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Registered number: 00393477
Charity number: 235434

STEP ONE CHARITY

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

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COMPANIES HOUSE

Bishop Fleming

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STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

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STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2026

Directors and Trustees	Ms L Collingwood-Burke, Chair from 1 January 2026 (appointed 1 January 2026) Mrs S Sutherland, Interim Chair from 19 June 2025 (appointed 19 June 2025, resigned 4 February 2026) Dr P Cawthron Mr D Hawes Mr M Lambert Mrs K O'Shaughnessy Mr D Blackford (appointed 4 April 2025, resigned 17 July 2025) Mr M McVicar Mr R Stevens Mr S Green Mr S Lyons Mrs J Lyttle (resigned 19 June 2025) Mr R Williams (resigned 24 March 2026)
Company registered number	00393477
Charity registered number	235434
Registered office	The X Centre Commercial Road Exeter Devon EX2 4AD
Chief Executive Officer	Mr D Blackford (appointed 4 August 2025) Mr B Greaves (resigned 5 September 2025)
Independent auditors	Bishop Fleming Audit Limited Chartered Accountants Brook House Winslade Park Manor Drive Clyst St Mary Exeter EX5 1GD
Bankers	National Westminster Bank Plc 59 High Street Exeter Devon EX4 3DL

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STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2026

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2025 to 31 March 2026. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document, and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES

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

a) To provide for the rehabilitation by any means whatever of persons experiencing substantial impairment of their physical or mental health ("Clients").

b) To undertake the teaching and practice of skills or vocations which may assist in the rehabilitation of Clients to any persons whatever by any means whatsoever including the maintenance and operation of a school or establishment for such teaching and for the training of such persons.

c) To train Clients for any form of employment, to help them find employment and to provide support for sustained employment.

d) To research into and advise upon methods of rehabilitation of Clients and to disseminate the useful results of such research.

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

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

STRATEGIC REPORT

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

The 5-Year Strategic Plan, launched in 2023/2024, was designed to deliver meaningful outcomes for our beneficiaries, ensure financial resilience, and deliver growth to secure the charity's long-term future.

To achieve this, the plan is at present unchanged and therefore based on three strategic objectives:

a) **Secure the Core.** Prioritise the consolidation and continuous improvement of existing services, safeguarding the foundation of the charitable mission.

b) **Build New Business**. Strengthen financial and operational resilience by diversifying revenue streams and enhancing service efficiency.

c) **Diversify the Client Base**. Expand the reach and inclusivity of services, ensuring accessibility to a broader spectrum of individuals in need.

We have continued to monitor our progress in delivering against these ambitions and have been successful in some key areas outlined below in more detail. We are also taking the opportunity to explore how we enhance visibility of our progress and how we stay alert to changes in landscape and context which underpin our strategy. This at present is being achieved through additional focus and increasing this opportunity through regular reporting and strategy development sessions.

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

KEY ACHIEVEMENTS & BUSINESS DEVELOPMENTS

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

Cypress Hospital. Following a review during 2023/24 with the Provider Collaborative, Integrated Care Board (ICB), and Devon Partnership Trust, into the needs of the community and wider system, Cypress Hospital transitioned from crisis care to intensive rehabilitation and recovery inpatient care, offering 8 of its 14 beds under a new two-year test of change model. This contract commenced in October 2024, with a £0.2m increase in income per year, over the contract. Over the last 12 months, individuals with complex mental health needs have benefited from this service, averaging 166 days of stay. As part of this transition, SOC have introduced successful contract review meetings with our statutory partners which has enabled development of an even stronger partnership, contributing to robust governance and a strong working relationship. The contract is due for review following the 2-year initial period, in October 2026. A mid-point post implementation review has recently been completed.

Supported Living. This service provides a safe and supportive environment for people with mental health concerns and/or autism spectrum conditions to live more independently. The refurbishment and plan to bring into use, the Granvue property as a 6 bed 24-hour supported living property was completed. This was the first service of this type provided by SOC and is proving to be an invaluable support for those individuals with more complex support needs. Combined with the 4 non-24 hour supported living properties, many individuals have and continue to receive positive impact and outcomes through our services and support.

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

BeWell@StepOne. Over the past year, several hundred sessions have been provided and a similar number of individuals engaged with BeWell@StepOne, accessing mental health support through online and face-to-face workshops and peer support groups. The Business & Development manager is working closely with our Head of Psychological Practice & Development and our Learning & Development Adviser, to focus on developing the support offered, including community well-being and workplace mental health improvements through Wellbeing@Work. Our Volunteer Coordinator has also helped expand the opportunities for volunteering with SOC and in particular supporting the BeWell@Step One activities.

Devon Mental Health Alliance ('DMHA'). The DMHA contract, initially set for three years to January 2025, was extended to January 2027. This has subsequently been extended to align with the financial year, so now March 2027. As contract holders, SOC have taken a proactive leadership role, enhanced partnership

dynamics and lead on financial oversight. The SOC Recovery Practitioners who work across the eastern and southern localities of Devon to provide psychologically informed interventions to individuals between primary and secondary services, delivered over 3,000 support sessions to in excess of 300 individuals during the year. The partners have delivered improved systems and processes and plan to position the service for continued delivery beyond the original five-year contract.

Fundraising, Marketing & Communications. The external fundraising landscape has presented significant challenges over the past 12 months, further intensified by key staff changes. We have recently conducted a review of our activities and are developing a plan as a result. Part of this work included a stakeholder analysis to provide the intelligence to support us. Some aspects of our fundraising activities still included our Every Step Counts campaign, which was kindly sponsored by John Lewis and encourages people to get active while raising awareness of the importance of mental health support. Other activities also included Make a Will Week.

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

FUTURE DEVELOPMENTS

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

- **Cypress Hospital**. The team are continuing to work towards completing a successful test of change with this intended to secure stability and further contracts to optimise capacity of the facility.
- **BeWell@StepOne**. This free service will continue to grow and support those individuals who would benefit from online or face-to-face workshops and groups. We continue to work on our core offer in this regard and understand demand and assess opportunities.
- **Devon Mental Health Alliance**. This partnership will continue to focus on those individuals who are waiting for support, whilst piloting new support initiatives and expanding community engagement. Our focus will also remain on securing the ability to continue the work with our partners in this area.

FINANCIAL REVIEW

The financial statements show a total income for the year of £3.7m, an increase of £0.4m from 2025. This overall increase in income reflects an uplift in contract income relating to the Cypress rehabilitation contract of £0.2m a year, with £0.2m reflected in this financial year, £0.1m in community support income and £0.1m of income via the Alliance contract.

Total expenditure for the year was £4.4m which is £0.2m higher than 2025. the expenditure for the year is £0.2m greater than budget mainly due to higher spend in supported living and community support services. This largely reflects the benefit of cost saving measures put into place during the year, which have then been offset the impact of inflationary pressures on staffing costs and general areas of expenditure.

The net expenditure before investments and pensions are considered was a deficit of £0.8m compared to £0.7m deficit in 2025.

The investments of SOC are held in two separately managed portfolios that are balanced to maintain potential for longer term growth in capital value, but which also allow for funds to be withdrawn at short notice should the need arise. The investment performance reflected the turbulent market conditions and a net gain of £0.4m on the investment valuation is recognised.

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In December 2024, the pension Trustees entered into a Buy In agreement with Legal & General and this process of transitioning to a Buy Out is expected to complete during 2026. As such fees in the year were £165k, including £144k related to the transaction. These exceptional costs have been separately disclosed within SOC's expenditure for the year and are then offset by release of some of the scheme surplus as part of the other recognised gains and losses for the year.

The annual update of the pension scheme valuation as of 31 March 2026 showed a decrease in the value of the scheme assets by £0.9m to £16.7m, this largely represents a reduction in investment values of £0.2m (2025 reduction £3.7m). The present value of the scheme liabilities has decreased by £1.9m to £15.1m as there was an actuarial loss of £1.2m and pension benefits paid exceeded the increased costs incurred by the scheme. The Charity has an unrecognised surplus of £2.6m in respect of its defined benefit pension scheme compared to a surplus of £2.5m in 2025. However, in line with accounting disclosures contained within the FRS 102 year-end pension report, the recognised assets have been restricted to the value of the defined benefit obligation only, meaning this surplus is not recognised as a gain within the consolidated statement of financial activities for 2025. No contributions have been made to the defined benefit pension scheme during the year (2025: nil) and are not expected to be needed now due to the Buy In agreement.

Taking all the above into account results in an overall net reduction of funds of £0.3m with total funds carried forward of £10.7m at the year-end (2025: £11.0m).

FINANCIAL POSITION

Financially, SOC has performed ahead of the budget originally approved by Trustees but remains in a deficit position. The key drivers for this are a lack of sufficient inflationary uplifts to the commissioned service contracts, coupled with inflationary pressure on staff and overhead costs. The original 5-Year Plan sought to address this deficit and was designed to bring SOC to a break-even position. We are currently in the process of reviewing delivery against the strategy, the associated financial assumptions and service/operational considerations to ensure we deliver on this recovery ambition.

This includes securing our existing commissioned service contracts. Financial performance continues to be tracked, with quarterly financial reforecasts, enabling relevant levers to be used at quarterly finance committee meetings and Boards according to performance. The financial plans also ensure that SOC has appropriate funds available to support the delivery of its objectives. We are moving during 2026/7 to this financial management oversight being conducted monthly.

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

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

The Trustees propose to maintain general unrestricted reserves at a level which is at least equivalent to six months' operational expenditure. The target level of reserves for 2025/26 had been set at £2.0m and at the year-end this had fallen to £1.6m. The Trustees are aware of this and have supported this temporary position, recognising that the pension escrow of £1.6m has been returned to the Charity and as a result this amount has transferred to an undesignated reserve. SOC is working towards eliminating the ongoing deficit and releasing some of the designated reserves to support the level of undesignated reserves.

At the year-end there were £62,000 (2024: £71,000) of restricted reserves which relate to specific grants and funding.

The Trustees are obliged to designate funding to offset pension liabilities as assessed by the Foundation's actuary. The designated reserve should match the amounts held in the escrow account that cover the pension scheme funding deficit and any amounts due under the current schedule of contributions.

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

RISKS AND UNCERTAINTIES

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

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

- Cashflow shortfall, arising from the deficit position and failure to ensure stability and additional sources of income. The 5-Year Plan intended to provide the basis for SOC to achieve a break-even position through developing new commissioned services, more commercial offerings and continual review of the operational and support costs. The Board have considered the financial plan developed to support the 5 Year Plan and are satisfied that SOC has sufficient level of investments and reserves to support the current deficit position but have instigated a review to support recovery of this position.

- Securing our NHS Commissioned services contracts. The management team are continuing to discuss opportunities with the various commissioning bodies to secure and grow SOC's future income. There is also an ongoing review of our delivery and strategy to ensure greater operational resilience through the review of other income opportunities.

- Ensuring there are adequate qualified skilled staff to deliver services and fulfil contractual obligations as well as enhancing leadership and operational capacity resilience is a key focus. Recruitment and retention within the healthcare sector continues to be a challenge in some regards and SOC continues to review appropriate staffing levels, skill mix and ways to recruit and retain staff. This will be further supported by a review of our people policies and the introduction of a people and workforce committee.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Step One Charity ('SOC') is a company limited by guarantee and is registered as a charity with the Charity Commission (No. 235434). The name was changed from St Loye's Foundation on 21 December 2016 to provide a new trading name for the group following the acquisition of Community Care Trust (South West) Limited as a subsidiary in 2015. Community Care Trust (South West) Limited ("CCT") was a charitable company limited by guarantee, registered company number 2420393 and registered charity number 1007781. Following the merger with SOC on 31 March 2022 both charities have now been brought together under the single name of SOC and CCT is now a dormant company. The Board have agreed subject to appropriate due diligence that we will apply to strike off CCT and end its existence as a legal entity.

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

Jacqui Lyttle was appointed as the new Chair of Trustees from 1 April 2025, and with over 35 years of experience in the healthcare and charity sectors, she brought renewed focus and direction to SOC. After her

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resignation in June 2025, Lorna Collingwood-Burke was appointed Chair of Trustees on 1st January 2026. Robert Williams resigned, including as Vice-chair on 31st March 2026.

The Senior Leadership Team ('SLT') consists of the Chief Executive, and a Head of Psychological Practice & Development. We have introduced a 2nd executive role being a Director of Quality Improvement & Service Delivery. The Board delegates the day to day running of the charity to Senior Leadership Team, providing advice and guidance as appropriate.

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

- Ms L Collingwood-Burke, Chair from 1 January 2026 (appointed 1 January 2026)
- Mrs S Sutherland, Interim Chair from 19 June 2025 (appointed 19 June 2025, resigned 4 February 2026)
- Dr P Cawthron
- Mr D Hawes
- Mr M Lambert
- Mrs K O'Shaughnessy
- Mr D Blackford (appointed 4 April 2025, resigned 17 July 2025)
- Mr M McVicar
- Mr R Stevens
- Mr S Green
- Mr S Lyons
- Mrs J Lyttle (resigned 19 June 2025)
- Mr R Williams (resigned 24 March 2026)

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

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

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

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

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

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

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

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

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

Signed by:
Lorna Collingwood-Burke
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Ms L Collingwood-Burke
(Chair of Trustees)

Date: 15/7/2026

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STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ONE CHARITY

OPINION

We have audited the financial statements of Step One Charity (the 'charity') for the year ended 31 March 2026 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2026 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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OTHER INFORMATION

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' 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 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' Annual Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report.

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

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

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

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

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

Our procedures to respond to risks identified included the following:

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

reviewing internal control reports: and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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

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

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

USE OF OUR REPORT

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

Signed by:
Mark Munro
26665DD45E7245F...

Mark Munro BA FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming Audit Limited
Chartered Accountants
Statutory Auditors
Brook House
Winslade Park
Manor Drive
Clyst St Mary
Exeter
EX5 1GD

Date: 16/7/2026

Docusign Envelope ID: 51DE97E6-6B7F-8EF6-8325-0E739BF0674E

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2026

	Note	Unrestricted funds 2026 £	Restricted funds 2026 £	Total funds 2026 £	Total funds 2025 £
INCOME FROM:					
Donations and legacies	4	**28,744**	**-**	**28,744**	81,487
Charitable activities	5	**3,173,826**	**46,480**	**3,220,306**	2,805,959
Investments	6	**75,953**	**-**	**75,953**	81,617
Other income	7	**326,779**	**-**	**326,779**	285,356
TOTAL INCOME		**3,605,302**	**46,480**	**3,651,782**	3,254,419
EXPENDITURE ON:					
Exceptional expenditure	8	**87,082**	**-**	**87,082**	144,952
Charitable activities	9	**4,477,309**	**50,836**	**4,528,145**	4,093,034
TOTAL EXPENDITURE		**4,564,391**	**50,836**	**4,615,227**	4,237,986
NET (EXPENDITURE)/ INCOME BEFORE NET GAINS ON INVESTMENTS		**(959,089)**	**(4,356)**	**(963,445)**	(983,567)
Net gains on investments		**486,620**	**-**	**486,620**	100,798
NET EXPENDITURE		**(472,469)**	**(4,356)**	**(476,825)**	(882,769)
Transfers between funds	20	**5,268**	**(5,268)**	**-**	**-**
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/ (LOSSES)		**(467,201)**	**(9,624)**	**(476,825)**	(882,769)
OTHER RECOGNISED GAINS/ (LOSSES):					
Other gains		**165,000**	**-**	**165,000**	232,000
NET MOVEMENT IN FUNDS		**(302,201)**	**(9,624)**	**(311,825)**	(650,769)
RECONCILIATION OF FUNDS:					
Total funds brought forward		**10,972,076**	**71,476**	**11,043,552**	11,694,321
Net movement in funds		**(302,201)**	**(9,624)**	**(311,825)**	(650,769)
TOTAL FUNDS CARRIED FORWARD	20	**10,669,875**	**61,852**	**10,731,727**	11,043,552

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

BALANCE SHEET
AS AT 31 MARCH 2026

	Note		2026 £		2025 £
FIXED ASSETS					
Intangible assets	14		**18,268**		22,186
Tangible assets	15		**4,175,944**		3,566,546
Investments	16		**5,173,925**		5,545,923
			9,368,137		9,134,655
CURRENT ASSETS					
Debtors	17	**605,104**		546,985	
Investments	18	**-**		1,628,584	
Cash at bank and in hand	23	**2,101,035**		854,677	
		2,706,139		3,030,246	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	19	**(1,342,549)**		(1,121,349)	
NET CURRENT ASSETS			**1,363,590**		1,908,897
TOTAL ASSETS LESS CURRENT LIABILITIES			**10,731,727**		11,043,552
TOTAL NET ASSETS			**10,731,727**		11,043,552
CHARITY FUNDS					
Restricted funds	20		**61,852**		71,476
Unrestricted funds					
Designated funds	20	**8,999,747**		9,574,044	
General funds	20	**1,670,128**		1,398,032	
Total unrestricted funds	20		**10,669,875**		10,972,076
TOTAL FUNDS			**10,731,727**		11,043,552

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

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

Signed by:
Lorna Collingwood-Burke
EFB1FE18CAD34C1...

Ms L Collingwood-Burke
(Chair of Trustees)

Date: 15/7/2026

Docusign Envelope ID: 51DE97E6-6B7F-8EF6-8325-0E739BF0674E

The notes on pages 17 to 37 form part of these financial statements.

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STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 £	2025 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	22	**(617,776)**	(1,064,418)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		**(679,969)**	(25,450)
Proceeds from sale of investments		**2,527,690**	750,000
Interest received		**17,817**	15,595
Purchase of intangible fixed assets		**(1,404)**	(22,861)
NET CASH PROVIDED BY INVESTING ACTIVITIES		**1,864,134**	**717,284**
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		**1,246,358**	**(347,134)**
Cash and cash equivalents at the beginning of the year		**854,677**	1,201,811
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	**2,101,035**	854,677

The notes on pages 17 to 37 form part of these financial statements

Docusign Envelope ID: 51DE97E6-6B7F-8EF6-8325-0E739BF0674E

1. GENERAL INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 INCOME

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

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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2. ACCOUNTING POLICIES (continued)

2.3 EXPENDITURE

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

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

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

All expenditure is inclusive of irrecoverable VAT.

2.4 INTEREST RECEIVABLE

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

2.5 INTANGIBLE ASSETS AND AMORTISATION

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

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

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

Amortisation is provided on the following basis:

Computer software	-	20.% straight line

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION (CONTINUED)

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

Depreciation is provided on the following bases:

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

2.7 INVESTMENTS

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

2.8 DEBTORS

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

2.9 CASH AT BANK AND IN HAND

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

2.10 LIABILITIES AND PROVISIONS

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

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

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

2.11 FINANCIAL INSTRUMENTS

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

2.12 OPERATING LEASES

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

2. ACCOUNTING POLICIES (continued)

2.13 PENSIONS

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

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

2.14 FUND ACCOUNTING

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

Critical areas of judgment:

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

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2026 £	Total funds 2026 £	Total funds 2025 £
Donations	21,763	**21,763**	13,368
Legacies	6,981	**6,981**	68,119
	28,744	**28,744**	81,487
TOTAL 2025	81,487	81,487	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2026 £	Restricted funds 2026 £	Total funds 2026 £	Total funds 2025 £
Employment and training services	450	-	**450**	232,086
Health and social care	3,173,376	46,480	**3,219,856**	2,573,873
	3,173,826	46,480	**3,220,306**	2,805,959
TOTAL 2025	2,799,191	6,768	2,805,959	

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6. INVESTMENT INCOME

	Unrestricted funds 2026 £	Total funds 2026 £	Total funds 2025 £
Income from listed investments	58,136	**58,136**	77,004
Interest	17,817	**17,817**	4,613
	75,953	**75,953**	81,617
TOTAL 2025	81,617	81,617	

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2026 £	Total funds 2026 £	Total funds 2025 £
Rental income	315,340	**315,340**	284,138
Other Income	11,439	**11,439**	1,218
	326,779	**326,779**	285,356
TOTAL 2025	285,356	285,356	

8. EXCEPTIONAL EXPENDITURE

	Unrestricted funds 2026 £	Total funds 2026 £	Total funds 2025 £
Defined benefit pension scheme exit fees	87,082	**87,082**	144,952
TOTAL 2025	144,952	144,952	

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2026 £	Support costs 2026 £	Total funds 2026 £	Total funds 2025 £
Employment and training services	178,496	39,778	**218,274**	374,450
Health and social care	3,093,194	1,216,677	**4,309,871**	3,718,584
	3,271,690	1,256,455	**4,528,145**	4,093,034
TOTAL 2025	2,841,102	1,251,932	4,093,034	

ANALYSIS OF SUPPORT COSTS

	Total funds 2026 £	Total funds 2025 £
Staff costs	**764,012**	703,943
Depreciation	**19,977**	64,110
Other support costs	**182,904**	183,483
Premises costs	**42,847**	48,409
IT costs	**215,592**	222,264
Governance costs	**24,000**	29,723
Pension fees	**7,123**	-
	1,256,455	1,251,932

10. AUDITORS' REMUNERATION

	2026 £	2025 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	**18,740**	17,850

11. STAFF COSTS

	2026 £	2025 £
Wages and salaries	**2,766,187**	2,544,498
Social security costs	**324,945**	225,040
Pension	**131,615**	133,119
	3,222,747	2,902,657

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

	2026 No.	2025 No.
	126	110

The average headcount expressed as full-time equivalents was:

	2026 No.	2025 No.
	94	83

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

	2026 No.	2025 No.
In the band £60,001 - £70,000	**-**	2
In the band £70,001 - £80,000	**-**	-
In the band £80,001 - £90,000	**-**	1

No employees received employee benefits exceeding £60,000 in the year ending 31 March 2026. The total amount of employee benefits received by the key management personnel for their services was £226,241 (2025: £261,129).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2025 - £NIL).

During the year ended 31 March 2026, expenses totalling £NIL (2025: £76 to 1 Trustee).

13. NET GAINS ON INVESTMENTS

The breakdown of the gain of £486,620 (2025: gain of £100,798) shown on the Statement of Financial Activities is broken down as follows:

		2026 £	2025 £
Fixed asset investment revaluations	16	**417,638**	33,812
Escrow account revaluations	18	**68,982**	66,986
		486,620	100,798

14. INTANGIBLE ASSETS

	Computer software £
COST	
At 1 April 2025	**22,861**
Additions	**1,404**
At 31 March 2026	**24,265**
AMORTISATION	
At 1 April 2025	**675**
Charge for the year	**5,322**
At 31 March 2026	**5,997**
NET BOOK VALUE	
At 31 March 2026	**18,268**
At 31 March 2025	22,186

15. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and equipment £	Total £
COST OR VALUATION			
At 1 April 2025	**3,717,226**	**139,822**	**3,857,048**
Additions	**644,663**	**35,306**	**679,969**
At 31 March 2026	**4,361,889**	**175,128**	**4,537,017**
DEPRECIATION			
At 1 April 2025	**237,271**	**53,231**	**290,502**
Charge for the year	**54,627**	**15,944**	**70,571**
At 31 March 2026	**291,898**	**69,175**	**361,073**
NET BOOK VALUE			
At 31 March 2026	**4,069,991**	**105,953**	**4,175,944**
At 31 March 2025	3,479,955	86,591	3,566,546

16. FIXED ASSET INVESTMENTS

	Listed investments £
COST OR VALUATION	
At 1 April 2025	**5,545,923**
Disposals	**(839,328)**
Revaluations	**417,638**
Interest and dividends	**58,114**
Foreign exchange movement	**(8,422)**
AT 31 MARCH 2026	**5,173,925**
NET BOOK VALUE	
AT 31 MARCH 2026	**5,173,925**
AT 31 MARCH 2025	5,545,923

17. DEBTORS

	2026 £	2025 £
DUE WITHIN ONE YEAR		
Trade debtors	**241,790**	268,238
Other debtors	**139,674**	91,895
Prepayments and accrued income	**223,640**	186,852
	605,104	546,985

18. ESCROW ACCOUNT

	2026 £	2025 £
Investments	**-**	1,628,584

The Escrow account is established under a deed between the company and the Trustees of the St Loye's Foundation Pension & Assurance Scheme and is used to provide contributions to the Scheme under an agreed recovery plan. Assets from the account can be returned to the company when the Scheme is over-funded per the funding based actuary valuation. During June 2025, it was agreed that due to the funding position of the Scheme, that the monies could be returned to the Charity. These were received on 24 June 2025.The amount received in excess of the 2025 valuation totalled £68,982.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026 £	2025 £
Trade creditors	**242,223**	177,145
Other taxation and social security	**67,208**	52,131
Other creditors	**320**	452
Accruals and deferred income	**1,032,798**	891,621
	1,342,549	1,121,349

	2026 £	2025 £
Deferred income at 1 April 2025	**844,387**	1,042,597
Resources deferred during the year	**2,195,986**	844,387
Amounts released from previous periods	**(2,049,487)**	(1,042,597)
DEFERRED INCOME AT 31 MARCH 2026	**990,886**	844,387

The main constituent balance within deferred income relates to the Alliance Partnership (£977,953 2025: 844,387). This is part of the cash balance owed to members of the alliance at year end. £13,133 relating to deferred grant income.

STEP ONE CHARITY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2025 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 March 2026 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme Escrow	1,628,584	-	-	(1,697,566)	68,982	-
Tangible fixed asset reserve	3,566,547	-	(70,571)	679,968	-	4,175,944
Intangible fixed asset reserve	22,186	-	(5,321)	1,404	-	18,269
Future sustainability	121,063	-	-	-	-	121,063
Investment volatility reserve	1,861,313	-	-	(347,933)	-	1,513,380
Unrealised Investment revaluation	2,374,351	-	-	379,102	417,638	3,171,091
	9,574,044	-	(75,892)	(985,025)	486,620	8,999,747
GENERAL FUNDS						
General Funds - all funds	1,398,032	3,605,302	(4,488,499)	990,293	165,000	1,670,128
TOTAL UNRESTRICTED FUNDS	10,972,076	3,605,302	(4,564,391)	5,268	651,620	10,669,875
RESTRICTED FUNDS						
BeWell@StepOne	4,356	-	(4,356)	-	-	-
Cypress	67,120	46,480	(46,480)	(5,268)	-	61,852
	71,476	46,480	(50,836)	(5,268)	-	61,852
TOTAL OF FUNDS	11,043,552	3,651,782	(4,615,227)	-	651,620	10,731,727

20. STATEMENT OF FUNDS (CONTINUED)

Designated Funds

Pension Scheme Escrow

This relates to funds invested in related to the defined benefit pension scheme are held in an escrow account, managed by Legal & General on behalf of the Charity. These investments are not realisable in the short term and are to be used to meet the pension scheme liabilities and hence an amount equal to the liability is designated for these purposes. During the year, the escrow fund of £1.6m was released following agreement with the pension scheme trustees and transferred into general unrestricted funds..

Tangible Fixed Asset Reserve

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

Intangible Fixed Asset Reserve

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

Future Sustainability

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

Investment Volatility Fund

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

Unrealised Investment Reserve

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

Restricted Funds

BeWell@StepOne

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

Cypress

This relates to funds received from a legacy in the year ending March 2021. This has been used in the year for funding for roof works at Cypress.

Where capital items have been purchased out from restricted funds, the expenditure is shown on the Statement of Financial Activities and Statement of Funds note as a transfer out from restricted into the *designated tangible/ intangible fixed asset funds.*

20. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pension scheme Escrow	1,561,598	-	-	-	66,986	1,628,584
Tangible fixed asset reserve	3,604,531	-	(63,435)	25,451	-	3,566,547
Intangible fixed asset reserve	-	-	(675)	22,861	-	22,186
Future sustainability	121,063	-	-	-	-	121,063
Investment volatility reserve	1,781,343	-	-	46,158	33,812	1,861,313
Unrealised Investment revaluation	2,257,203	-	-	117,148	-	2,374,351
	9,325,738	-	(64,110)	211,618	100,798	9,574,044
GENERAL FUNDS						
General funds	2,291,731	3,247,651	(4,163,232)	(210,118)	232,000	1,398,032
TOTAL UNRESTRICTED FUNDS	11,617,469	3,247,651	(4,227,342)	1,500	332,798	10,972,076

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
RESTRICTED FUNDS						
BeWell@StepOne	15,000	-	(10,644)	-	-	4,356
Cypress	61,852	6,768	-	(1,500)	-	67,120
	76,852	6,768	(10,644)	(1,500)	-	71,476
TOTAL OF FUNDS	11,694,321	3,254,419	(4,237,986)	-	332,798	11,043,552

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2026 £	Restricted funds 2026 £	Total funds 2026 £
Tangible fixed assets	4,175,944	-	**4,175,944**
Intangible fixed assets	18,268	-	**18,268**
Fixed asset investments	5,173,925	-	**5,173,925**
Current assets	2,644,287	61,852	**2,706,139**
Creditors due within one year	(1,342,549)	-	**(1,342,549)**
TOTAL	10,669,875	61,852	**10,731,727**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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

	2026 £	2025 £
Net expenditure for the year (as per Statement of Financial Activities)	**(476,825)**	(882,769)
ADJUSTMENTS FOR:		
Depreciation charges	**70,570**	63,435
Amortisation charges	**5,322**	675
Gains on investments	**(486,620)**	(100,798)
Dividends, interest and rents from investments	**(75,953)**	(77,004)
Increase in debtors	**(58,118)**	(105,174)
Increase/(decrease) in creditors	**221,181**	(200,032)
Difference between pension charge and cash contributions	**165,000**	232,000
Investment fees	**17,667**	5,249
NET CASH USED IN OPERATING ACTIVITIES	**(617,776)**	(1,064,418)

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2026 £	2025 £
Cash in hand	**1,597,810**	200,044
Alliance Partnership - ringfenced cash	**503,225**	654,633
TOTAL CASH AND CASH EQUIVALENTS	**2,101,035**	854,677

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2025 £	Cash flows £	At 31 March 2026 £
Cash at bank and in hand	**854,677**	**1,246,358**	**2,101,035**
Liquid investments	**1,628,584**	**(1,628,584)**	**-**
	2,483,261	**(382,226)**	**2,101,035**

25. PENSION COMMITMENTS

The Charity operates a defined benefit pension scheme.

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

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

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

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

	At 31 March 2026 %	At 31 March 2025 %
Discount rate	**6**	5.6
Rate of price inflation - RPI	**4.6**	4.1
Rate of price inflation - CPI	**3.8**	3.3
Deferred pension increases (non-GMP)	**3.8**	3.3
Pension increases in payment	**5**	5.0

25. PENSION COMMITMENTS (CONTINUED)

	At 31 March 2026 Years	At 31 March 2025 Years
MORTALITY RATES (IN YEARS)		
- for a male aged 65 now	**20.9**	20.6
- at 65 for a male aged 45 now	**21.9**	21.5
- for a female aged 65 now	**23.2**	23.1
- at 65 for a female aged 45 now	**24.3**	24.2

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

	At 31 March 2026 £000s	At 31 March 2025 £000s
Buy-in policy	**11,695**	12,421
Cash and other liquid assets	**253**	280
Absolute return / Diversified growth funds	**2,317**	2,068
Insured annuities	**2,406**	2,795
TOTAL FAIR VALUE OF ASSETS	**16,671**	17,564

The actual return on scheme assets was a reduction of £697,000 (2025: a reduction of £2,738,000).

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

	2026 £000s	2025 £000s
Interest cost	**(139)**	(237)
Administrative expenses	**165**	232
Impact of surplus restriction	**139**	237
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	**165**	232

25. PENSION COMMITMENTS (CONTINUED)

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

	2026 £000s
Opening defined benefit obligation	**(15,076)**
Benefits paid	**1,425**
Interest cost on defined benefit obligation	**(805)**
Actuarial (gain)/loss	**375**
CLOSING DEFINED BENEFIT OBLIGATION	**(14,081)**

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

	2026 £000s
Opening fair value of scheme assets	**17,564**
Interest Income	**944**
Return less interest income on scheme assets	**(247)**
Benefits paid	**(1,425)**
Administration Expenses	**(165)**
CLOSING FAIR VALUE OF SCHEME ASSETS	**16,671**

The Charity has an unrecognised surplus of £2,590,000 (2025: £2,488,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

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

26. OPERATING LEASE COMMITMENTS

At 31 March 2026 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2026 £	2025 £
Not later than 1 year	**187,479**	109,231
Later than 1 year and not later than 5 years	**211,106**	95,507
	398,585	204,738

27. RELATED PARTY TRANSACTIONS

The Charity has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Charity at 31 March 2026. (2025: an outstanding balance of £425 for payments on behalf of Community Care Trust, a related party to 4 of the Trustees.)

28. CONTROLLING PARTY

The Charity is controlled by the Trustees. No individual has ultimate control.