

Small Foundation

(a company limited by guarantee)

Directors' report and financial statements

For the year ended 31 December 2012

Registered number
Charity number

447577
CHY17841

Small Foundation

Directorsø Report and Financial Statements

For the year ended 31 December 2012

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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

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Directors' report

The directors present their annual report and audited financial statements of Small Foundation (the "Company") for the year ended 31 December 2012, 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. A subsidiary activity is helping disadvantaged Irish people in the areas of poverty alleviation, mental health, suicide prevention and educational opportunities.

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 grants totalling €1,548,082 to seven organizations. Of this, €1,486,137 related to Africa and €61,945 related to Ireland.

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Directors' report

The Africa-related grants went to five organisations with strategies and operations that open up access to knowledge, finance, technology and markets to subsistence farming communities in rural sub-Saharan Africa. Donations to four of the organizations were made under multi-year strategic collaboration agreements aimed at funding their core costs.

- Self Help Africa, an NGO headquartered in Ireland and the UK with operations in nine countries in West and East Africa – Benin, Burkina Faso, Ghana, Togo, Ethiopia, Kenya, Malawi, Uganda and Zambia. It applied our funds to help integrate smallholder-farming communities into international markets thereby sustainably improving rural livelihoods.
- Farm Africa, a London-based NGO with operations in five countries in East Africa – Ethiopia, Kenya, South Sudan, Tanzania and Uganda. It applied our funds to operate the Maendeleo Agricultural Enterprise Fund aimed at sustainably increasing agricultural productivity and promoting small agribusinesses 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 teams and systems at headquarters and in the field. AgDevCo is a nonprofit investment management company based in the UK and focused on the development of small and medium-sized businesses in rural Ghana, Malawi, Mozambique, Tanzania and Zambia that benefit smallholder farmers either as suppliers or customers. It does this by fostering through funding and technical assistance the development of new agribusinesses and the growth of existing ones.
- Acumen applied our funds to building and maintaining its agribusiness investment management team in West Africa. Acumen is a nonprofit social venture capital firm based in New York that uses entrepreneurial approaches to tackle problems of poverty in developing countries. Its goal is to find breakthrough enterprises that serve the poor and have the potential to reach a million or more customers with an innovative product or service that improves lives. Acumen, over its first 10 years, has helped pioneer the social venture capital model, which combines the discipline and power of the market with the ethical motivations of charity to bring about large-scale change, and played a significant role in building the infrastructure around the growing impact investing sector.

The fifth Africa-related grant was to the Unreasonable Institute to fund the participation by three African social entrepreneurs in its 2012 training programme. The entrepreneurs' ventures were focused on smallholder farmers in Liberia, Cameroon and Democratic Republic of Congo. The Unreasonable Institute, based in Colorado, USA, is a not-for-profit organization dedicated to linking entrepreneurs with social missions to training, mentoring and funders.

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 £67,649. These funds were used to:

- support the participation by African experts in a series of conferences on global food security organized by Wilton Park, an executive arm of the UK Foreign and Commonwealth Office
- the ongoing work of the All-Party Parliamentary Group on Agriculture and Food for Development based in Westminster and
- the development of a website for the African Smallholder Farmers Group, an alliance of UK-based NGOs.

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Directors' report

The Irish-related grants went to two organizations. €11,945 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 final instalment of a five-year commitment of £50,000. The balance of €50,000 was the first instalment of a 3-year commitment to Ashoka Ireland to implement its Change Nation programme. Change Nation is a social innovation platform aimed at tackling some of Ireland's biggest challenges in education, healthcare, environment, economic development and civic participation and inclusion. It does this by combining the ideas of leading social innovators from around the world with the efforts of social entrepreneurs in Ireland supported by the Irish public and private sectors.

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 company limited 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 €208,275; (2011: €216,490). 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.

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Directors' report

Directors

The names of the persons who were directors at any time during the year ended 31 December 2012 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 would like to thank all the Company's service providers, with a special thanks to those who worked pro bono. Thanks are also due to Claire Hickson of Trio Policy Ltd, who acted as our London representative during the year, to Anna Brosnan, who continues to work for the Company at zero cost to it, and to our partners, who gave us valuable insights and inspiration as well as doing all the work on the ground.

On behalf of the board

Director

Director

Date: 12 September 2013

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 2012, which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2012.

Matters on which we are required to report by the Companies Acts 1963 to 2012

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The financial statements are in agreement with the books of account and, in our opinion, proper books of account have been kept by the company.

In our opinion the information given in the directors' report is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMALL FOUNDATION

Continued

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2012 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Hubert Crehan

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

Date: 12 September 2013

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Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 December 2012

	<i>Notes</i>	Total funds 2012 €	Total funds 2011 p
Incoming resources			
Incoming resources from generated funds:			
Voluntary income:			
Donations	2	-	3,101,070
Activities for generating funds:			
Investment income		76,952	13,190
		<hr/>	<hr/>
Total (outgoing) / incoming resources		76,952	3,114,260
		<hr/> <hr/>	<hr/> <hr/>
Resource expended			
Donations to NGOs	3	1,548,082	1,081,011
Other resources expended	4	67,649	85,675
Governance costs	4	1,088	1,530
		<hr/>	<hr/>
Total resources expended		1,616,819	1,168,216
		<hr/> <hr/>	<hr/> <hr/>
Net (outgoing) / incoming resources		(1,539,867)	1,946,044
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of funds		2012	2011
Total funds brought forward		2,655,453	709,409
Total funds carried forward		1,115,586	2,655,453

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: 12 September 2013

Small Foundation

Balance Sheet

as at 31 December 2012

	<i>Notes</i>	2012 €	2011 p
Current assets			
Cash and cash equivalents		1,772,685	2,657,819
Interest receivable		105	499
		<hr/>	<hr/>
Net current assets		1,772,790	2,658,318
Accrued expenses		(657,204)	(2,865)
		<hr/>	<hr/>
Net assets		1,115,586	2,655,453
		<hr/> <hr/>	<hr/> <hr/>
Unrestricted funds	7	1,115,586	2,655,453
		<hr/>	<hr/>
Total funds		1,115,586	2,655,453
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of the financial statements

On behalf of the board:

Chairman

Director

Date: 12 September 2013

Small Foundation

Statement of Cash Flows *for the year ended 31 December 2012*

	2012 €	2011 p
Cash flows from operating activities		
Net (outgoing) / incoming resources	(1,539,867)	1,946,044
Interest	(32,453)	(10,251)
	<hr/>	<hr/>
Net cash (outflow) / inflow from operating activities	(1,572,320)	1,935,793
Changes in operating assets and liabilities		
Increase in liabilities	654,339	2,865
	<hr/>	<hr/>
Cash (used in) / provided by operations	(917,981)	1,938,658
Interest received	32,847	10,499
	<hr/>	<hr/>
Net cash (used in) / provided by operating activities	(885,134)	1,949,157
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents for the year	(885,134)	1,949,157
Cash and cash equivalents at the beginning of the year	2,657,819	708,662
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	1,772,685	2,657,819
	<hr/> <hr/>	<hr/> <hr/>

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Notes forming part of the Financial Statements *for the period ended 31 December 2012*

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.

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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	2012 Total
	€	€	€
Donations	-	-	-
	-----	-----	-----
	-	-	-
	=====	=====	=====
	Unrestricted	Restricted	2011 Total
	p	p	p
Donations	3,101,070	-	3,101,070
	-----	-----	-----
	3,101,070	-	3,101,070
	=====	=====	=====

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Notes (continued)

3	Donations to NGOs	Unrestricted	Restricted	2012 Total
		€	€	€
	Acumen	144,247	-	144,247
	Africa Agriculture Development Company	665,348	-	665,348
	Ashoka	50,000	-	50,000
	Farm - Africa	211,899	-	211,899
	Ireland Fund of Great Britain	11,945	-	11,945
	Self Help Africa Group	451,380	-	451,380
	Unreasonable Institute	13,263	-	13,263
		<hr/>	<hr/>	<hr/>
		1,548,082	-	1,548,082
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		Unrestricted	Restricted	2011 Total
		p	p	p
	Africa Agriculture Development Company	234,835	-	234,835
	Ashoka	25,000	-	25,000
	Farm - Africa	150,000	-	150,000
	International Development Enterprises UK	17,980	-	17,980
	Ireland Fund of Great Britain	15,714	-	15,714
	Self Help Africa Group	610,860	-	610,860
	Send a Cow	26,622	-	26,622
		<hr/>	<hr/>	<hr/>
		1,081,011	-	1,081,011
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
4	Total resources expended		2012	2011
			€	p
	Supported costs allocated to activities:			
	Other Resources Expended			
	Conferences and Seminars		26,145	24,816
	Research & Consultancy		41,302	58,217
	Advocacy		202	2,642
			<hr/>	<hr/>
	Total other resources expended		67,649	85,675
			<hr/> <hr/>	<hr/> <hr/>

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Notes (continued)

4 Total resources expended (continued)

Governance Costs

Rent	-	1,070
Bank charges	1,088	460
Total Governance Costs	<u>1,088</u>	<u>1,530</u>

5 Directors and Management Remuneration & Related Party Transactions

No members of the board of directors received any remuneration during the year (2011: 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 2011	Income resources (incl. gains)	Outgoing resources	31 December Transfers	2012
	€	€	€	€	€
Restricted funds	-	-	-	-	-
<i>Total restricted funds</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted funds:					
Designated fund					
General funds	2,655,453	76,952	(1,616,819)	-	1,115,586
<i>Total unrestricted funds</i>	<u>2,655,453</u>	<u>76,952</u>	<u>(1,616,819)</u>	<u>-</u>	<u>1,115,586</u>
Total funds	<u>2,655,453</u>	<u>76,952</u>	<u>(1,616,819)</u>	<u>-</u>	<u>1,115,586</u>

Small Foundation

Notes (continued)

7 Movement in funds (continued)

	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

8 Operating (deficit)/surplus

Beginning balance, as at 31 December 2011	€ (216,490)
Movement during year ending 31 December 2012:	
Investment income	76,952
Less: Governance costs and other resources expended	(68,737)
Ending balance, as at 31 December 2012	(208,275)
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	(216,490)

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 12 September 2013.