

Registered number: 447577
Charity number: CHY17841

SMALL FOUNDATION
(A Company Limited by Guarantee)

AUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

SMALL FOUNDATION
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Directors' Report	2 - 8
Directors' Responsibilities Statement	9
Independent Auditors' Report	10 - 11
Statement of Financial Activities	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 - 23

SMALL FOUNDATION
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Directors	Michael Swift Tony Gannon Mary Brosnan Tim Brosnan, Chairman Conor Brosnan Anna Brosnan (Appointed 1/1/2017)
Company registered number	447577
Charity registered number	CHY17841
Registered office	1-2 Cavendish Row Dublin 1
Company secretary	Conor Brosnan
Independent auditors	KPMG Chartered Accountants and Registered Auditors 1 Harbourmaster Place International Financial Services Centre Dublin 1

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Small Foundation (the Company) for the year ended 31 December 2016. The Directors confirm that the Annual Report and financial statements of the Company comply with the current statutory requirements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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).

Objectives and Activities

a. Policies and objectives

The Company's primary focus is on eliminating extreme poverty and hunger from sub-Saharan Africa (SSA). A subsidiary focus is helping disadvantaged Irish people in the areas of poverty alleviation, mental health, suicide prevention and educational opportunities.

Hundreds of millions of people in SSA live their lives in extreme poverty and most of these are in rural areas. Small Foundation aims to contribute to the elimination of extreme poverty by catalysing the proliferation of sustainable income-generating opportunities for extremely poor people in rural areas. It seeks to do this by making highly-leveraged interventions that improve the business ecosystem for on-farm and off-farm micro, small and medium enterprises (MSMEs) by expanding access to knowledge, finance, technology, and markets. It aims to do this in ways that are effective, sustainable and scalable.

b. Strategies for achieving objectives

Following the strategic review undertaken in 2014, the Company determined that the most highly-leveraged opportunities for impact currently available to it were in the following areas:

1. Business incubators and accelerators with a focus on agribusiness
2. Innovative models for the provision of finance and technical assistance to rural MSMEs
3. Scalable commercial agribusiness models focused on smallholder farmers
4. Collective impact initiatives.

Experience since then confirms our analysis in relation to items 1 and 2. We are continuing to find good opportunities to support incubators and accelerators of businesses in rural SSA, including agribusiness, and innovative models (and, indeed, incubators and accelerators of such models) for the provision of finance and technical assistance to rural MSMEs. With regard to item 3, our recent experience suggests that we may not be well placed to support individual agribusinesses based in Africa given that we do not have a substantial presence on the ground. It may be that in the majority of cases we can have more impact by referring opportunities in this category to the Africa-based finance providers and corporate advisors that we support. Item 4, collective impact initiatives, or aligned network initiatives as we have come to define them, holds promise, and as well as our research and advocacy work (described later), we support and are members of several network organisations and initiatives, such as the Aspen Network of Development Entrepreneurs and the Global Impact Investing Network.

Through 2017, the Company will focus on reviewing and refreshing its strategy to maximise impact on the eradication of extreme poverty.

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

c. Activities for achieving objectives

Most of the financial support provided by Small Foundation is advanced under multi-year strategic collaboration agreements aimed at funding the core costs of either the general operations of the organisation or its specific initiatives in SSA. In the past, this support has all been by way of non-repayable grant. However, often our potential investees now have revenue-generating models as an intrinsic part of their activities in pursuit of sustainability and scalability. Where this is the case, we now include in our strategic collaboration agreements provisions for the return of our funds where this is possible without damaging the investee's mission. Our motivation for this is to recycle our scarce financial resources to maximise our impact and to act in a way that minimises market distortion. In the Company's financial statements, advances made under these provisions are referred to as social investments.

Achievements and performance

a. Key financial performance indicators

During the year, Small Foundation provided financial support totalling €1,636,358 to eleven SSA-focused entities (2015: €2,079,175 to twelve SSA entities and €85,000 to one Irish entity).

All the Africa-related advances went to organisations with strategies and operations that open up access to knowledge, finance, technology or markets to MSMEs, including small farms, in rural SSA.

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

b. Review of activities

Details of the organisations Small Foundation supported and the nature of its support are given here.

1. The Aspen Network for Development Entrepreneurs (ANDE) is a global membership network of organisations that support entrepreneurship in emerging markets as a way to create prosperity for the world's poor. Small Foundation supports the network's development, particularly its activities in East and West Africa. (2016 advance: €122,214, 2015: €9,048)

2. Engineers Without Borders Canada (EWB) supports social innovations in Canada and Africa that can disrupt the systems that sustain poverty. EWB promotes policies to foster more equitable development and invests in leaders who enable others to reach their full potential. Small Foundation supports EWB to strengthen its capacity to incubate and accelerate social businesses in Africa that provide services and products that benefit the poor. (2016 advance: €500,000, 2015: €500,000)

3. Acumen is a not-for-profit social investor that makes patient long-term debt and equity investments in early-stage companies providing reliable and affordable access to agricultural inputs and markets, quality education, clean energy, healthcare services, formal housing, and safe drinking water to low-income customers. Small Foundation provides finance to Acumen to support its agribusiness investment teams in SSA. (2016 advance: €255,466, 2015: €223,853)

4. The Initiative for Smallholder Finance (ISF), a programme of the Global Development Incubator, is a multi-donor initiative working to close the smallholder financing gap. It aims to act as a design catalyst of innovative models to contribute towards closing the gap between the \$200 billion need for smallholder finance in the developing world, including SSA, and the current \$50 billion supply. Small Foundation provides general operating funding to ISF, improving the team's capacity to engage proactively in SSA. (2016 advance: €71,422, 2015: €67,144)

5. Partners in Food Solutions (PFS) is a non-profit organisation that links the technical and business expertise of volunteer employees from multinational businesses – General Mills, Cargill, Royal DSM, Hershey, Ardent Mills and Bühler – to small and growing food processors and millers in SSA. Small Foundation supports PFS to experiment with innovations aimed at increasing the sustainability and scalability of its impact. (2016 advance: €90,992, 2015: €45,006)

6. Rent to Own Zambia (RTO) is a social business that provides high-quality productive assets to small-scale entrepreneurs in rural Zambia. By providing the necessary equipment, training and financing that are otherwise inaccessible in rural areas, RTO taps into the potential of Zambia's entrepreneurial capacity and catalyses business growth opportunities for aspiring Zambian entrepreneurs. Small Foundation is providing support for RTO to scale up operations and further develop its product offering. (2016 advance: €52,952, 2015: €554,898)

7. The Boma Project is a US non-profit with a Kenyan subsidiary implementing a high impact poverty graduation programme for ultra-poor women in drought-threatened arid lands. The Boma Project run a programme, The Rural Entrepreneur Access Project (REAP), which replaces aid with sustainable income and helps women to graduate from extreme poverty by giving them the tools to start small businesses in their rural communities, so that they can pay for food, school fees and medical care for their families. Small Foundation is providing support to the Boma Project to help cover the costs of services provided by the International Centre for Social Franchising to standardise and document the REAP model to prepare it to scale. (2016 advance: €71,409)

8. Enterprise Projects Venture (EPVEN) brings together talent and multi-disciplinary teams, transformational ideas and supporting infrastructure to create commercially viable social impact. EPVEN supports large firms, investors and NGOs to improve the effectiveness of programmes, investments and supplier relations in emerging SSA economies. Small Foundation provided support to the EPVEN Scaling Innovations in Asset Finance research project. (2016 advance: €15,931)

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

9. IPDEV II, managed by Investisseurs & Partenaires (I&P), is an incubator of, and investor in local investment management companies and impact funds in SSA that invest in small and growing businesses. Its main aim is to contribute to the rise of a sustainable and dynamic private sector in SSA. Small Foundation has committed a total of €500,000 to IPDEV II. (2016 advance: €129,017)

10. One Acre Fund is dedicated to supporting small-scale farmers to improve their lives. One Acre Fund combines technical assistance, microfinance, farm inputs and market facilitation to help farmers increase yields and realise greater incomes. Small Foundation is supporting One Acre Fund to measure the impact of improved farmer incomes on farmer families' quality of life. (2016 advance: €99,050)

11. Open Capital Advisors (OCA) is a management consulting and financial advisory firm with offices in Kenya, Uganda and Zambia that works with local enterprises, investors, development partners and the public sector to identify opportunities that advance African economies and build future generations of business leaders. A unique feature of their business model is developing local talent, by sourcing junior staff at local universities to be consultants and providing training throughout their careers. Small Foundation has provided OCA with a working capital facility to expand its work with local enterprises across the region. (2016 advance: €227,905)

c. Factors relevant to achieve objectives

Small Foundation's strategy includes support for research on development policy and practice and advocacy for development approaches that, in its judgement, are likely to be effective, sustainable and scalable. During the year, the combined investments in these activities totalled €449,947 (2015: €228,816). These costs included: salaries; consultancy fees; conference fees; travel expenses; website maintenance and development. The output from this expenditure was:

- research on development practitioners (governments, NGOs, corporations of various types) including that required for the origination, filtering, in-depth investigation and ongoing monitoring and support of investment opportunities;
- research on the evolving development landscape in SSA and the development world generally;
- keeping up-to-date with evolving development thinking;
- dissemination to policy-makers and development actors of the development thinking of SF and the organisations it supports.

During the year, Small Foundation participated in a panel discussion on impact investing and NGOs at an ANDE meeting in London, and spoke at the launch of a UK All-Party Parliamentary Group for Agriculture and Food for Development (APPG) report on enabling smallholder agribusiness. Small Foundation is also a member of Acumen's Global Agricultural Advisory Council, which meets to discuss issues relating to investing in agri-businesses in developing countries, and was a member of the selection panel for the new APPG coordinator. A Small Foundation team member is also on the Finance Steering Committee of Women in Social Finance.

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Financial review

a. Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Principal risks and uncertainties

The Company bears reputational risk arising from supporting organizations and activities that might bring the Company into ill repute thus damaging its capacity to alleviate extreme poverty in SSA.

There is also financial risk. The Company relies for its funding on the founding members and directors and their close associates. While it is expected that their resources will be sufficient for the needs of the Company, it is recognised that the risk of a calamitous reversal of fortunes is ever-present.

c. 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 it will have sufficient funds to honour any financial commitments made by it while he is chairman. In addition, a €2m revolving standby facility is in place between the Chairman and the Company under which unsecured short-term bridging advances may be drawn down by the Company as needed.

Taking account of the funding commitments described above, it is judged that there are sufficient resources to allow the Company to implement its strategy over the next few years.

d. Principal funding

The principal funding of Small Foundation is funding from its founding members and directors, their close associates and Cavendish Capital Limited.

Structure, governance and management

a. Constitution

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association .

The company is constituted under a Memorandum of Association and is a registered charity (number CHY17841).

The principal object of the company is to help eliminate extreme poverty and hunger from SSA.

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

b. Method of appointment or election of Directors

The management of the company is the responsibility of the Directors who are elected and co-opted under the terms of the Articles of Association. 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.

c. Related party relationships

Details of all related party transactions are noted in note 16 to the financial statements.

d. Risk management

The Directors have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate its exposure to the major risks.

Plans for future periods

a. Future developments

The Company is confident about its future and that it can continue to develop services in line with its strategic plan and does not envisage any change to the primary focus at this time.

However, as Small Foundation continues to learn and gain experience, the specific activities undertaken to achieve its primary focus may evolve. This is something the directors keep under review.

Members' liability

The Members of the Company guarantee to contribute an amount not exceeding €1 to the assets of the Company in the event of winding up.

Results and dividends

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.

Accounting Records

The directors are responsible for ensuring that accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, 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 accounting records are maintained at the Company's registered office at 1-2 Cavendish Row, Dublin 1.

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Auditors

The auditors, KPMG, have indicated their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

Taxation Status

The Company has received an exemption from taxation as a charitable organisation 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

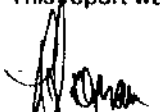
The Directors would like to thank all the Company's service providers, with a special thanks to those who worked pro bono. The Directors would also like to extend their heartfelt thanks to the Small Foundation team of professionals and volunteers in Ireland, the UK and France. Above all, we would like to thank our partners who give us valuable insights and inspiration as well as doing all the work on the ground.


Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Directors on 12/9/17 and signed on their behalf by:


Tim Brosnan
Chairman


Conor Brosnan
Secretary and Director

SMALL FOUNDATION
(A Company Limited by Guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors (who are also directors of Small Foundation for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with FRS 102 the financial framework applicable in the Republic of Ireland and the provisions of the Companies Act 2014.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 2014. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMALL FOUNDATION

We have audited the financial statements ("financial statements") of Small Foundation for the year ended 31 December 2016 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 FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMALL FOUNDATION (CONTINUED)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and ISAs (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Hubert Crehan
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

12th September 2017

SMALL FOUNDATION
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Unrestricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Income from:				
Donations and legacies	2	-	-	7,000,000
Charitable activities	3	12,000	12,000	12,000
Other income	4	5,810	5,810	(3,230)
Total income		<u>17,810</u>	<u>17,810</u>	<u>7,008,770</u>
Expenditure on:				
Charitable activities:				
Donations to NGOs	5	726,484	726,484	1,041,150
Movements in social investments	5	909,874	909,874	1,123,025
Other resources expended	6	449,947	449,947	216,816
Other costs	7	32,390	32,390	25,391
Governance	8	19,643	19,643	12,256
Total expenditure		<u>2,138,338</u>	<u>2,138,338</u>	<u>2,418,638</u>
Net income / (expenditure) before other recognised gains and losses		(2,120,528)	(2,120,528)	4,590,132
Net movement in funds		(2,120,528)	(2,120,528)	4,590,132
Reconciliation of funds:				
Total funds brought forward		5,594,230	5,594,230	1,004,098
Total funds carried forward		<u><u>3,473,702</u></u>	<u><u>3,473,702</u></u>	<u><u>5,594,230</u></u>

All activities relate to continuing operations.

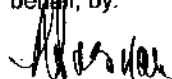
The notes on pages 15 to 23 form part of these financial statements.

SMALL FOUNDATION
(A Company Limited by Guarantee)
REGISTERED NUMBER: 447577

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	€	2016 €	€	2015 €
Current assets					
Debtors	10	-		4,778	
Cash at bank and in hand		<u>3,495,004</u>		<u>5,592,985</u>	
		3,495,004		5,597,763	
Creditors: amounts falling due within one year	11	<u>(21,302)</u>		<u>(3,533)</u>	
Net current assets			<u>3,473,702</u>		<u>5,594,230</u>
Net assets			<u><u>3,473,702</u></u>		<u><u>5,594,230</u></u>
Charity Funds					
Unrestricted funds	12		<u>3,473,702</u>		<u>5,594,230</u>
Total funds			<u><u>3,473,702</u></u>		<u><u>5,594,230</u></u>

The financial statements were approved by the Directors on 12 September 2017 and signed on their behalf, by:


Tim Brosnan


Conor Brosnan

The notes on pages 15 to 23 form part of these financial statements.

SMALL FOUNDATION
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	14	<u>(2,097,981)</u>	<u>4,578,697</u>
Change in cash and cash equivalents in the year		(2,097,981)	4,578,697
Cash and cash equivalents brought forward		<u>5,592,985</u>	<u>1,014,288</u>
Cash and cash equivalents carried forward	15	<u><u>3,495,004</u></u>	<u><u>5,592,985</u></u>

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

General Information

Small Foundation is a company limited by guarantee and incorporated in the Republic of Ireland. The registered office is 1-2 Cavendish Row, Upper O'Connell Street, Dublin 1.

The principal activity of the company is set out in the Directors Report.

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

The financial statements have been presented in Euros (€).

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the 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 Companies Act 2014

Small Foundation 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.

1.2 Company status

The company is a company limited by guarantee. In the event of the company being wound up, the liability in respect of the guarantee is limited to €1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the company and which have not been designated for other purposes.

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refer to the Directors' Report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned on an appropriate basis.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies (continued)

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.11 Social Investments

Social Investments are initially recorded at fair value through profit and loss in accordance with FRS 102.

The valuation of social investments is reassessed on an annual basis.

2. Income from donations and legacies

	Unrestricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Donations	-	-	7,000,000

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Income from donated services

	Unrestricted funds 2016 €	Total funds 2016 €	<i>Total funds 2015 €</i>
Donated Services KPMG and Abbey Capital	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>

4. Other incoming resources

	Unrestricted funds 2016 €	Total funds 2016 €	<i>Total funds 2015 €</i>
Interest / foreign exchange movement	<u>5,810</u>	<u>5,810</u>	<u>(3,230)</u>

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

5. Analysis of Donations to NGO and Movements in Social Investments

	Unrestricted funds 2016 €	Total 2016 €	Total 2015 €
Donations to NGO	726,484	726,484	1,041,150
Movements in Social Investments	909,874	909,874	1,123,025
Total	1,636,358	1,636,358	2,164,175

	Restricted €	Donations to NGO's Unrestricted €	Movements in Social Investments Unrestricted €	2016 €
Acumen	-	255,466	-	255,466
Aspen Institute	-	122,214	-	122,214
Partners in Food Solutions	-	90,992	-	90,992
Epven	-	15,931	-	15,931
Initiative for Smallholder Finance	-	71,422	-	71,422
The Boma Project	-	71,409	-	71,409
One Acre Fund	-	99,050	-	99,050
IPDEV II	-	-	129,017	129,017
Open Capital Advisors	-	-	227,905	227,905
Engineers without Borders	-	-	500,000	500,000
Rent to Own	-	-	52,952	52,952
Total	-	726,484	909,874	1,636,358

6. Other resources expended

	Activities €	Total 2016 €	Total 2015 €
Research and consultancy	426,177	426,177	217,734
Computer/ IT Cost	9,499	9,499	-
Advocacy	-	-	11,082
Conferences and seminars	14,271	14,271	-
Total	449,947	449,947	228,816

SMALL FOUNDATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Other Costs

	Activities €	Total 2016 €	Total 2015 €
Office Expenses	1,609	1,609	1,091
Rent Office Space	29,057	29,057	10,664
Bank Charges	1,724	1,724	1,636
	<u>32,390</u>	<u>32,390</u>	<u>13,391</u>

8. Governance costs

	Unrestricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Governance Internal audit costs	2,644	2,644	256
Advisory Fees Legal	4,999	4,999	-
Donated services: KPMG	10,000	10,000	10,000
Donated services: Abbey Capital	2,000	2,000	2,000
	<u>19,643</u>	<u>19,643</u>	<u>12,256</u>

9. Net incoming resources/(resources expended)

During the year, no Directors/ Members received any remuneration (2015 - €NIL).
 During the year, no Directors/ Members received any benefits in kind (2015 - €NIL).
 During the year, no Directors/ Members received any reimbursement of expenses (2015 - €NIL).

10. Debtors

	2016 €	2015 €
Other debtors	-	29
Prepayments and accrued income	-	4,749
	<u>-</u>	<u>4,778</u>

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Creditors: Amounts falling due within one year

	2016	2015
	€	€
Other taxation and social security (see below)	20,229	2,467
Accruals and deferred income	1,073	1,066
	21,302	3,533
 Other taxation and social security		
	2016	2015
	€	€
HMRC	6,994	2,467
French Payroll Tax	13,235	-
	20,229	2,467

12. Summary of funds

	Brought Forward	Income	Expenditure	Carried Forward
	€	€	€	€
General funds	5,594,230	17,810	(2,138,338)	3,473,702
	5,594,230	17,810	(2,138,338)	3,473,702

13. Analysis of net assets between funds

	Unrestricted funds	Total funds	Total funds
	2016	2016	2015
	€	€	€
Current assets	3,495,004	3,495,004	5,597,763
Creditors due within one year	(21,302)	(21,302)	(3,533)
	3,473,702	3,473,702	5,594,230

SMALL FOUNDATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Reconciliation of net movement in funds to net cash flow from operating activities

	2016	2015
	€	€
Net (expenditure)/income for the year (as per Statement of financial activities)	(2,120,528)	4,590,132
Adjustment for:		
Dividends, interest and rents from investments	-	3,320
Interest	-	(3,230)
Decrease in debtors	4,778	-
Increase in creditors	17,769	-
Decrease in liabilities	-	(11,525)
Net cash (used in)/provided by operating activities	(2,097,981)	4,578,697

15. Analysis of cash and cash equivalents

	2016	2015
	€	€
Cash in hand	3,495,004	5,592,985
Total	3,495,004	5,592,985

16. Related party transactions

No members of the board of directors received any remuneration during the year (2015: 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 apart from the standby credit facility referred to in Note 18 hereof.

17. Post balance sheet events

Anna Brosnan was appointed as director of the company on 1 January 2017. There were no other significant events have taken place since the year end that would result in adjustment to the financial statements or inclusion of a note thereto.

18. Standby credit facility

There is a €2m revolving standby facility in existence under which unsecured bridging advances may be drawn down by the Company from the Chairman as needed. During the year ended 31 December 2016 €NIL was drawn down by the Company (2015: €500,000).

SMALL FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

19. Approval of financial statements

The directors approved these financial statements for issue on