Report and financial statements for the year ended 31 March 2026

Registration number 25597R

SECONDSTEP
PUTTING MENTAL HEALTH FIRST

Second Step Limited

Report of the Board for the year ended 31 March 2026

CONTENTS

Second Step Limited

Report of the Board for the year ended 31 March 2026

Reference and Administrative Information

1. **Non-Executive Board Members**

Kelvin Blake	Chair
Oona Goldsworthy	Vice Chair
John Bassi	
Jason Burrowes	
Monira Chowdhury	
Ros Cox	(resigned 12 December 2025)
Richard Gleave	
Kate Innes	
Sarah Mason	
Ruth Moesby	
Katie Norton	
Chris Roberts	

2. **Senior Leadership Team**

Aileen Edwards*	Chief Executive
Andy Warren*	Director of Quality & Performance
Richard Carling*	Director of Finance & IT
Chris Kinston	Senior Operations Manager
Sophie Bailie	Senior Operations Manager
Mark Brown	Senior Operations Manager
Sarah Cox	Senior Operations Manager
Emmie Davies	Senior Operations Manager
Rachel Bainbridge	Head of HR

*Executive Board Members

3. **Registered Office**
162 Pennywell Road, Bristol, BS5 0TX

4. **Registration Number**
25597R
Registered under the Co-operative and Community Benefit Societies Act 2014.

5. **Bankers**
National Westminster Bank plc.
21a Somerset Square, Bristol, BS48 1RQ

6. **Auditors**
Azets
Ty Derw, Lime Tree Court
Cardiff Gate Business Park, Pontprennau
Cardiff
CF23 8AB

Report of the Board for the year ended 31 March 2026

Introduction

The Board presents their report and accounts for the year ended 31 March 2026. The accounts have been prepared in accordance with the accounting policies set out on pages 21-23. The report and accounts comply with the Co-operative and Community Benefit Societies Act 2014 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Public Benefit Statement

In setting our objectives and planning our activities the Board has given careful consideration to the Charity Commission's general guidance on public benefit. Details on how we have demonstrated public benefit can be found in our Performance Review and Achievements section on page 4.

About us and our objectives

Second Step is a leading mental health charity in the South West providing support, housing and hope to thousands of people with mental health problems. Based in Bristol, we also work in North Somerset, South Gloucestershire, Somerset, Bath and North-East Somerset and Swindon.

Second Step is an exempt charity registered under the Co-operative and Community Benefit Societies Act 2014. Its objects (as stated in our rules) shall be to carry on, for the benefit for the community:

- The business of providing and managing housing and social housing and providing assistance to help house people and associated facilities and amenities or services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;

- Any other charitable object that can be carried out from time-to-time by a registered society.

Mission Statement

We promote mental health and wellbeing by supporting people and communities to build brighter futures.

Our vision and approach

We believe in a world where everyone affected by mental health problems can create a positive future. We support people in all aspects of their lives, and we do this in four main ways by helping people:

- Become mentally and physically healthy
- Have a home and decent housing
- Be part of their community
- Find a purpose through volunteering, developing skills and employment

Our Values

Underpinning the vision and plan of action to achieve Second Step's objectives are clear values:

- **Believing in hope and courage** – Recovery becomes a reality when we are confident, courageous and inspire hope in one another. Change happens and we can achieve great things

- **Succeeding together** – We're at our best when we work together – staff, service users, carers and partners – making the most of each other's talents and strengths

- **Building Trust** – When we act with integrity, when we strive to be honest with ourselves and those around us, we can build strong bonds of trust

- **Celebrating Diversity** – We value our differences, understanding that being kind and respectful to each other makes us strong

- **Learning and growing** – By listening and thinking about how we can learn from our actions, we can help to create real change for ourselves and inspire those around us

Principle Activities

Second Step achieves its objectives by delivering support contracts for local authorities, NHS trusts and Integrated Care Boards across the West of England, as well as undertaking pilot projects to identify new ways to support people and find ways to change the way the current system works.

Our key streams of activity are:

- Provision of Community Mental Health Services as part of Bristol Mental Health, a sub-contractor for Avon and Wiltshire Mental Health Partnership NHS Trust (AWP);

- Lead contractor for the provision of the Community Rehabilitation Service, part of Bristol Mental Health;

- Lead agency for Changing Futures in Bristol, a programme funded by central government and the National Lottery;

- A range of mental health services across Bristol, North Somerset and South Gloucestershire ranging from suicide prevention, crisis support to Wellbeing College activities.

- Tenancy and mental health support; as well as managing 100 residential units on behalf of housing associations (we stopped delivering these services in March 2026);

- A service providing innovative solutions for individuals with complex needs in Somerset, called Step Together;

- Open Mental Health - a partnership between 9 voluntary and community sector (VCS) organisations and Somerset Foundation Trust, providing support to adults in Somerset who are experiencing mental health problems;

- Mental Health & Wellbeing Partnership - a partnership between 4 voluntary and community sector (VCS) organisations providing a range of services to adults in BaNES, Swindon & Wiltshire who are experiencing mental health problems;
-
- Help When You Need It - a community-based service for people with mental health issues and carers, providing short-term outcome focused interventions for adults.

- The Specialist Community Forensic Team which aims to reduce the length of stay for people in secure services, by helping people move back into the community.

- A team of Recovery Navigators to participate in multi-disciplinary (MINT) teams supporting GPs to work with complex patients who do not meet the criteria for secondary mental health services.

- Volunteering and mentoring.

Performance Review and Achievements

The key highlights from our main services are described below.

1. **Community Mental Health Services**
   Second Step is the lead partner in delivering the Community Rehabilitation Service across Bristol, sub-contracting some elements to Avon and Wiltshire Mental Health Partnership NHS Trust (AWP) and Missing Link.

   Second Step is also a sub-contractor to AWP in the provision of Assessment and Recovery, Crisis and Early Intervention services. Second Step led in introducing and embedding psycho-social voluntary and community sector roles throughout these three Bristol services. The service strives to achieve the best mental health and wellbeing for all the people of Bristol by ensuring everyone receives the treatment and support they need to take control of their own mental health and lead fulfilling lives.

   Second Step runs two alternative to crises services: one Safe Haven for North Somerset and also The Sanctuary for Bristol residents. We provide evening and weekend support on a 1-2-1 basis and receive referrals from a range of services including ambulance and the police.

   As part of the AWP sub-contract, Second Step also runs the Bristol Wellbeing College, which provides a range of recovery, wellbeing and educational courses to service users of Bristol Mental Health services, and carers. The college also takes referrals from primary care services in some areas, as well as from specialist services.

We also run the North Somerset Wellbeing Service which uses Wellbeing College style groups and courses. The service offers motivation and support to help people take a step forward in their recovery journey.

The Hope project is aimed at reducing male suicides by engaging with men aged between 30 and 64 who have self-harmed and/or are in psychological distress due to financial, housing or employment pressures and who are not in touch with mental health services.

We also run the Beside Project which provides specialist Suicide Bereavement support. The service offers emotional and practical support to people aged 16+, family members, next of kin or loved ones. We work across Bristol, North Somerset, South Gloucestershire, Bath and North-East Somerset.

2. Homelessness Pathways, Supported Housing and Floating Support

Up to March 2026 Second Step was the lead contractor on Bristol City Council's Homelessness Mixed Pathway (working with three sub-contractors) and was a sub-contractor to the Salvation Army on the Men's Pathway.

The High Support Accommodation Service were split over three housing projects and worked within the Bristol Homelessness. These services supported rough sleepers and those classed as homeless with complex needs aged 22 and over.

The Supported Housing Service provided accommodation with medium levels of support and was a mix of shared and self-contained accommodation across the city. It was comprised of 61 units (40 in the Male and 21 in the Mixed Pathway). The service outcomes were to improve living skills and prepare for independent accommodation.

Both pathways at Level 1&2 achieved well on the percentage of departures achieved being on a planned basis. However, it was challenging (for all partners) to move tenants onto the next stages in the pathways, with a lack of alternative accommodation available, particularly for those with drug or alcohol issues.

These services were put out to tender last year and we made the strategic decision not to re-tender for them as they involve providing specialist housing management services which is an area of expertise that we don't focus on in our other services. We will instead focus on different models of support for people facing multiple disadvantage, including homelessness. As a result we stopped delivering this service at the end of March 2026.

3. Step Together

Step Together is a service providing innovate solutions for individuals with complex needs in Somerset. The service operates on an outreach basis, working with individuals in the community.

Rather than being a provider of accommodation, this service works with a range of support services, landlords and housing providers to remove barriers and increase access to stable accommodation.

The Service focuses on a core group of adults with complex and multiple needs stemming from a combination of mental health needs, substance misuse and behaviours that often result in them not getting the services they need. Many of these adults are unable to find a sustainable housing solution and find themselves, “stuck in the system”. Second Step enables people to maintain and improve their independence and wellbeing whilst also preventing them from needing to access more acute or crisis-based social care and health provisions. The service aims to prevent repeat homelessness as a result.

4. Open Mental Health

Open Mental Health is an innovative partnership in Somerset which started in 2020. It supports people to live a full life by enabling access to specialist mental health support, debt and employment advice, volunteering opportunities, community activities and exercise. The services are a partnership between nine voluntary and community sector (VCS) organisations and Somerset NHS Foundation Trust. By working in partnership, the services aspire to a 'no wrong door' approach for anyone who needs help.

Second Step has several workstreams and connected services within Open Mental Health, including the Locality Lead for Sedgemoor, the Trauma-Informed Practice Lead for the VCS Alliance, delivering one to one and group support in Mendip and Sedgemoor localities, operating two crisis centres in Mendip and Sedgemoor, employing specialist Family Safeguarding Workers and Psychologist with Somerset County Council. We also deliver a community rehabilitation service in Somerset and the Step Down service that helps people settle back in the community after spending time in in-patient care.

5. Floating Support and Help When You Need It

We continued to provide floating support services in Bath and North East Somerset (BANES). The service offers tailored one-to-one practical and emotional support to help individuals to become as independent as possible, improve their wellbeing and reduce their need for longer term support. This service ended in March 2026 as the funding was discontinued.

Help When You Need It is a community-based service for people with mental health issues and carers (predominantly under 55) in Bristol. It provides targeted short-term outcome focused interventions for adults with support needs that prevent and delay the need for longer term reliance on formal services.

6. Specialist Community Forensic Team

We continued to deliver elements of the Specialist Community Forensic Team in partnership with AWP, which aims to reduce the length of stay for people in secure services, by helping them move back into the community.

The joint service provides treatment, support and coaching to people over 18 who have been discharged from secure inpatient units in Bristol. Commissioned by NHS England

and NHS Improvement, the team aims to support people leaving secure care who may find it difficult to make the transition back into the community.

7. Primary Care

Second Step provides a team of Recovery Navigators to participate in multi-disciplinary teams supporting GPs to work with complex patients who do not meet the criteria for secondary mental health services. These are called Mental health and wellbeing Integrated Network Teams or MINT. This service has teams across Bristol, North Somerset and South Gloucestershire.

The teams often work with 'frequent attenders' who require 1:1 support to address complex social issues. Emotional and practical support is provided to individuals around their mental health needs to reduce anxiety, depression and other underlying mental health issues, as well as reducing the risks they present to themselves or others.

The service aims to meet the needs of patients who fall outside of the referral thresholds for talking therapy and secondary-care mental-health services. In the absence of an integrated care approach with other agencies, primary care often holds the risk associated with patients whose mental health remains poor but are not eligible for specialist services. As a consequence, the patients often become 'high intensity users'. These MINT teams offer a collaborative integrated partnership which enables each agency to deliver their specialism and support people to be better connected into their communities.

8. Mental Health and Wellbeing Partnership for BaNES, Swindon and Wiltshire

In April 2025 we started to deliver services as part of the Mental Health and Wellbeing Partnership for BaNES, Swindon and Wiltshire (BSW). We offer a range of support services to help people manage their mental health and wellbeing, including:

- Access Community Mental Health – Community-based teams who work alongside people with moderate to severe mental health needs to help them find ways of improving and managing their mental health, focusing on their unique strengths and interests.
- BSW Recovery College - Free workshops and courses to learn skills and techniques to look after your mental health and wellbeing, in-person and online.
- Intensive Outreach Service – Personalised support for people experiencing serious mental health challenges.
- Physical Health Check Coordination for people on the Serious Mental Illness register – Supporting people experiencing serious mental health challenges to access physical health checks and improve their physical health.
- Intensive Support – supporting people who need additional help in order to stay in the community or support the step down from hospital. This team works closely with AWP Intensive services.

9. Changing Futures

We are the lead delivery partner for the Changing Futures programme in Bristol, commissioned by Bristol Adult Social Care. This programme supports people facing multiple disadvantages, including discrimination, homelessness, domestic abuse, mental health, drug and alcohol and interactions with the criminal justice system.

The programme's aims are:

- To improve the way that local systems and services work for people experiencing multiple disadvantage who are traditionally not well served by services.
- To use the learning from this to influence future government programmes and policy.
- Promoting equality and diversity and co-production with people with lived experience are central to the programme.

The funding for the programme came to an end during the year, although we will continue to deliver some aspects of the programme during 2026-27.

10. Volunteering

There is a range of volunteering opportunities for volunteers in Second Step which provide different experiences and give people the opportunity to build on different skill sets. Over half of the volunteers are peers who have their own direct experience of mental health problems.

Financial review

The Board reports a surplus for the year of £563,000 (2024-25 – deficit of £312,000).

We have had a turbulent time financially over the last couple of years. In 2024-25 we made a deficit of £312k due to some challenging issues in our housing services. These issues were some of the factors that led us to make the decision not to re-tender for those contracts. Housing management was a unique service within Second Step, with increasing regulatory demands, and now that we will no longer deliver them we won't have the same level of contractual financial risk.

2025-26 was therefore a recovery year and we started it with lots of uncertainty in two key areas – the final year of delivering our housing services, with the risks that it entailed, and the first year of our services in BANES, Swindon and Wiltshire (BSW). We therefore had to budget cautiously to cover the potential costs in those services and had budgeted a small deficit for the year. This was good governance to follow a prudent approach. As things turned out, due to good management and some good fortune, the potential high costs in these areas were not incurred and the results for 2025-26 show a surplus of £563k. Fuller explanations on these are given below.

In previous years our housing services had incurred very high expenditure on property repairs and maintenance and we had budgeted for significant costs to cover repairs before we handed back properties to landlords. But thanks to tight control from the housing team and good tenant management this was kept to a reasonable level. In previous years we had also made significant use of agency staff in these services, but again thanks to good management this was kept to a more reasonable level in 2025-26.

Our new services in BSW started in April 2025. We inherited staff teams from previous providers for these contracts and were expecting to make a loss during the first few months based on the TUPE information we had received on staff who were entitled to transfer. The plan was to restructure the staff team during this period. We had also therefore budgeted for some redundancy costs as part of this process. In the event fewer staff transferred than we were expecting and there were no redundancies as a result of the restructure, so the service was able to make a reasonable financial contribution to central costs during the year.

Income for 2025-26 was £19.5m (2024-25 - £17.2m). This is a higher level than the previous year as we started to deliver the new contracts in BSW.

Expenditure for the year was £18.9m (2024-25 - £17.5m). Again, this reflects the fact that we started to deliver services in BSW during the year.

Reserves Policy

The organisation holds three categories of reserves within its balance sheet:

1. Restricted Funds, where external agencies have provided funds to the organisation for specific purposes, which restricts the way in which these funds may be spent.

2. Designated Funds, where there is no external restriction, but the directors of Second Step have allocated funds for a specific purpose so they are not available as general reserves to cover shortfalls in the short to medium term.

3. General Reserves, in order to ensure the continuing health of the organisation, providing a working balance to help cushion the impact of uneven cash flows, avoid unnecessary use of borrowing and to meet its contractual obligations to clients and staff in the event of termination (or part cessation) of contracts.

We need to maintain a level of General Reserves in order to ensure the continuing health of Second Step, invest in new assets, provide working capital to help cushion the impact of uneven cash flows, avoid unnecessary use of borrowing and to meet its contractual obligations to clients and staff in the event of termination (or part cessation) of contracts.

The Board is responsible for ensuring the adequacy of General Reserves when it sets the budget for the next financial year. The reserves policy is reviewed at least annually and at any other time the Board considers appropriate.

The directors have agreed that there will be a designated fund equal to the net value of fixed assets held by the organisation. As these funds are tied up in fixed assets, they will not be available in the short to medium term to cover fluctuations in cash flow and so should not be included as general reserves.

We use a risk-based approach in calculating the level of General Reserves required. This is based on an understanding of our income streams and their risk profile, the degree of commitment to expenditure and the overall risk environment in which the charity operates. Following the above procedure, we calculated that £1.1m needs to be available to cover unexpected events during 2026-27. This was reviewed in June 2026.

At 31 March 2026 we had £1.7m of General Reserves (2025: £1.1m), which is in excess of our minimum required of £1.1m per our Reserves Policy, and puts us in a strong position to invest in strategic priorities over coming years.

Risk Management

The Senior Leadership Team is responsible for ensuring there is a robust system of risk identification and recording across the organisation. Top risks are identified through this process and reported to the Board.

The top risks identified in March 2026 are:

- As a result of illness and other factors there is a risk that senior staff are unable to work for significant periods of time or leave the organisation.
- Due to the recent industrial action, there is a risk that relationships between staff have become fractured.
- As a result of their tight financial environment, there is a risk that commissioners are unable to increase contract values sufficiently to cover increases in the cost of living.

Once risks have been identified, the Senior Leadership Team identifies actions that need to be taken to mitigate the risks. These are reviewed and monitored by the Board.

Plans for the Future

Due to some significant internal changes, we have extended our strategic plan for an additional year into 2026-27. A key focus of this are the cultural shifts we want to embed to make us a more inclusive, trauma informed, and enabling organisation. We are committed also to ensuring co-production with our clients continues to drive improvement in services.

The plan sets out 4 strategic priorities:

1. Building an inclusive culture where everyone thrives.
2. Embedding trauma-informed practices so people have the best experience and outcomes.
3. Valuing lived experience and working in partnership with our clients.
4. Being an enabling organisation where everyone contributes fully to improve services and the system.

Going concern

We are funded by several multi-year contracts with different bodies that finish at different times, and so are not overly dependent on any one source of income. We have continued to win new contracts with different commissioners.

As a result of these factors, the Board are confident in asserting that Second Step remains a going concern.

Structure, Governance and Management

Governing documents
Second Step is registered as an exempt charity under the Co-operative and Community Benefit Societies Act 2014. It is governed by its Model Rules dated 21 November 2013. Second Step is a member of the National Housing Federation and has based its Model Rules on the National Housing Federation Model Rules (2011). Second Step's share capital is raised by the issue of shares and each share has the nominal value of one pound. There are currently 51 members and when a shareholder ceases to be a shareholder their share is cancelled.

Interested individuals can apply to become shareholders of Second Step by applying through the application process. New shareholders are approved by the Board. Our rules detail any exclusion.

The Board
The Board members (who are also the directors of Second Step for the purpose of company law) are listed on page 1. The Board meets at least four times every calendar year.

Board members are recruited to ensure a wide range of skills, qualities and experience are represented. This is assessed against a skills audit and equal opportunities monitoring. Advertising for potential new members is targeted to reach particular skills groups. Up to three Board places are reserved for current and former Second Step service users. These Board members are recruited via an interview process which mirrors the normal Board recruitment process.

Board training is provided where necessary to ensure Second Step has a sufficiently skilled Board to effectively deliver Second Step's aims and objectives.

All Board Members are required to disclose all relevant interests and register them with the Chief Executive and, in accordance with the organisation's policy, withdraw from decisions where a conflict of interest arises. None of the Board members have interests with the business of Second Step, but any such interest would be disclosed.

Committees
There are three Board sub-committees. The Business Development, Finance, and Audit Committee considers new business opportunities, reviews quarterly financial information and approves investment decisions. The Service Quality Committee oversees operational performance reporting and quality. The People (Workforce) Committee considers issues affecting staff and volunteers.

Senior Leadership Team

The day to day management of the organisation is delegated to the Senior Leadership Team. Members of the Senior Leadership Team are listed on page 1.

Key Management Personnel Remuneration

The Board considers the Senior Leadership Team as the key management personnel of Second Step responsible for directing and running the operations on a day-to-day basis. All Non-Executive Board Members, except the Chair, give their time freely and no remuneration was paid during the year. Second Step has a paid Chair of the Board (see note 6 for Chair's fees).

The Chair's fees and the salaries of the Chief Executive and Senior Leadership Team are reviewed periodically by the Board in line with our Pay Policy. Our pay review process for these senior posts is informed by an external consultant through market testing; the salary is benchmarked against similar roles in similar activities so as to ensure that the remunerations are set fairly.

Staff Recruitment and Training

Second Step will recruit the best person for each vacancy regardless of ethnic origin, religion, marital status, responsibilities for dependants, gender, sexual orientation, age, disability or other grounds of unfair discrimination and aims to give members of all communities the opportunity to apply for any vacancy.

Second Step has signed up to the Mindful Employer Charter and as such is committed to showing a positive and enabling attitude to applicants who have, or have had, mental health issues.

Second Step will ensure that throughout the process, people are judged only on their abilities. We use a range of recruitment techniques so that each applicant's skills, abilities and relevant work experience will be considered and their competence in key areas will be tested in more than one way as appropriate to the post.

All members of staff have equal access to learning and development opportunities regardless of racial group, religion or belief, gender, age, disability, sexual orientation or working hours.

Disclosure of information to auditors

As far as each Board member is aware and has made enquiries of fellow board members, each member confirms that:

- to the best of their knowledge and belief there is no information that would be required by the auditors in connection with the preparation of this report of which Second Step's auditors are unaware; and

- each board member has taken all steps that they might reasonably have taken to be aware of relevant audit information and to establish that Second Step's auditors are aware of that information.

Second Step Limited

Report of the Board for the year ended 31 March 2026

Approval
This report was approved by the Board on 18 September 2026 and signed on its behalf.

Kelvin Blake
Chair of the Board

Board statement of responsibilities
For the year ended 31 March 2026

The Board are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Board are required to prepare financial statements for each financial year in accordance with 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).

The financial statements are required by law to give a true and fair view of the state of affairs of the society and of its excess of income over expenditure for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Board are responsible for maintaining satisfactory systems of internal control and keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECOND STEP LIMITED

FOR THE YEAR ENDED 31 MARCH 2026

Opinion

We have audited the financial statements of Second Step Limited (the "society") for the year ended 31st March 2026 which comprise statement of financial activity, the balance sheet, statement of cashflow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 society's affairs as at 31st March 2026 and of 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 Co-operative and Community Benefit Societies Act 2014.

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 society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's 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 society's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;

the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or

we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 13, the Board 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 Board 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 Board are responsible for assessing the society'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 Board either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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.

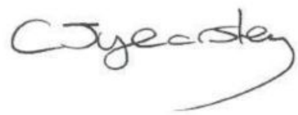
SECOND STEP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECOND STEP LIMITED

FOR THE YEAR ENDED 31 MARCH 2026

Use of our report

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Craig Yearsley

Senior Statutory Auditor

Azets Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Pontprennau
Cardiff
CF23 8AB

Date: 22 September 2026

SECOND STEP LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2026

	NOTES	Unrestricted funds 2026 £'000	Restricted funds 2026 £'000	**Total funds 2026 £'000**	*Total funds 2025 £'000*
INCOME:					
Income from charitable activities	2	19,083	-	**19,083**	*16,753*
Income from generated funds:					
Investment income	5	409	-	**409**	*449*
TOTAL INCOME		19,492	-	**19,492**	*17,202*
EXPENDITURE:					
Charitable activities	3	18,930	-	**18,930**	*17,515*
TOTAL EXPENDITURE		18,930	-	**18,930**	*17,515*
NET MOVEMENT IN FUNDS		563	-	**563**	*(312)*
TOTAL FUNDS BROUGHT FORWARD		2,189	-	**2,189**	*2,501*
TOTAL FUNDS CARRIED FORWARD		2,752	-	**2,752**	*2,189*

The statement of financial activities includes all gains and losses recognised in the year.

The net movement in funds for the year relate wholly to continuing activities.

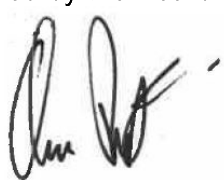
The notes on pages 21 to 37 form part of these financial statements.

SECOND STEP LIMITED

BALANCE SHEET AT 31 MARCH 2026

	NOTES	2026	2025
		£'000	£'000
FIXED ASSETS			
Intangible fixed assets	8	-	-
Tangible fixed assets	9	1,075	1,130
Fixed asset investments	10	10	16
		1,085	1,146
CURRENT ASSETS			
Debtors	11	999	465
Cash at bank and in hand		11,305	12,608
		12,304	13,072
CREDITORS: amounts falling due within one year	12	(10,402)	(11,830)
Net current assets		1,902	1,242
TOTAL ASSETS LESS CURRENT LIABILITIES		2,987	2,389
Provisions for liabilities	13	(235)	(200)
NET ASSETS		**2,752**	**2,189**
CAPITAL & RESERVES			
Called up share capital	14	-	-
Restricted funds	15	-	-
Unrestricted funds	15		
- - Designated funds – Fixed assets		1,075	1,130
- - General reserves		1,677	1,059
Net funds		**2,752**	**2,189**

The financial statements were approved by the Board on 18 September 2026.



Kelvin Blake – Chair

Chris Roberts – Board Member

Richard Carling – Company Secretary

The notes on pages 21 to 37 form part of the financial statements.

SECOND STEP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	NOTES	2026 £'000	2025 £'000
NET CASH USED IN OPERATING ACTIVITIES:	21	(1,712)	2,119
CASH FLOWS FROM INVESTING ACTIVTIES:			
Interest income on investing activities		409	449
Purchase of tangible and intangible fixed assets		-	(143)
NET CASH FROM INVESTING ACTIVITIES:		409	306
CHANGES IN CASH EQUIVALENTS IN THE YEAR:		(1,302)	2,425
CASH AND CASH EQUIVALENTS BROUGHT FORWARD:		12,608	10,183
CASH AND CASH EQUIVALENTS CARRIED FORWARD:		11,305	12,608

The notes on pages 21 to 37 form part of the financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Company information
Second Step Limited is registered under the Co-operative and Community Benefit Societies Act 2014 its registered office is 162 Pennywell Road, Brisol BS5 0TX.

A summary of the principal accounting policies is set out below.

(a) Basis of accounting
The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the charity's governing document, and "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 statements are presented in Sterling (£) which is the functional currency of the company and rounded to the nearest thousand pounds.

Second Step Limited meets the definition of a public benefit entity under FRS 102.

(b) Going Concern
After reviewing the organisation's forecasts and projections, the board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. The organisation therefore continues to adopt the going concern basis in preparing its financial statements.

We are funded by several multi-year contracts with different bodies that finish at different times, and so are not overly dependent on any one source of income.

The most significant financial risks we face include reductions in real-terms income due to financial constraints of commissioners and having to use agency staff to cover vacancies or long term sickness and the higher costs this involves. These risks are reviewed annually and included within the calculation used to determine our target level of reserves.

As a result of these factors, the Board are confident in asserting that Second Step remains a going concern.

(c) Fund accounting
General funds are unrestricted which are available for use at the discretion of the Board of directors in furtherance of the general objectives of the company and which have not been designated for other purpose. Restricted funds represent income contributions which are restricted to a particular purpose, in accordance with the donor's wishes.

(d) Income

Income represents commercially agreed contract values for provision of services, rental and service charge income receivable, net of rent and service charge losses from voids, fees and grants from local authorities and other income.

Income is recognised in the period to which the services to which it relates are delivered. Any income deferred to the following year is shown under creditors and none is expected to be deferred beyond one year.

(e) Expenditure

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

Charitable expenditure comprises those costs incurred by the organisation in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the organisation and include the audit fees and costs linked to the strategic management of the organisation.

Support costs include central functions and have been allocated to activity cost category on a basis consistent with the use of resources.

Grants payable are payments made to third parties in the furtherance of the objectives of the organisation. The grants are recognised where the board have agreed to pay the grant and the recipient has a reasonable expectation that they will receive a grant, provided they comply with the terms of the agreement.

(f) Cost Allocation Principles

Costs not directly incurred within the contract streams, other than organisational development and governance, are allocated to contract based on direct costs incurred within those contracts.

(g) Intangible fixed assets

Intangible Fixed assets are stated at cost, less accumulated amortisation. The minimum value of an item recognised as an intangible fixed asset is £1,000. Amortisation of the intangible assets is provided at the following annual rates to write off each item over its expected useful life, as follows:

Software implementation	Three years

(h) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. The minimum value of an item capitalised as a tangible fixed asset is £1,000.

Depreciation is provided at the following annual rates in order to write off each asset over its expected useful life, as follows:

Freehold property	Fifty years
Fixtures, fittings and furnishings	Ten years
IT equipment	Three years
Leasehold improvements	the remaining term of the lease

At each reporting end date, the organisation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(i) Joint ventures
Entities in which the charity has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

The investment is initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in net income/(expenditure) for the year.

(j) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

(k) Financial Instruments
Second Step 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.

(l) Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the organisation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(m) Pension costs
All employees on a permanent or fixed term contract are entitled to become members of the Second Step Group Personal Pension Plan, which is a defined contribution scheme. Depending on the employee's level of contribution, Second Step contributes a percentage (currently 6%) of the member's basic gross salary into the scheme (or into previous schemes run by or approved by Second Step). The pension charge represents the amounts payable by Second Step to the schemes in respect of the year. The assets of the schemes are held separately from those of Second Step in

independently administered funds. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(n) Provisions for liabilities

In calculating the expected dilapidations provision, the Board make judgements based on the expected obligation of the organisation using historic data and experience.

Provisions are made against operating leases where the unavoidable cost of meeting the lease obligation exceeds the economic benefits received.

(o) Operating leases

Rentals payable under operating leases are charged to the income and expenditure account as incurred over the term of the lease.

(p) Judgements and key sources of estimation uncertainty

In the application of the accounting policies the board are required to make judgements, estimates and assumptions about the carrying value of assets and labilities 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Where we have leases on properties with liabilities for dilapidations, an estimate is made of the likely dilapidations cost at the end of the lease, and that cost is spread across the life of the lease. A charge is made each year to a dilapidations provision so that the provision would cover the estimated cost at the end of the lease. We confirmed the dilapidations settlement with the landlord at our old office in Bristol In June 2026 so the figure in the accounts is accurate.

We make a judgement on the recoverability of tenant debtors. We have provided against all outstanding debtor balances relating to previous tenants and 50% of outstanding debtor balances relating to existing tenants. This is considered a prudent approach based on our experience of recoverability. We expect this to continue to be an issue in the coming year due to the cost of living crisis and increase in energy costs.

2. INCOME FROM CHARITABLE ACTIVITIES

	2026	2025
	£'000	**£'000**
Community Mental Health Services	7,394	6,943
Homelessness & Complex Needs	2,726	3,894
Housing Management	2,408	2,359
Community and Wellbeing	2,520	2,375
Changing Futures	851	1,008
BSW	3,101	
Other Services	84	174
	19,083	**16,753**

Within the income shown above for 2025-26 there was no restricted income (2024-25 - no restricted income).

3. ANALYSIS OF CHARITABLE EXPENDITURE

	Charitable activities	Support and Governance Cost	**TOTAL 2026**	**TOTAL 2025**
	£'000	**£'000**	**£'000**	**£'000**
Community Mental Health Services	5,591	1,237	6,828	6,435
Homelessness & Complex Needs	2,126	634	2,759	4,020
Community and Wellbeing	1,965	585	2,550	2,486
Housing Management	2,300	319	2,619	3,269
Changing Futures	692	194	886	1,034
BSW	2,639	440	3,079	-
Other Services	155	52	207	271
	15,468	**3,461**	**18,930**	**17,515**

Within the expenditure shown above there was no restricted expenditure (2025 – no restricted expenditure).

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below.

SUPPORT & GOVERNANCE COSTS ALLOCATIONS

	2026	2025	
	£'000	**£'000**	**Basis of apportionment**
Staff Costs	2,440	2,218	Staff costs
Office Rental and Costs	161	173	Staff costs
Telephone & internet Charges	52	46	Staff costs
Repairs & Decorations	2	19	Staff costs
Insurance	93	84	Staff costs
IT Costs	379	321	Staff costs
Publicity	37	34	Staff costs
Depreciation & Dilapidation	61	46	Staff costs
Service User Participation and Other Costs	1	19	Staff costs
Consultancy Costs	211	285	Staff costs
	3,437	**3,246**	

Governance Costs	2026	2025
	£'000	**£'000**
Annual Audit Services	24	22
Board Travel Expenses	-	-
Training for Board	-	-
Chair's Fee	-	2
	24	**23**
Total allocated Support and Governance Costs	**3,461**	**3,270**

During the year, no board members claimed travel expenses (2025: none).

Support Costs comprise central management costs which are not directly attributable to the activity streams. The support and governance costs were apportioned among the activity streams based on staff costs incurred during the period.

4. NET INCOME / (EXPENDITURE)

This is arrived at after charging:

	2026 **£'000**	2025 **£'000**
Auditors' remuneration for audit services	24	22
Losses from bad debts	53	161
Depreciation	56	46
Operating leases - land and buildings	48	7
Operating leases - other	35	32

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2026 **£'000**	2025 **£'000**
Income from Cash and Investments	409	449

6. STAFF COSTS AND REMUNERATIONS OF KEY MANAGEMENT PERSONNEL

The average monthly number of persons employed by the Association during the year, expressed as number of people employed, was:

	2026 **No.**	2025 **No.**
Direct staff	315	278
Administrative staff	34	29
Management	23	24
Total Staff	**372**	**331**

Total salary costs were:

	2026 **£'000**	2025 **£'000**
Wages and salaries	9,788	8,451
National Insurance Costs	1,162	768
Pension Contributions	506	441
Total Staff	**11,457**	**9,660**

6. STAFF COSTS AND REMUNERATIONS OF KEY MANAGEMENT PERSONNEL (continued)

In addition, £522,000 (2024-25: £745,000) was paid for agency staff and £5,000 (2024-25: £72,000) for secondee staff.

The board considers its key management personnel to be the Chair and the Senior Leadership Team. The total employee benefits (including employer pension contributions) of these key management personnel was £611,000 (2024-25 - £497,000).

	2026 **No.**	2025 **No.**
Personnel paid between £60,000-£70,000	1	1
Personnel paid between £70,000-£80,000	1	1
Personnel paid between £80,000-£90,000	0	1
Personnel paid between £90,000-£100,000	1	0

Pension contributions regarding employees paid > £60,000 totalled: £14,000 (2025: £14,000).

Board remuneration

A fee of £6k was paid to the Chair of the Board in 2025-26 (£6k in 2024-25), under the existing Rules of the Society.

Redundancy and other payments

Contained in wages and salary costs above are redundancy and ex-gratia payments totalling £18,000 (2025: £10,000). There were amounts totalling £10,000 outstanding at the year-end (2025: £nil). This relates to service contracts that came to an end during the year which meant some posts were no longer required. We make all efforts to redeploy staff wherever possible, but this cannot always be achieved.

7. PENSIONS

The pension cost charge represents contributions payable by Second Step to personal pension plans (See note 1j). Contributions totalling £75,000 (2024-25 - £56,000) were payable to the pension schemes at the year end and are included in creditors.

If an employee's costs are attributed to restricted funds, then the relevant pension contributions and liabilities are also included in restricted funds.

8. INTANGIBLE FIXED ASSETS

	Software Licences **£'000**
Cost	
At 1st April	119
Additions	-
Disposals	-
As at 31st March	**119**
Amortisation	
At 1st April	119
Charge for the year	-
Disposals	-
As at 31st March	**119**
Net Book Value	
At start of the year:	-
At year end:	**-**

9. TANGIBLE FIXED ASSETS

	Freehold land & Buildings **£'000**	Fixtures, fittings and furnishings **£'000**	TOTAL **£'000**
Cost			
At 1st April	652	524	1,176
Additions		-	-
Disposals		-	-
As at 31st March	**652**	**524**	**1,176**
Depreciation			
At 1st April	-	46	46
Charge for the year	-	55	55
Disposals	-	-	-
As at 31st March	**-**	**101**	**101**
Net Book Value			
At start of the year:	652	478	1,130
At year end:	**652**	**423**	**1,075**

10. FIXED ASSET INVESTMENTS

	£'000
Cost	
At 1st April	16
Additions	-
Disposals	-
As at 31st March	**16**
Impairment	
At 1st April	-
Disposals	-
Charge during the year	6
As at 31st March	**6**
Fair value of investments:	
At start of the year:	16
At year end:	**10**

The investment of £16,000 consists of Second Step's share of investment in a Special Purpose Vehicle named "Social Impact Bristol Limited" – company number 11081814, registered office- 2nd Floor, 110 Cannon Street, London, EC4N 6EU which was set up to administer a Social Impact Bond. This Special Purpose Vehicle is a joint venture between Second Step and two other partners. The contract was set up to deliver ended in March 2022, so the only activity during the financial year related to the winding up of the business. It is due to be disbanded in 2026 and the assets distributed among the partners.

The net assets and net results of the joint venture are as follows:

	2026	2025
	£'000	**£'000**
Current Assets	30	48
Creditors: amounts falling due within one year	-	-
Creditors: amounts falling due after more than one year	-	-
Net Assets / (Liabilities) as at 31st March	**30**	**48**
Net Assets / (Liabilities) attributable to Second Step	**10**	**16**
Turnover	-	-
Net expenses	18	-
Surplus / (Deficit) for the period 1st April - 31st March	**18**	**-**
Surplus (Deficit) for the year attributable to Second Step	**6**	**-**

11. DEBTORS

	2026	2025
	£'000	**£'000**
Rent and charges	84	212
Less: provision for doubtful debts	(81)	(203)
	3	8
Prepayments	219	177
Trade debtors	563	92
Accrued Income	71	139
Other debtors	143	49
	999	**465**

12. CREDITORS

	2026	2025
	£'000	**£'000**
Deferred income	8,717	10,440
Trade creditors	283	417
Other taxes and national insurance costs	296	182
Accruals	484	246
Other creditors	622	545
	10,402	**11,830**

Reconciliation of Deferred Income:

	2026	2025
Deferred Income brought forward	10,440	11,369
Released	(21,387)	(10,454)
Deferred	19,664	9,525
Deferred income carried forward	**8,717**	**10,440**

13. PROVISION FOR LIABILITIES

	Dilapidations	**Total**
	£'000	**£'000**
At 1st April	200	200
Released in the year	-	**-**
Additional provision in year	36	**36**
Provisions carried forward	**236**	**236**

The dilapidations provision is held against liabilities arising from full repairing leases which expired in 2024-25.

14. NON EQUITY SHARE CAPITAL

Shares of £1 each in issue to persons who are current members:

	2025	2024
	No.	**No.**
Shares in issue brought forward	51	51
Issued in period	-	-
Redeemed in period	-	-
Shares in issue carried forward	**51**	**51**

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up, and they are not redeemable.

15. FUNDS

Prior year:

	As at 1st April 2024	Income	Expenditure	Transfers	Net gains and Losses	As at 31st March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	-	-	-	-	-
Unrestricted funds						
- Fixed Assets designated fund	1,033	-	(46)	143	97	1,130
- General funds	1,468	17,202	(17,469)	(143)	(409)	1,059
Total funds	2,501	17,202	(17,515)	-	(313)	2,189

Current year:

	As at 1st April 2025	Income	Expenditure	Transfers	Net gains and Losses	As at 31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	-	-	-	-	-
Unrestricted funds						
Fixed Assets designated fund	1,130	-	(55)	-	(55)	1,075
General funds	1,059	19,492	(18,875)	-	618	1,677
Total funds	2,189	19,492	(18,930)	-	563	2,752

The directors have agreed that there will be a designated fund equal to the net value of fixed assets held by the organisation. As these funds are tied up in fixed assets, they will not be available in the short to medium term to cover fluctuations in cash flow and so should not be included as general reserves. The movement in the year is a transfer to maintain the fund at the level equal to the net value of fixed assets.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted funds £'000	**Total funds £'000**
Intangible fixed assets	-	-	**-**
Tangible fixed assets	1,075	-	**1,075**
Fixed asset investment	10	-	**10**
Debtors	966	-	**966**
Cash at bank and in hand	11,305	-	**11,305**
Other net current assets/(liabilities)	(10,369)	-	**(10,369)**
Provisions for liabilities	(235)	-	**(235)**
Total	**2,752**	**-**	**2,752**

Analysis of group net assets between funds - previous year

	Unrestricted funds £'000	Restricted funds £'000	**Total funds £'000**
Intangible fixed assets	-	-	**-**
Tangible fixed assets	1,130	-	**1,130**
Fixed asset investment	16	-	**16**
Debtors	465	-	**465**
Cash at bank and in hand	12,608	-	**12,608**
Other net current assets/(liabilities)	(11,830)	-	**(11,830)**
Provisions for liabilities	(200)	-	**(200)**
Total	**2,189**	**-**	**2,189**

17. TAXATION

Because of its charitable status Second Step is exempt from corporation tax in respect of any surplus which is applied to its charitable objects.

18. OPERATING LEASE COMMITMENTS

As at the year end Second Step had total future minimum lease payments under non-cancellable operating leases as follows:

	2026 **£'000**	2025 **£'000**
Amounts due:		
1 year	95	35
2-5 years	109	38
	204	**73**

19. CAPITAL COMMITMENTS

At the year end Second Step had no capital commitments (2024-25: none).

20. RELATED PARTY TRANSACTIONS

There were no other transactions with the related parties in the current or prior year.

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

	2026 **£'000**	2025 **£'000**
Net movement in funds	563	(312)
Add back depreciation charge	55	46
Increase/(decrease) in provisions	36	-
Deduct Interest Income shown in investing activities	(409)	(449)
Deduct gains / add back losses on investments	6	-
Decrease (Increase) in Debtors	(534)	4,035
Increase (Decrease) in Creditors	(1,428)	(1,201)
Net cash used in operating activities	**(1,712)**	**2,119**

22. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	NOTES	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	**Total funds 2025 £'000**	*Total funds 2024 £'000*
INCOME:					
Income from charitable activities	2	16,753	-	**16,753**	*17,157*
Income from generated funds:					
Investment income	5	449	-	**449**	*318*
TOTAL INCOME		17,202	-	**17,202**	*17,476*
EXPENDITURE:					
Charitable activities	3	17,515	-	**17,515**	*17,387*
TOTAL EXPENDITURE		17,515	-	**17,515**	*17,387*
NET MOVEMENT IN FUNDS		(312)	-	**(312)**	*88*
TOTAL FUNDS BROUGHT FORWARD		2,501	-	**2,501**	*2,413*
TOTAL FUNDS CARRIED FORWARD		2,189	-	**2,189**	*2,501*

Second Step

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