Pensions

The Group operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2020.

The difference between the fair value of the assets held in the charity's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the charity's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds to the scheme.

Changes to the defined benefit scheme asset or liability arising from factors other than cash contribution by the charity are charged to the consolidated statement of financial activity in accordance with Financial Reporting Standard 102.

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.18 Fund accounting

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

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

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

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

3. Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

4. Income from charitable activities

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Support for the unemployed	1,624,173	8,494	1,632,667	1,788,032
Total 2019	1,741,940	46,092	1,788,032	

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

5. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Trading subsidiary sales	13,448,961	13,448,961	13,992,485
Total 2019	13,992,485	13,992,485	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income	2,385	2,385	1,850
Total 2019	1,850	1,850	

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

7. Expenditure on raising funds

Trading subsidiary expenses

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Cost of sales	12,397,672	12,397,672	13,269,837
Administration expenses	174,093	174,093	22,898
Administration staff costs	250,233	250,233	392,694
Administration depreciation	-	-	21,373
	<u>12,821,998</u>	<u>12,821,998</u>	<u>13,706,802</u>
Total 2019	<u>13,706,802</u>	<u>13,706,802</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Designated funds 2020 £	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Support for the unemployed	69,642	2,420,865	45,028	2,535,535	2,580,100
	<u>69,642</u>	<u>2,420,865</u>	<u>45,028</u>	<u>2,535,535</u>	<u>2,580,100</u>
Total 2019	<u>39,502</u>	<u>2,490,248</u>	<u>50,350</u>	<u>2,580,100</u>	

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

9. Analysis of expenditure by activities

	Direct costs 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Support for the unemployed	2,105,997	429,538	2,535,535	2,580,100
Total 2019	2,103,459	476,641	2,580,100	

Analysis of direct costs

	Support for the unemployed 2020 £	Total funds 2020 £	Total funds 2019 £
Direct salary costs	1,431,981	1,431,981	1,458,956
Beneficiary related costs	128,160	128,160	111,995
Advertising and promotion	24,872	24,872	43,723
Premises costs	451,325	451,325	449,283
Depreciation	69,659	69,659	39,502
	2,105,997	2,105,997	2,103,459
Total 2019	2,103,459	2,103,459	

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Support for the unemployed 2020 £	Total funds 2020 £	Total funds 2019 £
Management	170,415	170,415	227,736
Finance	51,827	51,827	67,973
Marketing	28,472	28,472	24,167
Human resources	55,967	55,967	53,290
Other	94,607	94,607	53,125
Governance costs	28,250	28,250	50,350
	<u>429,538</u>	<u>429,538</u>	<u>476,641</u>
Total 2019	<u>476,641</u>	<u>476,641</u>	

The Charity allocates its support costs between the charitable activities undertaken as shown above. Support costs are apportioned on staff time based upon the ESF methodology.

10. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>13,400</u>	<u>13,000</u>

11. Staff costs

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	1,833,248	1,939,527	1,578,568	1,564,927
Social security costs	144,307	181,006	127,195	153,729
Pension	99,550	100,402	91,181	86,015
	<u>2,077,105</u>	<u>2,220,935</u>	<u>1,796,944</u>	<u>1,804,671</u>

Steps to Work (Walsall) Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

11. Staff costs (continued)

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Project officer	27	35	27	35
Employment agency	10	14	-	-
Administration and finance	30	28	30	28
	67	77	57	63

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

	Group 2020 No.	Group 2019 No.
In the band £90,001 - £100,000	-	1

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 March 2020, no Trustee expenses have been incurred (2019 - £NIL).

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
For the Year Ended 31 March 2020

13. Tangible fixed assets

Group

	Leasehold land and buildings £	Furniture, fixtures and fittings £	Total £
Cost			
At 1 April 2019	286,619	361,257	647,876
Additions	6,289	39,415	45,704
Disposals	(292,353)	-	(292,353)
At 31 March 2020	555	400,672	401,227
Depreciation			
At 1 April 2019	286,619	263,499	550,118
Charge for the year	2,096	67,563	69,659
On disposals	(292,353)	-	(292,353)
At 31 March 2020	(3,638)	331,062	327,424
Net book value			
At 31 March 2020	4,193	69,610	73,803
At 31 March 2019	-	97,758	97,758

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Notes to the Financial Statements
For the Year Ended 31 March 2020

13. Tangible fixed assets (continued)

Company

	Leasehold land and buildings £	Furniture, fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2019	286,619	330,972	617,591
Additions	6,289	39,415	45,704
Disposals	(292,353)	-	(292,353)
At 31 March 2020	555	370,387	370,942
Depreciation			
At 1 April 2019	286,619	233,214	519,833
Charge for the year	2,096	67,563	69,659
On disposals	(292,353)	-	(292,353)
At 31 March 2020	(3,638)	300,777	297,139
Net book value			
At 31 March 2020	4,193	69,610	73,803
At 31 March 2019	-	97,758	97,758

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Notes to the Financial Statements
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14. Fixed asset investments

	Investments in subsidiary companies £
Company	
Cost or valuation	
At 1 April 2019	1
At 31 March 2020	<u>1</u>
Net book value	
At 31 March 2020	<u>1</u>
<i>At 31 March 2019</i>	<u>1</u>

Principal subsidiaries

The following was a subsidiary undertaking of the company:

Name	Company number	Class of shares	Holding
Starting Point Recruitment Limited	04560776	Ordinary	100%

The financial results of the subsidiary for the period were:

Name	Income £	Expenditure £	Profit/year for the period £	Net assets £
Starting Point Recruitment Limited	13,532,725	12,946,719	586,006	133,399

Starting Point Recruitment Limited a company incorporated in England and Wales. Its principal activity is to develop and deliver a professional and supportive "employment business" to both its temporary workers and its customers.

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For the Year Ended 31 March 2020

15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	1,526,316	1,999,247	64,840	58,908
Amounts owed by group undertakings	-	-	657,456	826,013
Other debtors	8,565	1,557	8,565	1,557
Prepayments and accrued income	397,962	646,976	68,936	125,954
	1,932,843	2,647,780	799,797	1,012,432

16. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	932,058	1,418,179	61,777	111,151
Other taxation and social security	328,174	191,909	-	-
Other creditors	249,707	305,175	237,999	230,970
Accruals and deferred income	314,959	110,270	21,635	92,927
	1,824,898	2,025,534	321,412	435,048

17. Contingent liabilities

The income claims of the company are subject to periodic audit by the awarding organisations. These audits could result in income previously claimed having to be repaid. The Trustees do not consider that any material liability would arise as a result of the reviews and accordingly no provision is made in the financial statements.

18. Pension commitments

The Group operates a defined benefit pension scheme.

The company belongs to the West Midlands Metropolitan Authorities Pension Fund which is a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

The full actuarial valuation of the defined benefit scheme was carried out at 31 March 2019, to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period 1 April 2020 and 31 March 2023 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
For the Year Ended 31 March 2020

18. Pension commitments (continued)

The company's share of the assets and liabilities of the scheme since joining have been estimated at 31 March 2020 by a qualified independent actuary on a Financial Reporting Standard 102 basis. The major assumptions at 31 March 2020 used by the actuary were:

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

	At 31 March 2020 %	At 31 March 2019 %
Discount rate	2.35	2.45
Future salary increases	2.80	3.90
Future pension increases	1.8	2.4

	At 31 March 2020 Years	At 31 March 2019 Years
Mortality rates (in years)		
- for a male aged 65 now	21.9	20.9
- at 65 for a male aged 45 now	23.8	22.6
- for a female aged 65 now	24.1	23.2
- at 65 for a female aged 45 now	26.0	25.0

Sensitivity analysis

	At 31 March 2020 £	At 31 March 2019 £
Discount rate +0.1%	166,000	344,000
Discount rate -0.1%	(171,000)	(175,000)
Salary increase +0.1%	(13,000)	(17,000)
Salary decrease -0.1%	12,000	17,000
Pension increase +0.1%	(159,000)	(157,000)
Pension increase -0.1%	155,000	153,000
Life expectancy +1 year	(241,000)	(251,000)
Life expectancy -1 year	232,000	243,000

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
For the Year Ended 31 March 2020

18. Pension commitments (continued)

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

	At 31 March 2020 £	At 31 March 2019 £
Equities	2,627,000	2,726,000
Gilts	537,000	354,000
Other bonds	193,000	180,000
Property	411,000	422,000
Cash	166,000	245,000
Other	683,000	783,000
Total fair value of assets	4,617,000	4,710,000

The actual return on scheme assets was £(196,000) (2019 - £(346,000)).

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

	2020 £	2019 £
Current service cost	94,000	106,000
Past service cost	69,000	-
Net interest on defined liability	58,000	65,000
Administrative expenses	3,000	2,000
Total amount recognised in the Consolidated Statement of Financial Activities	224,000	173,000

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

	2020 £	2019 £
Opening defined benefit obligation	7,134,000	6,865,000
Interest cost	174,000	178,000
Current service cost	94,000	106,000
Past service cost	69,000	-
Contributions by scheme participants	17,000	20,000
Actuarial (gains)/losses	(803,000)	33,000
Benefits paid	(112,000)	(68,000)
Closing defined benefit obligation	6,573,000	7,134,000

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
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18. Pension commitments (continued)

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

	2020 £	2019 £
Opening fair value of scheme assets	4,710,000	4,297,000
Actuarial (losses)/gains	(260,000)	233,000
Interest income	116,000	113,000
Contributions by employer	149,000	117,000
Contributions by scheme participants	17,000	20,000
Benefits paid	(112,000)	(68,000)
Administration expenses	(3,000)	(2,000)
Closing fair value of scheme assets	4,617,000	4,710,000

19. Operating lease commitments

At 31 March 2020 the Group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	133,455	119,449	133,455	119,449
Later than 1 year and not later than 5 years	65,463	61,222	65,462	61,222
	198,918	180,671	198,917	180,671

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
For the Year Ended 31 March 2020

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted funds						
General Funds	1,641,334	13,459,840	(12,792,026)	(842,379)	-	1,466,769
Pension reserve	(2,424,000)	-	(75,000)	-	543,000	(1,956,000)
	<u>(782,666)</u>	<u>13,459,840</u>	<u>(12,867,026)</u>	<u>(842,379)</u>	<u>543,000</u>	<u>(489,231)</u>
Designated funds						
Fixed assets	<u>97,758</u>	<u>-</u>	<u>(69,642)</u>	<u>45,687</u>	<u>-</u>	<u>73,803</u>
Restricted funds						
Support for the unemployed	<u>-</u>	<u>1,624,173</u>	<u>(2,420,865)</u>	<u>796,692</u>	<u>-</u>	<u>-</u>
Total of funds	<u><u>(684,908)</u></u>	<u><u>15,084,013</u></u>	<u><u>(15,357,533)</u></u>	<u><u>-</u></u>	<u><u>543,000</u></u>	<u><u>(415,428)</u></u>

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
For the Year Ended 31 March 2020

20. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Unrestricted funds						
General Funds	2,074,112	14,040,427	(13,735,110)	(738,095)	200,000	1,841,334
Pension reserve	(2,568,000)	-	(56,000)	-	-	(2,624,000)
	<u>(493,888)</u>	<u>14,040,427</u>	<u>(13,791,110)</u>	<u>(738,095)</u>	<u>200,000</u>	<u>(782,666)</u>
Designated funds						
Fixed assets	113,515	-	(60,875)	45,118	-	97,758
	<u>113,515</u>	<u>-</u>	<u>(60,875)</u>	<u>45,118</u>	<u>-</u>	<u>97,758</u>
Restricted funds						
Support for the employed	-	1,741,940	(2,434,917)	692,977	-	-
	<u>-</u>	<u>1,741,940</u>	<u>(2,434,917)</u>	<u>692,977</u>	<u>-</u>	<u>-</u>
Total of funds	<u>(380,373)</u>	<u>15,782,367</u>	<u>(16,286,902)</u>	<u>-</u>	<u>200,000</u>	<u>(684,908)</u>

21. Summary of funds

Summary of funds - current year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
General funds	(782,666)	13,459,840	(12,867,026)	(842,379)	543,000	(489,231)
Designated Funds	97,758	-	(69,642)	45,687	-	73,803
Restricted funds	-	1,624,173	(2,420,865)	796,692	-	-
	<u>(684,908)</u>	<u>15,084,013</u>	<u>(15,357,533)</u>	<u>-</u>	<u>543,000</u>	<u>(415,428)</u>

Steps to Work (Walsall) Limited
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Notes to the Financial Statements
For the Year Ended 31 March 2020

21. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
General funds	(493,888)	14,040,427	(13,791,110)	(738,095)	200,000	(782,666)
Designated Funds	113,515	-	(60,875)	45,118	-	97,758
Restricted funds	-	1,741,940	(2,434,917)	692,977	-	-
	<u>(380,373)</u>	<u>15,782,367</u>	<u>(16,286,902)</u>	<u>-</u>	<u>200,000</u>	<u>(684,908)</u>

22. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Designated funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	73,803	-	73,803
Current assets	-	3,291,667	3,291,667
Creditors due within one year	-	(1,824,898)	(1,824,898)
Provisions for liabilities and charges	-	(1,956,000)	(1,956,000)
Total	<u>73,803</u>	<u>(489,231)</u>	<u>(415,428)</u>

Analysis of net assets between funds - prior period

	Designated funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	97,758	-	97,758
Current assets	-	3,666,868	3,666,868
Creditors due within one year	-	(2,025,534)	(2,025,534)
Provisions for liabilities and charges	-	(2,424,000)	(2,424,000)
Total	<u>97,758</u>	<u>(782,666)</u>	<u>(684,908)</u>

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Notes to the Financial Statements
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23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2020 £	Group 2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(273,520)	(504,535)
Adjustments for:		
Depreciation charges	69,659	60,875
Dividends, interests and rents from investments	(2,385)	(1,850)
Defined benefit pension contributions	(149,000)	(117,000)
Pension cost borne by pension fund	224,000	173,000
Decrease/(increase) in debtors	714,937	1,521,966
(Decrease)/increase in creditors	(200,636)	(1,572,823)
Net cash provided by/(used in) operating activities	383,055	(440,367)

24. Analysis of cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash in hand	1,358,824	1,019,088
Total cash and cash equivalents	1,358,824	1,019,088

25. Analysis of changes in net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	1,019,088	339,736	1,358,824
	1,019,088	339,736	1,358,824