

Small Foundation

(a company limited by guarantee)

Directors' report and financial statements

For the year ended 31 December 2011

<i>Registered number</i>	<i>447577</i>
<i>Charity number</i>	<i>CHY17841</i>

Small Foundation

Directors' Report and Financial Statements

For the year ended 31 December 2011

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2 - 5
Independent Auditor's report	6 - 7
Statement of Financial Activities	8
Balance Sheet	9
Statement of Cash Flows	10
Notes forming part of the Financial Statements	11 - 15

Small Foundation

Directors and other information

Directors	Tim Brosnan (Chairman) Mary Brosnan Conor Brosnan Anthony Gannon Mick Swift
Charity number	CHY17841
Registered number	447577
Registered office	1 Cavendish Row Upper O'Connell Street Dublin 1
Website	www.smallfoundation.ie
Auditor	KPMG Chartered Accountants Registered Auditors 1 Harbourmaster Place International Financial Services Centre Dublin 1
Bankers	Bank of Ireland Ballsbridge Dublin 4 Coutts & Co. 440 Strand London WC2R 0QS
Executive	Tim Brosnan timbrosnan@smallfoundation.ie Anna Brosnan anna.brosnan@smallfoundation.ie

Small Foundation

Directors' report

The directors present their annual report and audited financial statements of Small Foundation (the "Company") for the year ended 31 December 2011, which will be laid before the members at the Annual General Meeting of the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2012. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 1963 to 2012.

Principal Activity, Objectives and Review of Business

The Company's main focus is on alleviating extreme poverty in sub-Saharan Africa. The Company also invests (to date, by way of grants) in various organisations in Ireland and the UK for purposes relating to poverty alleviation, mental health, suicide prevention and educational opportunities for the disadvantaged.

Hundreds of millions of people in sub-Saharan Africa live their lives in chronic hunger under the constant threat of famine. Most of these live in rural areas. The Company aims to contribute to changing this by being a catalyst for unleashing the transformative entrepreneurial potential of rural people. The key to this is the creation of a set of opportunities for subsistence farming communities through access to knowledge, finance, technology and markets. To eliminate the threat of famine, this access must be provided on a continent-wide scale.

During the year, the Company made donations totalling €1,081,011 to seven organizations. Of this, €1,040,297 went to five Africa-focused organisations with strategies and operations that open up access to knowledge, finance, technology and markets to subsistence farming communities in rural sub-Saharan

Small Foundation

Directors' report

(continued)

Africa. Donations to three of the organizations were made under multi-year strategic collaboration agreements aimed at funding their core costs.

- Self Help Africa applied some of our funds to its ongoing operations and used some to acquire a Kenya-based social business, now named Partner Africa, which provides a range of services to national and international companies across four key areas: ethical audits and small producer assessments; capacity building and training; social impact assessments; and trade development projects. The aim of Partner Africa is to help integrate smallholder-farming communities into international markets thereby sustainably improving rural livelihoods.
- FARM-Africa applied our funds to launch and manage the Maendeleo Agricultural Enterprise Fund in East Africa aimed at sustainably increasing agricultural productivity and thus generating income and lifting rural households out of poverty and food insecurity.
- AgDevCo (African Agriculture Development Company) applied our funds to building and maintaining its management team. AgDevCo is an investment management company focused on the development of agriculture-related small and medium-sized businesses in rural sub-Saharan Africa. It does this by fostering the development of new agribusinesses, including those using a hub and outgrower methodology, and by investing in existing businesses. AgDevCo was instrumental in developing the concept of agricultural growth corridors in Mozambique and Tanzania and manages the Beira Agricultural Growth Corridor Catalytic Fund in Mozambique.

The remaining two Africa-related grants, to Send a Cow and iDE, were used to finance feasibility studies on ideas for commercializing the process of spreading knowledge on increasing agricultural productivity among smallholder farmers. If this knowledge dissemination process could be commercialized, it would generate its own revenues and become self-sustaining and scalable, thus making a significant contribution to the Company's objectives. However, as the ideas are new and experimental, there is also a high risk that the investments will come to nothing.

The Company's strategy includes support for research on development policy and practice and for advocacy for development approaches that are likely to be impactful, sustainable and scalable. During the year, the combined investments in these activities amounted to €85,675. The Company supported the attendance of African participants at a series of conferences on global food security organized by Wilton Park, an executive arm of the UK Foreign and Commonwealth Office. It continued its involvement with the All-Party Parliamentary Group on Agriculture and Food for Development based in Westminster and funded the development of a website for the UK-based African Smallholder Farmers Group, an alliance of NGOs.

The donations to Irish-related causes came to €40,714. Of this, €15,714 went to the Ireland Fund of Great Britain to help finance the Forgotten Irish campaign aimed at improving the lives of aging Irish emigrants in the UK. This is the penultimate instalment of a five-year commitment of £50,000 sterling. The balance of €25,000 was a grant to Ashoka Ireland as early-stage seed capital for its idea for an unprecedented collaborative effort between Irish people from the social, business and public sectors and 50 leading social entrepreneurs from around the world in the spheres of education, healthcare, environment, economic development, civic participation and inclusion. This idea developed into the ambitious Change Nation campaign which aims to create employment, mobilise citizens as changemakers, strengthen the management of natural resources, cultivate empathy in children and transform the way young people grow up. It aims to improve physical and mental well-being, integrate excluded populations, build alliances

Small Foundation

Directors' report

(continued)

between business and social sectors and create the necessary infrastructure for social innovation to flourish. The 3-day event in Dublin in March 2012 that launched Change Nation was an outstanding success. Change Nation is developing into an ongoing social innovation platform bringing together leading innovators to tackle some of Ireland's biggest challenges.

Reserves policy

The aim of the reserves policy is to maintain free reserves in unrestricted funds to enable the Company to implement its strategy by funding specific investments as they arise. In addition, the Chairman has given the Company a formal undertaking that he will personally ensure that SF will have sufficient funds to honour any financial commitments that the board decide to make on foot of investment recommendations made by him. It is judged that there are sufficient resources to allow the Company to implement its strategy over the next few years.

Company limited by guarantee

The Company is a limited company by guarantee and was formed for promoting charity and intends to apply its profits, or other income, in promoting its objectives.

Principal risks and uncertainties

The Company bears reputational risk arising from supporting organisations and activities that might bring the Company into ill repute with negative consequences for its capacity to alleviate extreme poverty in sub-Saharan Africa. There is also financial risk. It was originally envisaged that, in its initial years, the Company would be funded only by the founding members and directors, and their close associates, and that the Company would then be open to other donors coming forward in later years. It was perceived that there was the risk that such donors might not materialise at a time when their funds were needed thus curtailing the Company's activities. It is currently expected that outside donors attracted to the Company's activities are more likely to co-invest directly in those activities rather than through the Company and that the founding members and directors will continue to fund the company indefinitely. While it is expected that their resources will be sufficient for this, it is recognized that the risk of a calamitous reverse of fortunes is ever-present. The opposite risk also exists: that the Company will fail to find sufficient uses for its available resources consistent with its policies and investment and donation criteria. This has proved to be the effective constraint on the Company's activities since its foundation in 2007.

Results and dividends

The operating deficit for the year amounted to €16,490; (2010: €142,475). The Company prohibits payment of dividends to its members.

Post balance sheet events

There are no post balance sheet events which require disclosure in, or adjustments to the financial statements.

Small Foundation

Directors' report

(continued)

Directors

The names of the persons who were directors at any time during the year ended 31 December 2011 are set out on page 1. In accordance with the Articles of Association, one third of the directors are required to retire by rotation at each annual general meeting. The directors to retire in every year shall be those who have been longest in office since the last election but as between persons who became directors on the same day, those to retire shall be determined by lot. A retiring director shall be eligible for re-election.

Books of account

The directors are responsible for ensuring that proper books and records, as outlined in Section 202 of the Companies Act, 1990 are kept. The directors through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements. These books and records are maintained at the Company's registered office at 1 Cavendish Row, Dublin 1.

Auditors

The auditors, KPMG have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

Taxation status

The Company has received an exemption from taxation as a charitable organization and is registered under No. CHY17841. The Company has also received approval for the Scheme of Tax Relief for Donations to Eligible Charities and other Approved bodies under Section 848A of the Taxes Consolidation Act 1997.

Thanks

The Directors acknowledge with thanks the contribution of Anna Brosnan who worked for the Company at zero cost to the Company. The Directors would also like to thank all the Company's service providers, especially those who worked pro bono.

On behalf of the board

Director

Director

Date: 05 September 2012

Independent Auditor's Report to the Members of Small Foundation

We have audited the financial statements of Small Foundation for the year ended 31 December 2011, which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2012. We also report to you whether, in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Independent Auditor's Report to the Members of Small Foundation *(continued)*

Basis of audit opinion *(continued)*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs as at 31 December 2011;
- have been properly prepared in accordance with the Companies Acts 1963 to 2012.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report on pages 2 to 5 is consistent with the financial statements.

Hubert Crehan

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

_____ **2012**

Small Foundation

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 December 2011

	<i>Notes</i>	Total funds 2011 €	Total funds 2010 €
Incoming resources			
Incoming resources from generated funds:			
Voluntary income:			
Donations	2	3,101,070	751,742
Activities for generating funds:			
Investment income		13,190	3,651
		<hr/>	<hr/>
Total incoming resources		3,114,260	755,393
		<hr/> <hr/>	<hr/> <hr/>
Resource expended			
Donations to NGOs	3	1,081,011	564,859
Other resources expended	4	85,675	95,055
Governance costs	4	1,530	6,742
		<hr/>	<hr/>
Total resources expended		1,168,216	666,656
		<hr/> <hr/>	<hr/> <hr/>
Net incoming resources		1,946,044	88,737
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of funds			
		2011	2010
Total funds brought forward		709,409	620,672
Total funds carried forward		2,655,453	709,409

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities and arise from investment funds. The accompanying notes form an integral part of the financial statements.

On behalf of the board:

Chairman

Director

Date: 05 September 2012

Small Foundation

Balance Sheet

as at 31 December 2011

	<i>Notes</i>	2011 €	2010 €
Current assets			
Cash and cash equivalents		2,657,819	708,662
Interest receivable		499	747
		<hr/>	<hr/>
Net current assets		2,658,318	709,409
Accrued expenses		(2,865)	-
		<hr/>	<hr/>
Net assets		2,655,453	709,409
		<hr/> <hr/>	<hr/> <hr/>
Unrestricted funds	7	2,655,453	709,409
		<hr/>	<hr/>
Total funds		2,655,453	709,409
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of the financial statements

On behalf of the board:

Chairman

Director

Date: 05 September 2012

Small Foundation

Statement of Cash Flows *for the year ended 31 December 2011*

	2011 €	2010 €
Cash flows from operating activities		
Net resources	1,946,044	88,737
Interest	(10,251)	(5,590)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,935,793	83,147
Changes in operating assets and liabilities		
Increase / (decrease) in liabilities	2,865	(23,677)
	<hr/>	<hr/>
Cash provided by operations	1,938,658	59,470
Interest received	10,499	12,270
	<hr/>	<hr/>
Net cash provided by operating activities	1,949,157	71,740
	<hr/>	<hr/>
Net increase in cash and cash equivalents for the year	1,949,157	71,740
Cash and cash equivalents at the beginning of the year	708,662	636,922
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	2,657,819	708,662
	<hr/> <hr/>	<hr/> <hr/>

Small Foundation

Notes forming part of the Financial Statements *for the period ended 31 December 2011*

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

(a) Basis of accounting

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The Company has presented the statement of financial activities and the balance sheet in the format set out in "Accounting and Reporting by Charities – Statement of Recommended Practice (revised 2005)".

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Board for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming resources

All incoming resources are recognised by inclusion in the statement of financial activities only when the Company is legally entitled to the income, virtually certain of receipt, and the amounts involved can be measured with sufficient reliability. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable
- Donated services and facilities are included at the value to the Company where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Small Foundation

Notes (continued)

1 Accounting policies (continued)

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the Company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Company and may include the audit fees and costs linked to the strategic management of the Company.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

(e) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the statement of financial activities.

2 Donations	Unrestricted	Restricted	2011 Total
	€	€	€
Donations	3,101,070	-	3,101,070
	<hr/>	<hr/>	<hr/>
	3,101,070	-	3,101,070
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2010 Total
	€	€	€
Donations	751,742	-	751,742
	<hr/>	<hr/>	<hr/>
	751,742	-	751,742
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Small Foundation

Notes (continued)

3 Donations to NGOs	Unrestricted	Restricted	2011 Total
	€	€	€
Self Help Africa Group	610,860	-	610,860
Send a Cow	26,622	-	26,622
Farm - Africa	150,000	-	150,000
Africa Agriculture Development Company	234,835	-	234,835
Ashoka	25,000	-	25,000
International Development Enterprises UK	17,980	-	17,980
Ireland Fund of Great Britain	15,714	-	15,714
	<hr/>	<hr/>	<hr/>
	1,081,011	-	1,081,011
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2010 Total
	€	€	€
Self Help Africa Group	461,726	-	461,726
Send a Cow	15,828	-	15,828
Farm- Africa	51,383	-	51,383
Unreasonable Institute	35,922	-	35,922
	<hr/>	<hr/>	<hr/>
	564,859	-	564,859
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
4 Total resources expended		2011	2010
		€	€
Supported costs allocated to activities:			
Other Resources Expended			
Conferences and Seminars		24,816	1,331
Research & Consultancy		58,217	1,223
Advocacy		2,642	92,501
		<hr/>	<hr/>
Total other resources expended		85,675	95,055
		<hr/> <hr/>	<hr/> <hr/>
Governance Costs			
Legal & professional		-	4,206
Rent		1,070	2,388
Bank charges		460	114
Miscellaneous		-	34
		<hr/>	<hr/>
Total Governance Costs		1,530	6,742
		<hr/> <hr/>	<hr/> <hr/>

Small Foundation

Notes (continued)

5 Directors and Management Remuneration & Related Party Transactions

No members of the board of directors received any remuneration during the year (2010: Nil).

No member of the board of directors or other person related to the charity had any personal interest in any contract or transaction entered into by the Company during the period.

6 Taxation

The Company has exemption from taxation as a charitable organization and is registered under Charity number CHY17841. The company also has approval for the Scheme of Tax Relief for Donations to Eligible Charities and other Approved bodies under Section 848A of the Taxes Consolidation Act 1997.

7	Movement in funds	At 31 December 2010	Income resources (incl. gains)	Outgoing resources	Transfers	31 December 2011
		€	€	€	€	€
	Restricted funds	-	-	-	-	-
	<i>Total restricted funds</i>	-	-	-	-	-
	Unrestricted funds:					
	Designated fund					
	General funds	709,409	3,114,260	(1,168,216)	-	2,655,453
	<i>Total unrestricted funds</i>	709,409	3,114,260	(1,168,216)	-	2,655,453
	Total funds	709,409	3,114,260	(1,168,216)	-	2,655,453

Small Foundation

Notes (continued)

7 Movement in funds (continued)

	At 31 December 2009	Income resources (incl. gains)	Outgoing resources	Transfers	31 December 2010
	€	€	€		€
Restricted funds	-	-	-	-	-
<i>Total restricted funds</i>	-	-	-	-	-
Unrestricted funds:					
Designated fund					
General funds	620,672	755,393	(666,656)	-	709,409
<i>Total unrestricted funds</i>	620,672	755,393	(666,656)	-	709,409
Total funds	620,672	755,393	(666,656)	-	709,409

8 Operating (deficit)/surplus

Beginning balance, as at 31 December 2010	€ (142,475)
Movement during year ending 31 December 2011:	
Investment income	13,190
Less: Governance costs and other resources expended	(87,205)
Ending balance, as at 31 December 2011	<u>(216,490)</u>
Beginning balance, as at 31 December 2009	€ (44,329)
Movement during year ending 31 December 2010:	
Investment income	3,651
Less: Governance costs and other resources expended	(101,797)
Ending balance, as at 31 December 2010	<u>(142,475)</u>

9 Post balance sheet events

No significant events have taken place since the year end that that would result in adjustment to the financial statements or inclusion of a note thereto.

10 Approval of financial statements

These financial statements were approved by the Board of Directors on 05 September 2012.