

Schools and Teachers Innovating for Results

Annual Report and Financial Statements

31 March 2017

Company Limited by Guarantee
Registration Number
08186440 (England and Wales)

Charity Registration Number
1149143

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Reference & Administrative Information

Status	<p>Schools and Teachers Innovating for Results (STiR) is a charitable company limited by guarantee, incorporated on 21 August 2012 and registered as a charity on 28 September 2012.</p> <p>In the event of the charity being wound up, members are required to contribute an amount not exceeding £1.</p>
Governing document	<p>The organisation was established under a memorandum of association, which established the objects and powers of the organisation, and is governed under its articles of association.</p>
Trustees	<p>Jonathan Owen (Chair) Andreas Hansen Paulo Pisano David Rothschild</p>
Company secretary	<p>Bates Wells Braithwaite, 10 Queen Street Place, London EC4R 1BE</p>
Chief executive	<p>Sharath Jeevan</p>
Senior executives	<p>James Townsend – Chief Programme Officer Tomos Davies – Chief Operating Officer Anamika Srivastava – Director, Global Finance & Administration Eva Namukwaya – Country Director, Uganda Sandeep Mishra – Country Director, India Nithyambika Gurukumar – Head, Donor Partnerships & Strategic Communication Reinier Terwindt - Head, Evidence-Based Policy and Strategic Planning John McIntosh – Associate Head, Programme Design Raahat Currim – Senior Manager, Communications</p>

Registered and principal office	65 Kingsway London WC2B 6TD T: +44 (0)20 3870 1112 E: info@stireducation.org W: www.stireducation.org.uk
Company registration number	08186440 (England and Wales)
Charity registration number	1149143
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells Braithwaite, 10 Queen Street Place, London EC4R 1BE
Banker	Lloyds Bank

Trustees' report Year to 31 March 2017

The trustees of Schools and Teachers Innovating for Results (STIR) present their trustees' report together with the financial statements for the year ended 31 March 2017.

The report has been prepared in accordance with Part VIII of the Charities Act 2011 and constitutes a directors' report as required by the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 of the attached financial statements and comply with the charity's memorandum and articles of association and applicable laws 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STIR's Vision

We envision a world with an intrinsically motivated teacher for every child.

Most of us can remember a teacher who literally changed the course of our lives. A teacher who possessed that inner drive to see us learn and thrive.

But that's the exception, not the norm, for most children in the world today.

Teachers, who genuinely want to make a difference, often find themselves demotivated in large systems. Their students therefore learn very little. Traditional 'carrots and sticks' (e.g. paying performance bonuses, or biometric fingerprinting) don't solve this problem.

If these trends continue, hundreds of millions of children will be victims of the learning crisis, finishing school without gaining even basic secondary skills.

It's a moral, economic and social crisis – a tragic waste of human potential that will cost societies over £100 billion a year, with further knock-on effects on unemployment, health, and extreme poverty.

At STIR, we believe that every child deserves an intrinsically motivated teacher, as a basic right and a practical reality. This is a vision we believe we can largely achieve by 2030, with our current generation of teachers and children. In doing so we hope to encourage a more positive narrative where teachers are seen as the solution, not the problem.

STIR's Mission

Our approach involves supporting national and state governments to ignite and sustain teacher intrinsic motivation (TIM) at scale among the existing workforce.

We do this through supporting government officials in districts to build teacher networks: local, ongoing communities of practice that support teachers to work collaboratively to improve their teaching practice, and children's learning.

Through these networks, teachers see tangible impact on their children, which further boosts their motivation and effort – creating a virtuous cycle. Local officials in these systems are fully trained and supported to lead the approach.

How STIR works

As set out in the memorandum and articles of association, STIR's objectives are:

1. 'the identification, development and promotion of new educational methods to advance and further education anywhere in the world;
2. and the promotion of such other purposes being exclusively charitable according to the law of England and Wales as the trustees may from time to time determine'.

To fulfil its charitable objectives, STIR conducts its work under two core functions:

1. Building Teacher Networks: ongoing local communities of practice through which teachers tangibly improve their classroom practice and children's learning; and
2. Partnering with Education Systems to run and sustain these teacher networks.

These activities are reflected in STIR's achievements, developments and future plans, which are organised by strategic priorities in the following pages.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

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

STIR’s Board of Trustees

The Board of Trustees works closely to provide strategic and fiduciary oversight and guidance to the executive team. Trustee meetings take place once a quarter and involve an operational and programme review as well as a focused examination of key strategic and operational issues that take place. They also attend a full day strategy workshop – alongside key funding partners – each year and there are regular one to one discussions and check-points in between board meetings, including a fortnightly discussion between the Chair and the Chief Executive.

The following trustees were in office at the time this report was approved and served throughout the year, except where shown:

Trustee	Appointed/resigned
Baroness Sally Morgan	Appointed 21 August 2012, resigned 1 April 2017
Jonathan Owen (Chair)	Appointed 21 August 2012
David Rothschild	Appointed 10 October 2016
Andreas Hansen	Appointed 1 April 2016
Paulo Pisano	Appointed 1 April 2016

Out of pocket travelling and subsistence expenses totalling £166 (2016 – £nil) were reimbursed to 1 (2016 – none) trustee during the year. The charity has purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled NIL (2016 – £nil).

Structure

The chief executive and senior staff attend and provide reports to regular meetings of the board of trustees. This enables the business of the board, including strategy development and governance, to be undertaken collaboratively and in accordance with good practice. The chief executive manages the day-to-day business of the charity.

Key management personnel

The key management personnel of the charity comprise the trustees together with the Chief Executive and senior management team.

STiR's salary scales are set as benchmark for all staff working under the charity including key management personnel and are paid in accordance with the set parameters. The annual increments are approved by the board.

Other relationships

STiR has set up an office in Uganda, which is a legally registered non-profit entity. In India it is being incubated by Development Consortium with a fiscal sponsor relationship.

Objectives and Achievements

During 2016-17 STiR set out to increase scale, test its approaches and measure impact.

This year STiR engaged 16,547 new teachers in 475 new Teacher Changemaker Networks, impacting learning for an additional 640,460 students across India and Uganda.

- We were able to cumulatively impact over 30,000 teachers and over 1 million children taught in India (Delhi, Uttar Pradesh and Karnataka) and Uganda (nationally)
- We were asked by the national and state governments in India, and the national government in Uganda, to reach state and national scale, with an aspiration to reach 60 million children by 2022 in both countries. After consultation with our board and funding partners, we agreed to go ahead and take up this opportunity and having developing a new 'system-led' approach that puts further onus on our government partners to drive and run the teacher networks
- We launched rigorous studies through a World Bank funded randomised control trial and a large study of learning outcomes, that showed promising results on teacher motivation, teacher effort, and student learning, as well as highlighting areas to improve (e.g. classroom practice)
- We conducted a major external research study with WISE and UCL that demonstrated the importance of teacher intrinsic motivation in a variety of different education systems. We also developed a 'business case' for teacher intrinsic motivation, that showed governments why this is a long term investment: every £1 invested in the approach generates £7 in improved teacher effort, and over £100 through the improved learning outcomes of the approach. As we move towards our

next chapter of scale, our unit costs will continue to fall further, from £1.50 per child per annum in India in 2016/17 to approximately 30p in 2017/2018

- We continued to strengthen our programme design through a greater focus on classroom practice in the networks. We also strengthened programme delivery through regular programme reviews.
- As of April 1st 2016, STIR spun out of ARK and has since been developing as an independent entity.
- STIR spent the latter part of 2016 investing heavily in people development, processes, and in the development of an 8-person global leadership team. These organisational investments are increasingly important as we grow, reaching 130 staff in early 2018.

Public benefit

The trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Achievements and Performance

In the year to 31 March 2017 our key achievements were:

- STIR ended the year far exceeding our impact targets, by the end of 2016 we were working with 22,960 (as opposed to 9,229) teachers through 618 (as opposed to 398) Teacher Changemaker Networks, impacting learning for 898,230 (as opposed to 370,041) students across India and Uganda. In February 2017 STIR was impacting over 1 million children across India and Uganda.
- In addition to our focus on scale STIR has invested in monitoring and evaluation to ensure our quality remains high. STIR has been working closely with Dr Edward Seidman at New York University to build M&E tools that better capture and assess the impact of our intervention on key professional skills and mindsets among teachers.
- In India, STIR conducted a large scale independent quasi-experimental study conducted with ASER (Pratham) of over 7,000 children that were taught by STIR teachers. The study found that a greater proportion of 4th and 5th grade beginner level students, taught by STIR teachers, showed statistically significant improvement in reading levels, compared to the proportion of 4th and 5th grade beginner level students taught by non-STIR teachers (control group).

- STiR has also been undertaking a randomised control trial, funded by the World Bank (SIEF), in over 400 schools in India. The trial is testing the effect of participation in STiR teacher networks on teacher motivation, classroom practice and children's learning. After just one year of the intervention the model led to an up to 9 percentage point improvement (strongly statistically significant) in 'time on task', compared to control groups, with the gain composed equally of more teaching time and less-off-task time.
- STiR has also started a global research study in partnership with UCL around motivating and harnessing teachers in education systems.

Key Challenges

2016/17 was also an important year in terms of learning and overcoming some challenges:

- 2016/2017 was where we developed further understanding of how to work in government systems in all our core geographies and particularly to co-create and develop our systems with them. The request from the governments to scale in both countries was not unexpected, but we embraced this as an opportunity to learn further about and built a new model of government led delivery together with leaders in the government. In some states we literally had three months to make this switch, but were able to achieve it in time due to hard work from the team.
- Five years in, we suffered our first major negative financial event: we learned that we became the victims of an external fraud committed by the payroll company we used in Uganda. To mitigate this problem, we let our funding partners know immediately and were grateful for their support as well as support from the Open Road Alliance who helped to close approximately half of the financial exposure created. Collectively as a team we were also able to fill the remaining exposure (c.a. £55k) in our reserves through a clear plan of earned income, board contribution, and by a staff salary increment sacrifice, so that our future reserves position is not affected. It was a good test of values in this regard and the importance of transparency. We have recorded the incident transparently in our balance sheet as a post balance sheet event, with confidence that the situation has now been addressed and we have taken immediate action to move to higher quality external vendors in key financial areas.

Financial Review for 2016–17

The financial position at the end of the year is set out below.

The balance sheet shows total funds of £1,195,759 at 31 March 2017. At this date, restricted funds amounted to £998,361. These monies have either been restricted for use on specific projects or they comprise donations subject to donor-imposed conditions. Full details of these restricted funds can be found in note 11 to the financial statements together with an analysis of movements in the year.

STIR's funds which are unrestricted represent its 'free reserves' and total £197,398 at 31 March 2017.

STIR received its income mainly in the form of grants and spent its money on charitable activities set out in contracts and agreements.

Future plans 2017–18

STIR will focus explicitly on government partnerships that run our model to ignite and sustain teacher intrinsic motivation (TIM) at scale among the existing workforce.

We aim to reach a total of 60,000 teachers and to impact learning for up to 2 million students across India (in Delhi, Karnataka, Uttar Pradesh and potentially Maharashtra) and Uganda.

Based on our learning that feedback needs to take place with greater frequency and speed, we aim to implement the 'Good Data' approach across India and Uganda. This will allow for personalized, real-time feedback to teachers and monitor quality of implementation to support improvements in classroom practice.

We will conduct rigorous external evaluations at primary as well as secondary, to build the evidence base for STIR's current model demonstrating significant improvements in student learning outcomes.

STIR's key business objectives for 2017-18 are as follows:

Cost

Reduce cost per child per year under the system-led model to \$0.40 in India and \$1.40 in Uganda.

Governance

Add an additional board member with expertise on India or Uganda.

Finances

Raise over half of the fundraising target for the next five years of operations.

Organizational Capacity

Beef up in-country financial processes through the hiring of country finance heads.

Focus on raising awareness of risks around fraud and changing processes to reduce their potential effects and impact.

Build long-term staffing architecture including projected organisational expansion against forecasted scaling plans.

Implementation of developmental 1 on 1s and annual appraisals to maximise development of existing staff and strengthen capacity.

Principal risks and uncertainties

1. Political and/or government changes prevent STIR's programme from proceeding. Our model requires close partnership with governments and these are sensitive to political change. STIR is mitigating this through building strong relationships and signing multi-year MOUs.
2. STIR's fundraising pipeline does not meet STIR's ambitious growth plans. STIR is very grateful for the support of its donors and is proactively engaging multiple stakeholders to help track and monitor cash flow and generate support to drive our impact forward.
3. STIR is unable to attract and retain key staff as they grow. STIR is working on a clearer People Value Proposition for its team and is increasing its focus on training and development for the entire team to ensure STIR remains a great place to work.

Policies

Reserves policy

The majority of income into STIR is restricted, however most restricted donors allow for full-cost recovery on their funding and allow the charity flexibility in how it executes its strategy. Nevertheless, the charity believes that keeping an unrestricted reserves level of approximately two to three months of annual expenditure is prudent, and this has been formalised into its reserves policy. In this financial year the reserves were under two months so a goal of 2017/18 will be to strengthen the unrestricted reserves position in line with the policy.

Investment policy

STIR does not hold any financial investments to date and is in the process of setting up the investment policy.

Trustees' report approved by the trustees and signed on their behalf by:

 12/12/17.

Trustee

Approved by the trustees on:

Independent Auditor's Report

We have audited the financial statements of Schools and Teachers Innovating for Results for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

Respective responsibilities the auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies, we consider the implications for our report.

Opinion on financial statements

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 2017 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 Companies Act 2006.

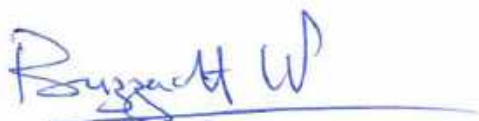
Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report has been prepared in accordance with applicable legal requirements. Also, in our opinion, in the light of the knowledge and understanding of the charitable company obtained in the course of the audit, we have identified no material misstatements in the trustees' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street
London
EC2V 6DL

15 December 2017

Statement of financial activities

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Income and expenditure					
Income from:					
Donations and legacies	1	488,227	3,409,795	3,898,022	—
Interest income		1,246	—	1,246	—
Total income		489,473	3,409,795	3,899,268	—
Expenditure on:					
Charitable activities	2	292,075	2,411,434	2,703,509	—
Total expenditure		292,075	2,411,434	2,703,509	—
Net income for the year and net movement in funds	5	197,398	998,361	1,195,759	—
Reconciliation of funds:					
Fund balances brought forward at 1 April 2016		—	—	—	—
Fund balances carried forward at 31 March 2017		197,398	998,361	1,195,759	—

All of the charity's activities derived from continuing operations during the above financial period to 31 March 2017. The charity was dormant during the financial period to 31 March 2016.

Balance Sheet 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Current assets					
Debtors	9	619,128		—	
Cash at bank and in hand		775,199		—	
		<u>1,394,327</u>		—	
Creditors; amounts falling due within one year	10	<u>(198,568)</u>		—	
Net current assets and net assets			<u>1,195,759</u>		<u>—</u>
The funds of the charity					
Restricted funds	11		998,361		—
Unrestricted funds					
· General fund			197,398		—
			<u>1,195,759</u>		<u>—</u>

Approved by the trustees and signed on their behalf by:



Trustee

Approved on:

12/12/17.

Company Registration No. 08186440 (England and Wales)

Charity Registration No.1149143

**Statement of cash flows for the year to 31
March 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash used in operating activities	A	773,953	—
Cash flows from investing activities:			
Interest received		1,246	—
Net cash provided by investing activities		1,246	—
Change in cash and cash equivalents in the year		775,199	—
Cash and cash equivalents at 1 April 2016	B	—	—
Cash and cash equivalents at 31 March 2017	B	775,199	—

Notes to the statement of cash flows for the year to 31 March 2017.

A) Reconciliation of expenditure for the year to net cash used in operating activities

	2017 £	2016 £
Net income for the year (as per the statement of financial activities)	1,195,759	—
Adjustments for:		
Interest receivable	(1,246)	—
(Increase) in debtors	(619,127)	—
Increase in creditors	198,568	—
Net cash used in operating activities	773,953	—

B) Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	775,229	—

Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2017.

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 accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. This is the first set of financial statements of the charitable company prepared in accordance with FRS 102. There are no differences between the amounts previously reported in the financial statements for the year ended 31 March 2016 and those stated as the comparative amounts in these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- Estimating the provision required in relation to the fraud in Uganda as described further in note 10;
- Determining the amounts allocated to restricted funds; and
- Determining the basis for the allocation of support and governance costs across the charitable key areas of activity as shown in note 3.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2018, the most significant issues that affect the carrying value of the assets held by the charitable company are the availability of grants and funding from government and other agencies and general economic conditions on the level of commercial sources of income.

Income recognition

Income is recognised in the year in which the charity is entitled to receipt, it is probable the charity will receive the income and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises interest receivable on cash held with the charity's bankers and donations and legacies.

Interest on funds held at bank is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Donations and legacies are recognised as income either upon receipt or where the charity has incurred expenditure which is to be reimbursed by a funder.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to expenditure on charitable activities.

All expenditure is incurred on the charity's primary charitable purposes as described in the trustees' report. It includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel, financial procedures, provision of office services and equipment and a suitable working environment. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. Support costs and governance costs are allocated as described in note 3 to these financial statements.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

General funds are unrestricted funds and represent the net surplus made by the charity during its operations. They are available to be used for the objects of the charity at the discretion of the Trustees.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

Foreign currency

Transactions in foreign currencies are translated into sterling at the average exchange rate incurred by the charity in the period. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the year end date. All revaluation differences and foreign exchange differences are taken to the statement of financial activities.

Taxation

Provision for corporation tax is not necessary, as the company is a registered charity. No deferred tax provision is required.

Pensions

The charity contributes to pension arrangements on behalf of its employees. Contributions payable for the year are charged to the income and expenditure account.

Notes to the financial statements

1. Donations

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Transfer from Ark	357,923	273,408	631,330	—
Donations made by Ark	—	602,239	602,239	—
Other donations	130,304	2,534,148	2,664,452	—
2017 Total funds	488,227	3,409,795	3,898,002	—
2016 Total funds	—	—	—	—

Prior to 1 April 2016, STIR Education was part of Ark, registered charity number 1095322, company number 04589451. On 1 April 2016, a transfer was made of the assets, liabilities and activities of STIR Education to School and Teachers Innovating for Results, which has been shown as a transfer in of funds in these financial statements.

2. Expenditure

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
India				
Staff costs	—	426,692	426,692	—
Office costs	—	81,861	81,861	—
Technology costs	—	9,319	9,319	—
Monitoring and evaluation	—	2,591	2,591	—
Programme training	—	103,466	103,466	—
Foreign exchange (losses)	—	(3,508)	(3,508)	—
Travel and subsistence costs	—	35,566	35,566	—
Equipment	—	43,182	43,182	—
Meeting costs	—	55,475	55,475	—
Other costs	—	93,276	93,276	—
Support costs (note 3)	167,075	318,833	485,908	—
	<u>167,075</u>	<u>1,166,753</u>	<u>1,333,828</u>	<u>—</u>
Uganda				
Staff costs	—	317,639	317,639	—
Office costs	—	40,163	40,163	—
Professional fees	—	17,786	17,786	—
Monitoring and evaluation	—	66,473	66,473	—
Programme training	—	224,654	224,654	—
Foreign exchange gains	—	1,550	1,550	—
Travel and subsistence costs	—	80,008	80,008	—
Equipment	—	14,268	14,268	—
Meeting costs	—	47,995	47,995	—
Provision for liability (note 10)	125,000	—	125,000	—
Other costs	—	106,153	106,153	—
Support costs (note 3)	—	327,993	327,993	—
	<u>125,000</u>	<u>1,244,681</u>	<u>1,369,681</u>	<u>—</u>
2017 Total funds	<u>292,075</u>	<u>2,411,434</u>	<u>2,703,509</u>	<u>—</u>
2016 Total funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

3. Support costs

	India £	Uganda £	2017 total funds £	2016 total funds £
Staff costs	413,134	275,442	668,556	—
Technology costs	8,048	5,366	13,414	—
Office costs	24,332	16,222	40,554	—
Meeting costs	17,037	11,358	28,395	—
Travel and subsistence costs	7,987	5,325	13,312	—
Governance costs	13,015	12,731	25,746	—
Other costs	2,355	1,570	3,925	—
	<u>485,908</u>	<u>327,993</u>	<u>813,902</u>	<u>—</u>

Support costs are allocated on the basis of the direct costs incurred on each area.

4. Governance costs

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Legal and professional fees	—	8,491	8,491	—
Audit fees:				
· Buzzacott LLP	—	13,200	13,200	—
· Component auditors	—	4,055	4,055	—
2017 Total funds	<u>—</u>	<u>25,746</u>	<u>25,746</u>	<u>—</u>
2016 Total funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

5. Net expenditure for the year

This is stated after charging:

	2017 Total funds £	2016 Total funds £
Staff costs (note 6)	1,432,887	—
Auditor's remuneration		
UK Statutory audit services		
Current year	7,200	—
Other services	6,000	—
Component auditors	4,055	—
Operating lease rentals	45,245	—

6. Employees and staff costs

Staff costs during the period were as follows:

	2017	2016
	£	£
Wages and salaries	1,294,075	—
Social security costs	70,623	—
Other pension costs	48,264	—
	<u>1,412,962</u>	<u>—</u>

The average number of employees during the period, analysed by function, was as follows:

	2017	2016
	No.	No.
Charitable activities		—
India	61	—
Uganda	29	—
Support and administration	9	—
	<u>99</u>	<u>—</u>

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2017	2016
	No.	No.
£80,001 - £90,000	1	—
£90,001 - £100,000	1	—

Contributions were made to a defined contribution pension scheme in respect to all the above employees.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the Chief Executive, and senior management team (which comprises of Chief Program Officer, Director Global Finance and Administration, Country Directors - India and Uganda, Head, Donor Partnerships & Strategic Communication and Head, M&E at the end of FY 2017)

The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £401,647 (2016 - £nil).

7. Payments in relation to trustees

No trustees were remunerated for the financial year 2016-2017. Out of pocket travelling and subsistence expenses totalling £166 (2016 – £nil) were reimbursed to 1 (2016 – none) trustee during the year.

8. Taxation

STIR is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9. Debtors

	2017 £	2016 £
Amounts due from Ark	615,424	—
Other debtors	3,704	—
	<u>619,128</u>	<u>—</u>

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	49,579	—
Accruals	23,989	—
Other creditors	125,000	—
	<u>198,568</u>	<u>—</u>

Other creditors include a provision in relation to a fraud committed by an external third party on the charity. The fraud has resulted in the charity being liable to pay the Ugandan taxation authority for employment taxes due that were fraudulently diverted by a third party. The charity's best estimate of the amount due at 31 March 2017 was £125,000. The charity has secured additional funds of USD \$84,688 from Open Road Alliance to partially cover the loss.

11. Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of grants and funding held to be applied for specific purposes:

	At 1 April 2016 £	Income £	Expenditure		At 31 March 2017 £
			Direct costs £	Support costs £	
Funds restricted to Uganda	—	1,641,470	(916,688)	(327,993)	396,789
Funds restricted to India	—	1,768,325	(847,920)	(318,833)	601,572
	—	<u>3,409,795</u>	<u>(1,764,608)</u>	<u>(646,826)</u>	<u>998,361</u>

The specific purposes for which the funds were to be used are as follows:

Funds restricted to Uganda

These funds are restricted to funding the charity's operations in Uganda.

Funds restricted to India

These funds are restricted to funding the charity's operations in India.

12. Analysis of net assets between funds

	Unrestricted funds		
	Restricted funds	General fund	Total 2017
	£	£	£
Fund balances at 31 March 2017 are represented by:			
Current assets	1,058,729	335,598	1,394,327
Current liabilities	(60,368)	(138,200)	(198,568)
Total net assets	<u>998,361</u>	<u>197,398</u>	<u>1,195,759</u>

13. Leasing commitments

Operating leases

At 31 March 2017, the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2017	2016
	£	£
Operating lease payments which fall due:		
Within one year	42,907	—
Between one and two years	31,279	—
Between two and five years	23,750	—
	<u>97,936</u>	<u>—</u>

14. Pension commitments

The charity contributes to pension arrangements on behalf of its employees. The pension cost for the year amounted to the figure shown in note 6.

15. Related parties

As disclosed in note 1, Prior to 1 April 2016, STIR Education was part of Absolute Return for Kids (ARK), registered charity number 1095322, company number 04589451. On 1 April 2016, a transfer was made of the assets, liabilities and activities of STIR Education to School and Teachers Innovating for Results, and so has been shown as a transfer in of funds of £ 631,330 (2016 - £nil) in these financial statements.

The charity had a balance of £615,424 (2016 - £nil) due from Ark at 31 March 2017.

