

Charity registration number: SC038623

# Classrooms In The Clouds

Annual Report and Financial Statements

for the period from 1 January 2017 to 31 March 2018

Marshall Accountancy Ltd  
Chartered Accountants and Registered Auditors  
St Mary's House  
Crewe Road  
Alsager  
Stoke on Trent  
Staffs  
ST7 2EW

# **Classrooms In The Clouds**

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## **Classrooms In The Clouds**

### **Reference and Administrative Details**

<b>Trustees</b>	D G Sherpa M Hagen S Hagen M Cashin L McLaren R Middleton
<b>Principal Office</b>	Roseneath 10 Grammar School Lane West Kirby Merseyside CH48 8AY
<b>Charity Registration Number</b>	SC038623
<b>Bankers</b>	Royal Bank of Scotland Nantwich 12 Pillory Street Nantwich CW5 5BE  Lloyds TSB Solihull 9-11 Poplar Road Solihull West Midlands B91 3AN
<b>Auditor</b>	Marshall Accountancy Ltd Chartered Accountants and Registered Auditors St Mary's House Crewe Road Alsager Stoke on Trent Staffs ST7 2EW

# **Classrooms In The Clouds**

## **Trustees' Report**

The trustees present the annual report together with the financial statements of the charity for the period ended 31 March 2018.

### ***Trustees***

The trustees present their annual report and the financial statements for the period ended 31 March 2018.

All the trustees named on page 1 served throughout the year. The board has the power to appoint additional trustees as it considers fit. Trustees and directors are appointed by ordinary resolution. When considering new trustees, the Board has regard to the requirement for any specialist skills needed.

### **Structure, Governance and Management**

#### ***Governing Document***

Classrooms In The Clouds is governed by its' Constitution dated 25th August 2007. It is a registered charity with the Charity Commission. There are currently 6 members (6 in 2016).

#### ***Trustee Induction and Training***

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the constitution, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day, they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of the role.

### **Objectives and Activities**

The objects of the charity are to work with our Nepalese partnership to support education by: -

- Building good quality new classrooms
- Sponsoring teachers, supporting teacher training and encouraging the employment of female teachers.
- Working in partnership with local Nepalese communities and international partners.

The strategy employed to achieve the charity's objective is to raise as much money as possible by donations and sponsored events and to spend the vast majority of monies received at grass roots level.

### **Achievements and Performance**

#### ***Classrooms In the Clouds Everest Challenge 2018***

This February saw Classrooms In The Clouds Nepal's first "everest challenge". The idea was to run, walk or cycle the height of Everest 8.5km to support children's education in rural Nepal and break the cycle of poverty.

### **Financial Review**

#### ***Investment Powers and Policy***

Under the Memorandum and constitution, the charity has the power to invest in any way the trustees wish. The trustees, having regard to the liquidity requirements of the charity and any reserve policy, have operated a policy of keeping available funds in an interest-bearing deposit account seeking to achieve a rate of deposit interest which matches or exceeds inflation as measured by the retail prices index.

#### ***Reserves Policy***

## **Classrooms In The Clouds**

### **Trustees' Report**

The trustees have established the level of reserves (that is, those funds that are freely available, not invested in fixed assets, designated for specific purposes or otherwise committed) the charity ought to have.

As disclosed in the balance sheet, the restricted funds amounted to £0.

#### ***Independent Examiners***

A resolution proposing Marshall & Co be re-appointed as independent examiners of the charity for the ensuing year will be put the Annual General Meeting.

The annual report was approved by the trustees of the charity on 16 June 2018 and signed on its behalf by:

.....  
M Hagen  
Trustee

## **Classrooms In The Clouds**

### **Statement of Trustees' Responsibilities**

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 16 June 2018 and signed on its behalf by:

.....  
M Hagen  
Trustee

## Classrooms In The Clouds

### Independent Examiner's Report to the trustees of Classrooms In The Clouds

I report on the accounts of the charity for the year ended 31 March 2018 which are set out on pages 6 to 12.

#### Respective responsibilities of trustees and examiner

The trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of ICAEW.

It is my responsibility to:

- examine the accounts as required under section 44(1) (c) of the Act;
- to state whether particular matters have come to my attention.

#### Basis of independent examiner's report

My examination was carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

#### Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
- to prepare accounts which accord with the accounting records and comply with the Regulation 8 of the 2006 Accounts Regulations

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....  
E E Marshall-Birks FCA  
Chartered Accountants and Registered Auditors  
ICAEW

St Mary's House  
Crewe Road  
Alsager  
Stoke on Trent  
Staffs  
ST7 2EW

Date:.....

## Classrooms In The Clouds

### Statement of Financial Activities for the Period from 1 January 2017 to 31 March 2018

	Note	Restricted funds £	Total 31 March 2018 £
<b>Income and Endowments from:</b>			
Donations and legacies		342,662	342,662
Investment income	4	<u>21</u>	<u>21</u>
Total Income		<u>342,683</u>	<u>342,683</u>
<b>Expenditure on:</b>			
Raising funds		(331)	(331)
Charitable activities		<u>(434,755)</u>	<u>(434,755)</u>
Total Expenditure		<u>(435,086)</u>	<u>(435,086)</u>
Net movement in funds		(92,403)	(92,403)
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>92,403</u>	<u>92,403</u>
Total funds carried forward	12	<u>-</u>	<u>-</u>
		<b>Restricted funds £</b>	<b>Total 31 December 2016 £</b>
<b>Income and Endowments from:</b>			
Donations and legacies		157,385	157,385
Charitable activities		12	12
Investment income	4	<u>12</u>	<u>12</u>
Total Income		<u>157,409</u>	<u>157,409</u>
<b>Expenditure on:</b>			
Charitable activities		<u>(82,589)</u>	<u>(82,589)</u>
Total Expenditure		<u>(82,589)</u>	<u>(82,589)</u>
Net movement in funds		74,820	74,820
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>17,582</u>	<u>17,582</u>
Total funds carried forward	12	<u>92,402</u>	<u>92,402</u>

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

The funds breakdown for 2016 is shown in note 12.



**Classrooms In The Clouds**  
**(Registration number: SC038623)**  
**Balance Sheet as at 31 March 2018**

	Note	31 March 2018 £	31 December 2016 £
<b>Current assets</b>			
Cash at bank and in hand		-	96,634
<b>Creditors: Amounts falling due within one year</b>	11	-	(4,230)
<b>Net assets</b>		-	92,404
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		-	92,404
<b>Total funds</b>	12	-	92,404

The financial statements on pages 6 to 12 were approved by the trustees, and authorised for issue on 16 June 2018 and signed on their behalf by:

.....  
M Hagen  
Trustee

## **Classrooms In The Clouds**

### **Notes to the Financial Statements for the Period from 1 January 2017 to 31 March 2018**

#### **1 Accounting policies**

##### **Statement of compliance**

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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

##### **Basis of preparation**

Classrooms In The Clouds meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

##### **Exemption from preparing a cash flow statement**

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

##### **Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

##### **Income and endowments**

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

##### ***Donations and legacies***

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

##### ***Investment income***

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

##### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

## Classrooms In The Clouds

### Notes to the Financial Statements for the Period from 1 January 2017 to 31 March 2018

#### *Raising funds*

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

#### *Charitable activities*

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

#### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### **Governance costs**

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

#### **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

#### **Taxation**

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

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **2 Income from donations and legacies**

	<b>Restricted funds £</b>	<b>Total 31 March 2018 £</b>	<b>Total Year ended 31 December 2016 £</b>
Donations and legacies;			
Donations from individuals	<u>342,662</u>	<u>342,662</u>	<u>157,385</u>
	<u>342,662</u>	<u>342,662</u>	<u>157,385</u>

## Classrooms In The Clouds

### Notes to the Financial Statements for the Period from 1 January 2017 to 31 March 2018

#### 3 Income from charitable activities

	<b>Total 31 March 2018 £</b>	<b>Total Year ended 31 December 2016 £</b>
Merchandise	-	12
	-	12

#### 4 Investment income

	<b>Restricted funds £</b>	<b>Total 31 March 2018 £</b>	<b>Total Year ended 31 December 2016 £</b>
Interest receivable and similar income; Interest receivable on bank deposits	21	21	12
	21	21	12

#### 5 Expenditure on raising funds

##### a) Costs of trading activities

	<b>Note</b>	<b>Restricted funds £</b>	<b>Total 31 March 2018 £</b>
Fundraising trading costs; Fundraising		331	331
		331	331
			<b>Total 31 March 2018 £</b>

#### 6 Expenditure on charitable activities

	<b>Note</b>	<b>Restricted funds £</b>	<b>Total 31 March 2018 £</b>	<b>Total Year ended 31 December 2016 £</b>
Allocated support costs		434,102	434,102	81,959
Governance costs		653	653	630
		434,755	434,755	82,589

## Classrooms In The Clouds

### Notes to the Financial Statements for the Period from 1 January 2017 to 31 March 2018

	Activity support costs £	Total 31 March 2018 £	Total Year ended 31 December 2016 £
Fundraising	434,102	434,102	81,958
	434,102	434,102	81,958

£Nil (2016 - £Nil) of the above expenditure was attributable to unrestricted funds and £434,755 (2016 - £82,588) to restricted funds.

#### 7 Analysis of governance and support costs

##### Charitable activities expenditure

	Basis of allocation	Restricted funds £	Total 31 March 2018 £	Total Year ended 31 December 2016 £
Travelling		1,972	1,972	728
Computer software and maintenance		2,471	2,471	600
Printing, postage and stationery		-	-	98
Trade subscriptions		-	-	331
Charitable donations		428,768	428,768	75,000
Insurance		427	427	359
Legal and professional		(260)	(260)	5,700
Bank charges		539	539	64
Foreign currency (gains)/losses		185	185	(921)
Independent examiners fee		653	653	630
		434,755	434,755	82,589
		434,755	434,755	82,589

##### Governance costs

	Restricted funds £	Total 31 March 2018 £	Total Year ended 31 December 2016 £
Allocated support costs	653	653	630
	653	653	630
	653	653	630

#### 8 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the period include:

## Classrooms In The Clouds

### Notes to the Financial Statements for the Period from 1 January 2017 to 31 March 2018

	<b>31 March 2018 £</b>	<b>31 December 2016 £</b>
Foreign currency losses/(gains)	<u>185</u>	<u>(921)</u>

#### 9 Trustees remuneration and expenses

During the period the charity made the following transactions with trustees:

##### **M Hagen**

£1,972 (2016: £728) of expenses were reimbursed to M Hagen during the period.

#### 10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 11 Creditors: amounts falling due within one year

	<b>31 March 2018 £</b>	<b>31 December 2016 £</b>
Accruals	<u>-</u>	<u>4,230</u>

#### 12 Funds

	<b>Balance at 1 January 2017 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	
<b>Restricted funds</b>				
Restricted fund	<u>92,404</u>	<u>342,683</u>	<u>(435,087)</u>	
	<b>Balance at 1 January 2016 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Balance at 31 December 2016 £</b>
<b>Restricted funds</b>				
Restricted fund	<u>17,582</u>	<u>157,799</u>	<u>(82,977)</u>	<u>92,404</u>

#### 13 Analysis of net funds

	<b>At 1 January 2017 £</b>	<b>Cash flow £</b>	<b>At 31 March 2018 £</b>
Cash at bank and in hand	96,634	(96,634)	-
Net debt	<u>96,634</u>	<u>(96,634)</u>	<u>-</u>