

**Schools and Teachers Innovating for Results**

**Annual Report and Financial Statements**

Year ended 31 March 2018

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

Charity Registration Number  
1149143

## Table of Contents

Reference and administrative information	2
Trustees' report	4
Independent auditor's report	16
Statement of financial activities	19
Balance sheet	20
Statement of cash flows	21
Principal accounting policies	22
Notes to the financial statements	26

## 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	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.
Trustees	<p>Jonathan Owen (Chair)</p> <p>Andreas Hansen</p> <p>John Austen Knight</p> <p>Paulo Pisano</p> <p>David Rothschild</p>
Company Secretary	<p>Bates Wells Braithwaite</p> <p>10 Queen Street Place</p> <p>London</p> <p>EC4R 1BE</p>
Chief Executive	Sharath Jeevan
Senior Executives	<p>James Townsend – Chief Programme Officer</p> <p>Tomos Davies – Chief Operating Officer</p> <p>Anamika Srivastava –Global Director, Finance &amp; Administration</p> <p>Sandeep Mishra – Country Director, India</p> <p>Nithyambika Gurukumar – Head, Donor Partnerships &amp; Strategic Communication</p> <p>Reinier Terwindt – Head, Strategy and Monitoring &amp; Evaluation</p> <p>John McIntosh – Head, Design and Programme Readiness</p>

Registered office	65 Kingsway London WC2B 6TD
Principal office	68-80 Hanbury Street London E1 5JL 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 London Oxford St Po Box 1000 BX1 1LT London UK

## **Trustees' report Year to 31 March 2018**

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 2018.

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 22 to 25 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 & Values**

STIR's vision is of education systems where intrinsically motivated teachers and officials learn and improve together, to enable children to become life-long learners. These are systems where:

- Teachers love teaching, believe in their children, and continually deepen their practice
- District officials and principals motivate and develop teachers to become the best professionals they can be
- Children love learning, trust their teachers, and become life-long learners

We achieve this through a close partnership and support model with education systems, at both national/state and district levels. These partnerships are guided by the following values:

- We don't have all the answers upfront.
- Instead, we empower people: with high expectations and support, we'll find answers together.
- We'll continually listen, reflect, learn and improve – and lead through whatever obstacles come our way.
- We're united by a shared belief, purpose and vision – which we'll build, achieve and grow together.

## **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; and
2. 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 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	Resigned 1 April 2017
Jonathan Owen (Chair)	
John Austen Knight	Appointed 20 June 2018
David Rothschild	
Andreas Hansen	
Paulo Pisano	

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 £1,878 (2017 – £2,346) and provides cover of up to a maximum of £1.5m (2017 – £1.5m).

### Structure

The Chief Executive and senior staff attend and provide reports to regular meetings of the board of trustees and Finance Committee on a quarterly basis. 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 as listed on page 2.

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

Performance against objectives has been summarised below:

1. **We were approached by the ministries in India and Uganda who were keen on embedding the model supporting teacher intrinsic motivation at full systems scale** by working with every teacher in every school, potentially **impacting 60 million children over the next 5 years**. We signed a Memorandum of Understanding (MOU) with the Delhi government to co-design and implement the model across all the 1029 government secondary schools in the 9 districts in the state. Similar MOU processes for Uttar Pradesh, Karnataka and Tamil Nadu have progressed too. In early 2018, we amended the MOU with the Ministry of Education and Sport (MoES) In Uganda to reflect implementing the program at scale and embedding within the system.
2. **We finalised the redesign of our core teacher journey before the start of the new academic year** to focus more closely on key classroom practice principles, such as checking for understanding and engaging all learners, and developing key professional mindsets and behaviours through what we call a 'Learning Improvement Cycle'. The redesigned model was well received by Education Leaders, network teachers and education officials.
3. **We made significant progress with our internal organisational capacity**, having filled the role of Country Director in Uganda following the departure of the previous head. Though the Country Director was on board in financial year 2017-18, the position is vacant currently. The Country Director has resigned in the month of July 2018 and we are in the process of hiring the new head. We also brought on board in country finance heads in Uganda and India responsible for all in country financial process and supporting the Director of Finance in building a world-class finance team.
4. In London, we **brought on board a Chief Operating Officer (COO)** to oversee the running of our internal functions at this critical point in our organisational development. We also on-boarded **Head of Design and Training who will be responsible for designing all of STiR's programmes**.
5. **We spent the last year building a business case examining the evidence around investments in teacher motivation**, through a summary of the external literature, country and regional case studies, as well as the learning from STiR and other organisations' experience. The study also looked at the costs and benefits of such an approach, in both the short term and long term, to create an illuminating and robust economic case. Significantly, **every dollar invested yields governments seven dollars in increased teacher effort, and over 100 dollars from improved learning levels of**

**citizens.** Finally, the business case highlights the practical steps for education systems to adopt such an approach.

6. We have continued to **integrate a gender lens into our programme by making sure STIR staff and Education Leaders model gender responsive behaviour while our materials include an equal number of references to male and female teachers and learners.** This is to ensure equitable improvements in teacher intrinsic motivation and classroom practice for both male and female teachers and learning outcomes for both male and female students through a sensitivity to the specific challenges they may face. We are tracking the success of this naturally long-term process by **integrating a gender lens into our monitoring and evaluation methods.** This is especially important as we scale and potentially impact over 30 million girls.
7. **High quality team member induction, regular developmental 1:1s and performance appraisals** in place now. The People team are also conducting pulse survey three times a year to raise awareness of how we are doing as a team, our culture and to inform decisions on how to learn and improve.

## 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.

## STIR's fundraising approach

STIR Education is supported by 18 of the world's leading funding organisations. The fundraising activities are carried out by a core team of three who are full time employees of the organisation and form part of the Donor Partnerships and Strategic Communications function who are all based in STIR's London office. The team is responsible for scoping potential funding partnerships and taking invited grant applications to fruition. The core activities involve pipeline desk research, establishing new partnerships through contacts/introductions that come through existing funding partners and or supporters of STIR and managing relationships with current/existing funding partners.

Neither STIR as an entity, nor any of its team members within the Donor Partnerships and Strategic Communications function subscribe or are subscribed to any fundraising voluntary regulation schemes or standards. STIR holds its employees to a very high standard of accountability and ownership and there has not been any untoward incidents or complaints arising consequent to its fundraising activities. As part of its fundraising activity, STIR engages only with trusts/foundations/bi-laterals who have invited the organization to apply for funding and therefore does not undertake any in-person/door to door fundraising initiatives currently.

### **Achievements and Performance**

In the year to 31 March 2018 our key achievements were:

1. At the end of the 2017/18 year we were **supporting governments across 3 states (Delhi, Uttar Pradesh and Karnataka) in India and 49 districts in Uganda** to run and implement the model with a focus on building intrinsic motivation and improving learning outcomes for students.
2. The results from the World Bank funded randomised control trial (RCT) showed **in Delhi a positive and statistically significant effect on teacher motivation, teacher effort and on student learning in maths**. We saw highly statistically significant maths gains with 0.1 standard deviations across whole schools with only 25% of children taught by STIR teachers and significant standard deviation for children taught by active teachers.
3. Partnership with the State Council Educational Research and Training (SCERT) in Delhi with the integration of the model within Teacher Development Coordinator program in collaboration with the Directorate of Education. As of **March 2018 the program had completed two Learning Improvement Cycles having reached all 1,029 secondary schools in the 9 districts in the state**.
4. **In January and February 2018 we held the 4th Annual Funder Partner Strategy** group workshop in Delhi. The event saw us bring together a majority of our funding partners along with key government officials from both India and Uganda. Visitors had the opportunity to interact with teachers and government officials which was then followed by a learning discussion with a focus on strategy for the coming years.
5. In Uganda at the start of new academic year in February 2018, we were working with 7,117 primary teachers in 332 teacher networks, impacting learning for 427,020 students. **Of these, 4,577 teachers joined in the 2017 academic year alone, impacting learning for 274,620 children**.

6. Following the request from the MoES, Uganda to scale, we **launched a pilot of a system-led delivery model across four districts in Uganda in August 2017** wherein STIR moved to support and train the district officials who would (together with STIR) train the Centre Co-ordinating Tutors (CCT). These CCTs then go on to support and manage the teacher networks. In the pilot, we saw more ownership of the programs and activities by the teachers and head teachers in schools. This led to the launch of the **system led model in the new academic year in 2018 across all the districts** that STIR is partnering and supporting the ministry with.

## Key Challenges

2017/18 was also an important year in terms of learning and overcoming some challenges. Just over a year into the experience of working at scale and within systems, we've had successes, setbacks and (across both) a huge amount of learning.

### A. Teachers Lightbulb Moments

Traditional 'carrots and sticks' such as performance bonuses, attendance scanners or even top-down teacher training programmes have struggled to address the situation and are unable to motivate teachers to teach, let alone teach well. Contrary to popular belief, our close collaboration and engagement with teachers while nurturing intrinsic motivation through building teacher networks within education systems has shown us that:

1. 'lightbulb moments' – moments where teachers see their children learn and their practice improve – are what spark their motivation the most. When these moments occur, teachers are encouraged to better their classroom practice which results in better student outcomes, thus a virtuous cycle is created; and
2. At the same time, they need the time and space to collaborate more closely with their colleagues and school leaders and to take advantage of opportunities for professional development.

Therefore, we have to do more to promote day to day classroom practice change among teachers, building in a strong element of classroom observation in schools in between network meetings. This sees principals and peer teachers playing a strong role in the observation process.

### B. Understanding system conditions-

While the strategy to respond to the government's request to scale was compelling, it also had potential pitfalls which we had failed to recognize. It suggested that there was one model/way to approach and also put the onus of scaling both operationally and financially on us. Results from the World Bank funded RCTs also suggested that achieving impact on sustainable student learning outcomes (SSLOs) through our model was as sensitive to system

conditions as it is to the underlying quality of programme delivery.

1. In Delhi we saw improved significant gains in motivation leading to significant gains in maths across the whole school, even when only one in four teachers in the school had any access to the STIR intervention.
2. In Uttar Pradesh, we saw a significant gain in teacher effort (of up to a maximum of a lesson more per day for children taught by STIR teachers), but this did not translate into an improvement in learning outcomes above the control schools (with both treatment and control schools improving sharply over the baseline-bucking the district wide trends of flat or declining learning levels).

While there were some differences in background conditions (e.g. in Delhi there was a greater focus on private schools and more direct STIR staff involvement), we think a bigger contributor were two important differences in underlying system conditions. It also suggests that we'll need to be more bespoke and customised with each specific government partnership, so that we closely align our intrinsic motivation approach to the specific goals and conditions of each system. In other words, we need to develop and strengthen long-standing vibrant institutions that value teachers and prioritize support for teachers.

### **C. Same team different positions**

We've learned that our own core focus should be on developing and nurturing intrinsic motivation at all levels of a local system, which is a critical contributor to improved sustainable SSLOs across a system. However, in many cases technical inputs will also be required to improve SSLOs. Rather than try to absorb these inputs into the STIR model, we want to create deep, co-designed and co-delivered partnerships with technical partners who share our values. We would jointly be accountable for SSLO improvement with these partners, with STIR leading on the human aspects and the partner on the technical aspects.

## **Financial Review**

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

The balance sheet shows total funds of £1,324,610 at 31 March 2018 (2017 as restated – £932,946). At this date, restricted funds amounted to £1,084,042 (2017 as restated – £737,703). 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 £240,568 (2017 as restated – £195,243) at 31 March 2018.

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

## Plans for 2018-19

In India we will be supporting 34 districts in total (25 demonstration-full STIR support, and 9 adopter-light touch support from STIR), comprising 170,000 teachers and 4.2 million children. Our core states will be Delhi, Karnataka and Uttar Pradesh, with entry into one new southern state (Tamil Nadu) likely over the period.

In Uganda we will be supporting approximately 35 districts and municipal councils, or over a fifth of the whole country. The main macro priority is to help the government embed the approach into the sector plan and budget structure such that it becomes a national priority for the government to roll out the approach to the other three quarters of the country. We will also be testing integration with technical approaches (e.g. around reading through a partnership with RTI) and greater involvement of head teachers.

Our objectives for the 2018-19 year are as follows:

1. Our work on intrinsic motivation remains at heart, our unique contribution to the learning crisis. This means that we'll need to explicitly develop an approach to intrinsic motivation for children/learners, principals and district officials, who so far have a 'black box' in our theory of change, building off the key building blocks of autonomy, mastery, purpose and relatedness;
2. **Be more bespoke and customised with each specific government partnership**, so that we closely align our intrinsic motivation approach to the specific goals and conditions of each system – more of a consulting rather than pure intervention approach in each region;
3. **Utilise a well-structured System Diagnostic Tool (already developed)** such that a clear set of pre-conditions are in place before we start a partnership with any state or new geography, including in regions where we already work;
4. Due to the long timelines of traditional impact evaluations and their complexity while working across entire systems, **conduct rigorous and rapid iterative learning cycles**, focused on testing different variations of our approach in different regions to thereby optimize our impact at scale;
5. **Work towards reducing cost per child** over the life time of the program to \$0.40 in India and \$1.40 in Uganda; and

6. **Begin to engage with external partners and share our learning back more holistically** across the local, national and wider education sector – with the view to building consensus around the idea that unleashing intrinsic motivation across education systems is crucial to enabling teachers to thrive.

STIR's key business objectives for 2018-19 are as follows:

**Cost** – continue to monitor and control cost and reduce per unit costs in all contexts.

**Governance** – strengthen board membership with financial and local expertise.

**Finances** – close funding gaps and build financial reserves.

**Organisational Capacity** – Develop clear career progression tools to recruit, retain and develop team members and to build long-term staffing architecture including projected organisational expansion against forecasted scaling plans.

### 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 in different geographies and expansion in current countries. 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.

### Reserves policy

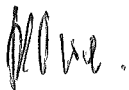
The majority of income into STIR is restricted, however most restricted donors allow for full-cost recovery on their funding and allow the charity flexibility in how it executes its strategy. Nevertheless, the charity believes that keeping an unrestricted reserves level of approximately three months of annual expenditure is prudent, and this has been formalised

into its reserves policy. In this financial year the reserves were approximately one month due to increased expenditure in India and Uganda as a result of expanding operations, and due to one-off costs in respect of bad and doubtful debts. The goal for 2018/19 will be to strengthen the unrestricted reserves position and build towards three months.

### **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:



Trustee

Approved by the trustees on: 13.11.18.



## Independent Auditor's Report

### Opinion

We have audited the financial statements of Schools and Teachers Innovating for Results for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements.

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 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.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report [and financial statements], other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the trustees' 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.

### **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 returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they

give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

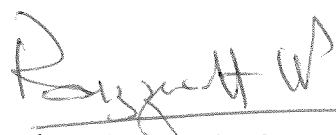
### **Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

16 October 2018

## Statement of financial activities for the year ended 31 March 2018

		Unrestricted funds £	Restricted funds £	2018 Total funds £	As restated 2017 Total funds £
Income and expenditure					
<b>Income from:</b>					
Donations and legacies	1	552,963	3,364,736	<b>3,917,699</b>	3,635,209
Interest income		3,516	—	<b>3,516</b>	1,246
Other income		974	—	<b>974</b>	—
Total income		<u>557,453</u>	<u>3,364,736</u>	<u><b>3,922,189</b></u>	<u>3,636,455</u>
<b>Expenditure on:</b>					
Charitable activities	2	<u>512,128</u>	<u>3,018,397</u>	<u><b>3,530,525</b></u>	<u>2,703,509</u>
Total expenditure		<u>512,128</u>	<u>3,018,397</u>	<u><b>3,530,525</b></u>	<u>2,703,509</u>
Net income for the year and net movement in funds	5	45,325	346,339	<b>391,664</b>	932,946
<b>Reconciliation of funds:</b>					
Fund balances brought forward as previously stated		197,398	998,361	<b>1,195,759</b>	—
Opening funds adjustment	16	<u>(2,155)</u>	<u>(260,658)</u>	<u><b>(262,813)</b></u>	—
Total funds brought forward as restated	16	<u>195,243</u>	<u>737,703</u>	<u><b>932,946</b></u>	—
Fund balances carried forward		<u>240,568</u>	<u>1,084,042</u>	<u><b>1,324,610</b></u>	<u>932,946</u>

All of the charity's activities derived from continuing operations during the above two financial periods.

**Balance Sheet 31 March 2018**

	Notes	2018 £	2018 £	As restated 2017 £	As restated 2017 £
<b>Current assets</b>					
Debtors	9	469,763		356,315	
Cash at bank and in hand		948,702		775,199	
		<u>1,418,465</u>		<u>1,131,514</u>	
<b>Creditors:</b> amounts falling due within one year	10	<u>(93,855)</u>		<u>(198,568)</u>	
Net current assets and net assets			<u>1,324,610</u>		<u>932,946</u>
The funds of the charity					
Restricted funds	11		1,084,042		737,703
Unrestricted funds					
. General fund			240,568		195,243
			<u>1,324,610</u>		<u>932,946</u>

Approved by the trustees and signed on their behalf by:



Trustee

Approved on: 13.10.18.

Company Registration No. 08186440 (England and Wales)  
Charity Registration No.1149143

**Statement of cash flows for the year to 31 March 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash used in operating activities	A	<b>169,987</b>	773,953
Cash flows from investing activities:			
Interest received		<b>3,516</b>	1,246
Net cash provided by investing activities		<b>3,516</b>	1,246
Change in cash and cash equivalents in the year		<b>173,503</b>	775,199
Cash and cash equivalents at 1 April 2017	B	<b>775,199</b>	—
Cash and cash equivalents at 31 March 2018	B	<b>948,702</b>	775,199

**Notes to the statement of cash flows for the year to 31 March 2018.**

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

	2018 £	2017 £
Net income for the year (as per the statement of financial activities)	<b>391,664</b>	932,946
Adjustments for:		
Interest receivable	<b>(3,516)</b>	(1,246)
(Increase) in debtors	<b>(113,448)</b>	(356,315)
(Decrease) / increase in creditors	<b>(104,713)</b>	198,568
Net cash used in operating activities	<b>169,987</b>	773,953

B) Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<b>948,702</b>	775,199

## **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 2018.

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.

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:

- Determining the amounts allocated to restricted funds; and
- Determining the basis for the allocation of support and governance costs across the charitable activities 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 2019, 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 on an accruals basis 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 (including 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 £	2018 Total funds £	As restated 2017 Total funds £
Transfer from Ark (note 15)	—	—	—	631,330
Donations made by Ark (note 15)	—	—	—	339,427
Other donations	552,963	3,364,736	<b>3,917,699</b>	2,664,452
2018 Total funds	552,963	3,364,736	<b>3,917,699</b>	<b>3,635,209</b>
2017 Total funds (as restated)	488,227	3,146,982	<b>3,635,209</b>	

### 2. Expenditure

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>India</b>				
Staff costs	—	635,578	<b>635,578</b>	426,692
People Development Costs	—	30,596	<b>30,596</b>	—
Office costs	—	95,735	<b>95,735</b>	81,861
Technology costs	—	—	—	9,319
Monitoring and evaluation	—	34,757	<b>34,757</b>	2,591
Programme training	—	190,204	<b>190,204</b>	103,466
Travel and subsistence costs	—	11,402	<b>11,402</b>	35,566
Equipment	—	17,560	<b>17,560</b>	43,182
Meeting costs	—	32,341	<b>32,341</b>	55,475
Other costs	—	204,438	<b>204,438</b>	89,768
Support costs (note 3)	271,504	55,282	<b>326,786</b>	485,908
	271,504	1,307,893	<b>1,579,397</b>	1,333,828

## 2. Expenditure (continued)

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>Uganda</b>				
Staff costs	—	434,626	<b>434,626</b>	317,639
People Development Costs	—	340	<b>340</b>	—
Office costs	—	116,889	<b>116,889</b>	40,163
Professional fees	—	3,984	<b>3,984</b>	17,786
Monitoring and evaluation	—	3,686	<b>3,686</b>	66,473
Programme training	—	648,621	<b>648,621</b>	224,654
Travel and subsistence costs	—	35,915	<b>35,915</b>	80,008
Equipment	—	30,003	<b>30,003</b>	14,268
Meeting costs	—	6,351	<b>6,351</b>	47,995
Provision for liability (note 10)	—	8,824	<b>8,824</b>	125,000
Other costs	—	171,706	<b>171,706</b>	107,702
Support costs (note 3)	240,624	249,559	<b>490,183</b>	327,993
	<u>240,624</u>	<u>1,710,504</u>	<u><b>1,951,128</b></u>	<u>1,369,681</u>
2018 Total funds	<u>512,128</u>	<u>3,018,397</u>	<u><b>3,530,525</b></u>	<u>2,703,509</u>
2017 Total funds	<u>292,075</u>	<u>2,411,434</u>	<u><b>2,703,509</b></u>	

## 3. Support costs

	India £	Uganda £	2018 total funds £	2017 total funds £
Staff costs	220,530	333,795	<b>556,325</b>	668,556
Pension Costs	10,460	15,691	<b>26,151</b>	—
Technology costs	240	362	<b>602</b>	13,414
Office costs	39,314	58,972	<b>98,286</b>	40,554
Meeting costs	14,102	21,152	<b>35,254</b>	28,395
Equipment Costs	1,193	1,790	<b>2,983</b>	—
Travel and subsistence costs	2,963	4,444	<b>7,407</b>	13,312
Governance costs (note 4)	9,812 <sup>1</sup>	14,719	<b>24,531</b>	25,746
Foreign exchange Losses	26,172	39,258	<b>65,430</b>	—
Other costs	—	—	—	3,925
	<u>326,786</u>	<u>490,183</u>	<u><b>816,969</b></u>	<u>813,902</u>

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

#### 4. Governance costs

	Unrestricted funds	Restricted funds	2018 Total funds	2017 Total funds
	£	£	£	£
Legal and professional fees	—	7,047	<b>7,047</b>	8,491
Audit fees:				
. Buzzacott LLP	—	13,500	<b>13,500</b>	13,200
. Component auditors	—	3,984	<b>3,984</b>	4,055
2018 Total funds	—	24,531	<b>24,531</b>	25,746
2017 Total funds	—	25,746	<b>25,746</b>	

#### 5. Net income for the year

This is stated after charging:

	2018 Total funds	2017 Total funds
	£	£
Staff costs (note 6)	<b>1,652,680</b>	1,432,887
Auditor's remuneration		
. UK Statutory audit services		
.. Current year	<b>7,400</b>	7,200
.. Other services	<b>6,100</b>	6,000
. Component auditors	<b>3,984</b>	4,055
Operating lease rentals	<b>42,907</b>	45,245

#### 6. Employees and staff costs

Staff costs during the period were as follows:

	2018	2017
	£	£
Wages and salaries	<b>1,533,389</b>	1,314,000
Social security costs	<b>73,141</b>	70,623
Other pension costs	<b>26,150</b>	48,264
	<b>1,652,680</b>	1,432,887

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

	2018	2017
	No.	No.
Charitable activities		
India	<b>79</b>	61
Uganda	<b>43</b>	29
Support and administration	<b>7</b>	9
	<b>129</b>	99

## 6. Employees and staff costs (continued)

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:

	2018	2017
	No.	No.
£80,001 - £90,000	1	1
£90,001 - £100,000	—	1
£100,001 - £110,000	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.

The senior management team comprises the following individuals: Chief Programme Officer, Chief Operating Officer, Global Director - Finance and Administration, Country Directors - India and Uganda, Head of Donor Partnerships & Strategic Communication and Head of M&E and the Head of Design and Programme Readiness.

The total remuneration (including taxable benefits, employer's pension and national insurance contributions) of the key management personnel for the year was £399,757 (2017 – £401,647).

## 7. Payments in relation to trustees

No trustees were remunerated for the financial year 2017-2018. No out of pocket travelling and subsistence expenses (2016 – £166) were reimbursed in the year (2017 – one trustee).

## 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

	2018	As restated 2017
	£	£
Amounts due from Ark	300,487	352,611
Accrued income	157,458	—
Other debtors	11,818	3,704
	<b>469,763</b>	<b>356,315</b>

## 10. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	56,713	49,579
Accruals	21,123	23,989
Other creditors	16,019	125,000
	<b>93,855</b>	<b>198,568</b>

Other creditors at 31 March 2017 related to a fraud committed by an external third party on the charity. The fraud 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 full amount was settled during the year ended 31 March 2018 and no further liabilities remain in respect of this fraud.

## 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	Prior period	Restated				At
	1 April	restatement	At	Income	Direct	Support	31 March
	2017	(note 16)	1 April		costs	costs	2018
	£	£	£	£	£	£	£
Uganda	396,789	(68,894)	327,895	1,638,223	1,460,945	249,559	255,614
India	601,572	(191,764)	409,808	1,726,513	1,252,611	55,282	828,428
	<b>998,361</b>	<b>260,658</b>	<b>737,703</b>	<b>3,364,736</b>	<b>2,713,556</b>	<b>304,841</b>	<b>1,084,042</b>

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

	Restricted funds £	General fund £	Total funds £
Fund balances at 31 March 2018 are represented by:			
Current assets	1,177,897	240,568	<b>1,418,465</b>
Current liabilities	(93,855)	—	<b>(93,855)</b>
Total net assets	<u>1,084,042</u>	<u>240,568</u>	<u><b>1,324,610</b></u>

## 13. Operating lease commitments

At 31 March 2018, the charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2018 £	2017 £
Operating lease payments which fall due:		
Within one year	<b>87,776</b>	42,907
Between one and two years	<b>19,322</b>	31,279
Between two and five years	<b>21,381</b>	23,750
	<u><b>128,479</b></u>	<u>97,936</u>

## 14. Pension commitments

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

## 15. Related parties

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 one-off transfer was made of the assets, liabilities and activities of STIR Education to Schools and Teachers Innovating for Results, and so has been shown as a transfer in of funds of £631,330 in the financial statements for the year ended 31 March 2017.

Following the opening fund adjustment below, the charity had a balance of £300,487 (2017 as restated – £352,611) due from Ark at 31 March 2018.



## 16. Prior year and opening funds adjustment

	Unrestricted funds £	Restricted funds £	Total funds £
At 1 April 2016 as previously stated	197,398	998,361	<b>1,195,759</b>
Donations from Ark derecognised as income			
. Uganda	—	(68,894)	<b>(68,894)</b>
. India	—	(191,764)	<b>(191,764)</b>
. Other	(2,155)	—	<b>(2,155)</b>
	(2,155)	(260,658)	<b>(262,813)</b>
<b>At 1 April 2017 as restated</b>	<b>195,243</b>	<b>737,703</b>	<b>932,946</b>

During the year, the charity became aware that donations amounting to £262,813 had been recognised as income for the year ending 31 March 2017. These funds were direct cash transfers from ARK to the Uganda and India branches of STIR (and not a donation to the UK arm of STIR followed by a disbursement to the branches) and as such the income recognition criteria of entitlement for the charity had not been satisfied. Included within the above are losses on foreign exchange associated with these donations amounting to £15,225 (Uganda – £6,090, India - £9,135). The impact of the adjustment is to reduce the opening reserves and the amounts due from ARK on the balance sheet by the above amount.