

Capstone Projects

**Directors' report and consolidated financial statements
for the year ended 31 March 2015**

Registered number: SC247223

Capstone Projects
(A company limited by guarantee)

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Capstone Projects
(A company limited by guarantee)

Charity information

Directors	Duncan Chisholm Norman Forrest Andrew Greer Alexander Macaulay Derek Marshall Joyce Matthew Brian Young
Secretary	D Marshall
Independent Examiner	Sheena Gibson FCCA Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	Royal Bank of Scotland 3 High Street Dundee DD1 9LY
Principal and registered office	15 Balunie Drive Dundee DD4 8PS
Registered number	SC247223
Charity number	SC034287

Capstone Projects

(A company limited by guarantee)

Directors' report

The directors of the charitable company (the charity) are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

The trustees present their report and consolidated financial statements for the year ended 31 March 2015.

The charity information set out in page 1 forms part of this report. The financial statements comply with statutory requirements, the Memorandum and Articles of Association of the charitable company and the Statement of Recommended Practice – “Accounting and Reporting by Charities” (SORP2005).

Structure, governance and management

Capstone Projects is a company limited by guarantee and a charity governed by its Memorandum and Articles of Association.

Subsidiary

Capstone Projects is the parent of a small group. The principal activity of the subsidiary is the operation of a Coffee Shop.

Recruitment and appointment of trustees

As the charity expands other trustees will be identified and asked to join the board as appropriate to the needs of the charity. This will be with the unanimous approval of the board. The appointment of trustees is governed by the Memorandum and Articles of Association.

No person shall be admitted as a member of the charity unless they are appointed by the trustees.

Directors

The directors at the date of this report are noted on page 1.

Organisation

The board of trustees which meets two or three times a year administers the charity. D Marshall is approved by the directors to manage the day to day operations of the charity.

Risk management

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

Objectives

Our objectives, as recorded in our Articles, are to relieve persons who are in conditions of need or hardship or who are aged or sick and to relieve the distress caused thereby in the United Kingdom and overseas. To advance the Christian faith and education in accordance with Christian principles. To provide recreation and other leisure time activities to the youth, the old and the disabled and to improve their conditions of life in a situation of poverty or social and economic circumstances by promoting their physical, mental and spiritual wellbeing.

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Directors' report (continued)

Main activities

The charity is currently involved in several projects with the aim of relieving poverty in the town of Lugazi, Uganda.

In particular, the charity has focused on:

- Providing support and education to street children with construction of a school building and personal development.
- Developing a medical dispensary and in particular treating and educating local residents about AIDS/HIV and malaria.
- Providing support and employment opportunities in the charity's coffee growing project.

Financial overview

After income of £111,411 and paying administrative costs of £119,161 the group retained deficit of 2014/15 is £7,751 (2014 - £2,934). Net assets for the group total £5,779 (2014 - £13,530).

Reserves

At present free reserves of the group amount to £3,553 (2014 - £4,619) which amounts to less than one month of unrestricted expenditure. This is being addressed, and additional funding has been received monthly since the year end to help cover this shortfall.

Plans for the future

No changes are presently envisaged in the charity's main activities outlined above.

Small company provisions

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to small companies regime.

This report was approved by the Board on *10th July 2015* 2015 and signed on its behalf by:



Derek Marshall
Trustee

Capstone Projects **(A company limited by guarantee)**

Statement of directors' responsibilities

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

Company law requires the directors 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 the group and of the incoming resources and application of resources, including the income and expenditure of the charitable company and group for the period. In preparing these financial statements the directors 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 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 business.

The directors 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Report of the Independent examiner to the Trustees of Capstone Projects

I report on the financial statements of the charity and group for the year ended 31 March 2015 which are set out on pages 6 to 21.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement


My examination is 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 financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

In the course of my examination, no matter has come to my attention (other than disclosed below)

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
 - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulationshave not been met, or

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



Sheena Gibson FCCA

Henderson Loggie
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

10 July 2015

Capstone Projects
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Charity profit and loss account for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	5	48,438	55,080
Administrative expenses		(58,969)	(61,319)
Operating deficit of income over expenditure	3	(10,531)	(6,239)
Gift aid received		2,400	3,544
Net expenditure for the year		(8,131) =====	(2,695) =====

The financial statements have been prepared on the basis that all operations are continuing.

There were no recognised gains or losses in either financial year other than those shown in the profit and loss account.

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Consolidated income and expenditure account for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	5	111,411	121,366
Cost of sales		(19,330)	(20,343)
Gross surplus		<u>92,081</u>	<u>101,023</u>
Administrative expenses		(99,831)	(103,957)
Deficit on ordinary activities before taxation	8	<u>(7,750)</u>	<u>(2,934)</u>
Tax on deficit on ordinary activities		-	-
Deficit for the financial year		<u>(7,750)</u> =====	<u>(2,934)</u> =====

The financial statements have been prepared on the basis that all operations are continuing.

Capstone Projects
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Consolidated statement of financial activities for the year ended 31 March 2015

	Note	Unrestricted £	Restricted £	2015 Total £	As restated 2014 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income:					
Grants and donations	3	10,630	37,808	48,438	55,080
Activities for generating funds:					
Commercial trading operations	5	62,973	-	62,973	66,286
Total income resources		73,603	37,808	111,411	121,366
Resources expended					
Cost of generating funds:					
Commercial trading operations	6	59,022	-	59,022	62,381
Charitable activities	6	7,396	50,613	58,009	60,969
Governance costs	6	1,170	960	2,130	950
Total resources expended		67,588	51,573	119,161	124,300
Net incoming/(outgoing) resources before transfers		6,015	(13,765)	(7,750)	(2,934)
Transfer between funds	11	(7,080)	7,080	-	-
Net movements in funds		(1,065)	(6,685)	(7,750)	(2,934)
Total funds brought forward as previously stated	11	8,744	4,785	13,529	16,463
Prior period adjustment	11	(4,126)	4,126	-	-
Total funds brought forward as restated	11	4,618	8,911	13,529	16,463
Total funds carried forward	11	3,553	2,226	5,779	13,529

Capstone Projects
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Charity balance sheet at 31 March 2015

	Note	£	2015 £	£	As restated 2014 £
Fixed assets					
Investments	9		2		2
Current assets					
Cash at bank and in hand		2,680		10,151	
		<u>2,680</u>		<u>10,151</u>	
Creditors: amounts falling due within one year					
	10	(961)		(301)	
Net current assets			<u>1,719</u>	<u></u>	9,850
Net assets			<u>1,721</u> =====		<u>9,852</u> =====
Reserves					
Unrestricted reserves	11		(505)		941
Restricted reserves	11		2,226		8,911
Members' funds	11		<u>1,721</u> =====		<u>9,852</u> =====

The financial statements have been prepared in accordance with the provisions available to small companies subject to the small companies regime. Approved by the board on *10th April* 2015.

D.R. Marshall

D Marshall
 Director

Capstone Projects
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Consolidated balance sheet at 31 March 2015

	Note	£	2015 £	£	As restated 2014 £
Current assets					
Stocks		525		525	
Other		-		289	
Cash at bank and in hand		7,820		13,926	
		<u>8,345</u>		<u>14,740</u>	
Creditors					
Amounts falling due within one year	10	(2,566)		(1,211)	
Net current assets			<u>5,779</u>	<u></u>	13,529
Net assets			<u>5,779</u> =====		<u>13,529</u> =====
Reserves					
Unrestricted reserves	11		3,553		4,618
Restricted reserves	11		2,226		8,911
Members' funds			<u>5,779</u> =====		<u>13,529</u> =====

The financial statements have been prepared in accordance with the provisions available to small companies subject to the small companies regime. Approved by the board on *10th June* 2015

D.P. Marshall

Derek Marshall
 Director

Capstone Projects

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Notes to the financial statements

1 Status of company and liability of members

On the winding up of the charitable company every member has undertaken to contribute to the assets of the charitable company for the payment of debts and liabilities and of the cost of winding up of the charitable company, such amount as may be required not exceeding ten pounds. If the winding up occurs within one year of a member ceasing to be a member then the above applies for debts and liabilities of the charitable company contracted for before he ceased to be a member.

2. Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, and include the results of the operations of the charitable company and group as indicated in the Directors' Report. The financial statements incorporate the requirements of the Statement of Recommended Practice – "Accounting and Reporting by Charities" (SORP 2005), applicable accounting standards, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

Group financial statements

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary, Coffee Exchange Kirriemuir Limited on a line by line basis.

Cash flow statement

The charitable company and the group have taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement, on the grounds that it is a small group.

Investments

Investments are stated at cost.

Stock

Stocks are valued at the lower of cost and net realisable value.

Funds

In the Statement of Financial Activities funds are classified as either restricted funds or unrestricted funds, defined as follows:-

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

2 Accounting policies (continued)

Funds (continued)

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund together with a fair allocation of management and support costs.

A transfer is made from unrestricted funds to restricted funds to compensate fully all restricted funds which would otherwise be in deficit at the accounting date.

Incoming resources

Grants and donations

Grants and donations are included when receivable by the charity.

Resources expended

Resources expended are included in the accounts on an accruals basis:

- Costs of generating funds are those incurred in attracting voluntary income and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the support and education provided in Uganda.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of staff time spent on these activities within the charity's whole operations including support costs.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

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Notes to the financial statements (continued)

3 Financial activities of the charity

The financial activities shown in the consolidated statements includes those of the charity's wholly owned subsidiary, Coffee Exchange Kirriemuir Limited.

The summary of the financial activities undertaken by the charity is set out below:

	2015	As restated 2014
	£	£
Gross incoming resources	48,438	55,080
Intercompany incoming resources	2,400	3,544
Total expenditure on charitable activities	(58,009)	(60,969)
Governance costs	(960)	(350)
	<hr/>	<hr/>
Net outgoing resources	(8,131)	(2,695)
Total funds brought forward	9,852	12,547
	<hr/>	<hr/>
Total funds carried forward	1,721	9,852
	=====	=====
Represented by		
Unrestricted funds	(505)	941
Restricted funds	2,226	8,911
	<hr/>	<hr/>
	1,721	9,852
	=====	=====

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Notes to the financial statements (continued)

4 Incoming resources from activities for generating funds

The wholly owned trading subsidiary Coffee Exchange Kirriemuir Limited, which is incorporated in the United Kingdom, pays its profits to the charity by gift aid. Coffee Exchange Kirriemuir Limited carried out the operation of the Kirriemuir based coffee shop.

The charity owns the entire share capital of 2 ordinary shares of £1. A summary of the trading results is shown below.

	2015 £	2014 £
Turnover	62,973	66,286
Cost of sales	(19,330)	(20,343)
Administration costs	(40,862)	(42,638)
Net profit/(loss)	2,781	3,305
Amount gift aided to the charity	(2,400)	(3,544)
Retained profit/(loss) in subsidiary	381 =====	(239) =====
The assets and liabilities of the subsidiary were:		
Current assets	5,665	4,589
Current liabilities	(1,605)	(910)
Total net assets	4,060 =====	3,679 =====
Aggregate share capital and reserves	4,060 =====	3,679 =====

5 Turnover

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Sales	62,973	66,286	-	-
Grants and donations	48,438	55,080	48,438	55,080
	111,411 =====	121,366 =====	48,438 =====	55,080 =====

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Notes to the consolidated financial statements (continued)

6 Resources expended	Cost of generating funds		Charitable activities		Governance costs		2015 Total £	2014 Total £
	Unrestricted £	Restricted £	Unrestricted £	Restricted £	Unrestricted £	Restricted £		
Commercial trading operations	59,022	-	-	-	-	-	59,022	62,381
Uganda general donations	-	-	-	-	-	-	7,396	6,725
Uganda Street Children donations	-	-	7,396	-	-	-	-	-
Uganda Dispensary donations	-	-	-	12,532	-	-	12,532	12,420
Uganda HIV Counsellor donations	-	-	-	15,180	-	-	15,180	17,055
Uganda Farm donations	-	-	-	266	-	-	266	-
Uganda School Building donations	-	-	-	3,350	-	-	3,350	5,771
Uganda Sam & Gorrett donations	-	-	-	7,540	-	-	7,540	7,860
Uganda Travel costs	-	-	-	1,746	-	-	1,746	-
Computer expenses	-	-	-	9,786	-	-	9,786	10,536
Miscellaneous expenditure	-	-	-	90	-	-	90	179
Independent examiners fee	-	-	-	123	-	-	123	423
	-	-	-	-	1,170	960	2,130	950
	59,022	-	7,396	50,613	1,170	960	119,161	124,300

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Notes to the consolidated financial statements (continued)

7 Staff costs

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Wages and Salaries	31,437	31,687	-	-
Social security costs	-	1,329	-	-
Other pension costs	-	-	-	-
	<u>31,437</u>	<u>33,016</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

	Group		Charity	
	2015	2014	2015	2014
	No.	No.	No.	No.
Average monthly number of employees	2	3	-	-
	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

Directors' remuneration

No directors were paid in the year (2014 – none) in either the charity or Coffee Exchange Kirriemuir Limited.

The directors received no expenses during the year ended 31 March 2015 (2014 – none).

8 Operating deficit

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
The operating deficit is stated after charging:				
Independent examiners fees	2,130	950	960	350
	<u>2,130</u>	<u>950</u>	<u>960</u>	<u>350</u>
	=====	=====	=====	=====

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Notes to the consolidated financial statements(continued)

9 Fixed asset investments

	Group		Charity	
	2015	2014	2015	As restated 2014
	£	£	£	£
Coffee Exchange Kirriemuir Ltd	-	-	2	2
	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
	=====	=====	=====	=====

Coffee Exchange Kirriemuir Limited is a wholly owned subsidiary incorporated in Scotland. The profit for the year ended 31 March 2015 in Coffee Exchange Kirriemuir Limited is £381 (2014 – loss of £239) and closing shareholders' funds are £4,060 (2014 - £3,679).

10 Creditors

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Other taxes and social security costs	434	310	-	-
Other creditors	2,132	900	961	301
	<u>2,566</u>	<u>1,210</u>	<u>961</u>	<u>301</u>
	=====	=====	=====	=====

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Notes to the consolidated financial statements (continued)

Charity	Opening balance as previously stated £	Prior period adjustments £	Opening balance as restated £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
11 Reserves							
Unrestricted							
Revenue reserves	5,067	(4,126)	941	13,030	(7,396)	(7,080)	(505)
Restricted							
Revenue reserves	4,785	(4,785)	-	-	-	-	-
Administration	-	297	297	895	(1,173)	-	19
Uganda Street Children	-	109	109	9,956	(12,532)	2,467	-
Uganda Clinic and Dispensory	-	579	579	10,262	(15,180)	4,339	-
Uganda HIV Counsellor	-	-	-	1,653	(266)	-	1,387
Uganda Farm Project	-	646	646	3,354	(3,350)	-	650
Uganda School Building	-	7,030	7,030	526	(7,540)	-	16
Uganda Sam and Gorrett Fund	-	-	-	1,900	(1,746)	-	154
Uganda Travel costs	-	250	250	9,262	(9,786)	274	-
Total restricted revenue reserves	4,785	4,126	8,911	37,808	(51,573)	7,080	2,226
Total reserves	9,852	-	9,852	50,838	(58,969)	-	1,721

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Notes to the consolidated financial statements (continued)

11 Reserves (continued)	Opening balance as previously stated £	Prior period adjustments £	Opening balance as restated £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
Unrestricted							
Revenue reserves	8,744	(4,126)	4,618	73,603	(67,588)	(7,080)	3,553
Restricted							
Revenue reserves	4,785	(4,785)	-	-	-	-	-
Administration	-	297	297	895	(1,173)	-	19
Uganda Street Children	-	109	109	9,956	(12,532)	2,467	-
Uganda Clinic and Dispensory	-	579	579	10,262	(15,180)	4,339	-
Uganda HIV Counsellor	-	-	-	1,653	(266)	-	1,387
Uganda Farm Project	-	646	646	3,354	(3,350)	-	650
Uganda School Building	-	7,030	7,030	526	(7,540)	-	16
Uganda Sam and Gorrett Fund	-	-	-	1,900	(1,746)	-	154
Uganda Travel costs	-	250	250	9,262	(9,786)	274	-
Total restricted revenue reserves	4,785	4,126	8,911	37,808	(51,573)	7,080	2,226
Total reserves	13,529	-	13,529	111,411	(119,161)	-	5,779

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Notes to the consolidated financial statements (continued)

12 Reserves (continued)

Purposes of restricted reserves

Administration	To fund the administration of the charity. The trustees donate to this fund so that all donations given by others can be used wholly for Charitable projects.
Uganda Street Children	To fund support and education projects with children experiencing poverty in Uganda.
Uganda Clinic & Dispensary	To fund the running of a medical centre in Lugazi, Uganda.
Uganda HIV Counsellor	To fund HIV Counselling support in Lugazi, Uganda.
Uganda Farm Project	To fund a coffee growing project in Lugazi, Uganda.
Uganda School Building	To fund construction of a school building in Lugazi, Uganda.
Uganda Sam & Gorrett Fund	To fund the UK visit of Lugazi residents, Sam and Gorrett.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Charity			
Investments	2	-	2
Net current assets	(507)	2,226	1,719
	<u>(505)</u>	<u>2,226</u>	<u>1,721</u>
	=====	=====	=====
Group			
Net current assets	3,553	2,226	5,779
	<u>3,553</u>	<u>2,226</u>	<u>5,779</u>
	=====	=====	=====

14 Prior period adjustments

Charity

The prior period adjustment reflects the transfer of unrestricted reserves amounting to £4,126 to correct the balance of restricted reserves at 31 March 2014 and to correct the investment value in respect of Coffee Exchange Kirriemuir Limited.

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Notes to the consolidated financial statements (continued)

15 Related party transactions

Derek Marshall and Alex Macaulay are also directors of Factory II Limited. During the year Capstone Projects received £2,750 from Factory II Limited as a donation and paid £2,324 as reimbursement for travel costs.

During the year Coffee Exchange Kirriemuir Ltd paid £2,055 for goods and services from Factory II Limited.

During the year Mrs Marshall, wife of Derek Marshall Trustee received a salary of £19,741 from Coffee Exchange Kirriemuir Limited.