



**Smurfit Kappa Foundation  
(Formally Smurfit Kappa Group Foundation)**

**(A company limited by guarantee and  
not having a share capital)**

**Directors' Report and Financial Statements**

**for the period from 26 September 2011 (date of  
incorporation) to 31 December 2012**

# SMURFIT KAPPA FOUNDATION

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## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS** **from 26 September 2011 (date of incorporation) to 31 December 2012**

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## SMURFIT KAPPA FOUNDATION

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### COMPANY INFORMATION

DIRECTORS	Gerard Fagan, Chairman German Esguerra, USA Brendan Tuohy Marie Barrett (appointed 2013)
SECRETARY	Jim Fitzharris
REGISTERED OFFICE	C/o Smurfit Kappa Group Beech Hill Clonskeagh Dublin 4
COMPANY REGISTRERED NUMBER	504110
REGISTERED CHARITY NUMBER	CHY 19867
SOLICITORS	William Fry Fitzwilton House Wilton Place Dublin 2
BANKERS	National Irish Bank Corporate NIB International House 3 Harbourmaster Place IFSC Dublin 1  Rabobank Rabobank International Utrecht Croeselaan 18 Utrecht 3521 CB Nederland
AUDITORS	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2

## SMURFIT KAPPA FOUNDATION

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### CHAIRMAN'S FOREWORD

Together with our Board, it gives me great pleasure to present our first set of financial statements from the date of incorporation, 26 September 2011, to 31 December 2012.

Smurfit Kappa Foundation was formed in 2011, when the Board of Smurfit Kappa Group plc ("Smurfit Kappa Group" or "SKG"), agreed to provide initial funding of €1 million each year, for three years (2011, 2012 and 2013), to the Foundation. Thanks to the strong support from the Board of Smurfit Kappa Group, the Foundation is now up and running. Over the first three years, the Foundation plans to invest each year in projects that come within its objectives. The remainder of the funds will be invested by the Foundation and the income from our investments will be available to fund worthwhile projects over time.

The Foundation supports sustainable projects in the countries where Smurfit Kappa Group has the privilege to operate, with the initial focus on projects involving young disadvantaged children in the areas of health and nutrition, basic care and early education. Currently the Foundation supports three such projects – two in Ireland and one in Colombia and a number of other projects are under active consideration.

In Colombia, the Foundation supports El Caracoli, an early childhood development centre created by the Smurfit Carton de Colombia Foundation, in close cooperation with other foundations working in the country. It is located in Yumbo, on the outskirts of Cali, where Smurfit Kappa's main production plant in Colombia is based. The centre provides an integrated programme which includes education, nutrition and basic care. Smurfit Kappa Foundation has pledged to provide funding for El Caracoli to construct a new centre for 300 under-privileged children in the region.

The Early Learning Initiative ("ELI") at the National College of Ireland is a community-based education initiative in Dublin's disadvantaged inner-city. The ELI focuses on helping marginalised communities through the provision of innovative parent and child-learning support programmes. Its aim is to widen participation in education for all, to allow children to take advantage of the Irish education system and to have the same opportunities as children from more affluent areas.

The Foundation also supports a project called The Fledglings – Early Years Education & Care. This project, also based in Dublin, provides education and after-school care to children in its catchment area, which is generally viewed as under-privileged. This service offers parents the chance to return to education or work and also provides employment in the locality. With the support of the Foundation, Fledglings plans to open four new centres each year over the next three years. This social enterprise aims to be self-sustainable by 2016, transforming the lives of hundreds of children and families in the process.

## SMURFIT KAPPA FOUNDATION

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### HOW TO APPLY FOR FUNDS

The Foundation created its own website in 2012. Please visit '[www.smurfitkappafoundation.com](http://www.smurfitkappafoundation.com)' to learn more about the projects we support and how to apply for funding. The process is quite simple and all applications are welcome, provided they comply with the conditions and are in line with the initial focus of the Foundation, that is, projects which involve young disadvantaged children in the areas of health and nutrition, basic care and early education.

We are particularly interested in projects in which some of SKG employees or their families are involved and where they would benefit from support from our Foundation. Any support we give is in addition to and not a substitute for funding such projects might already receive from the local SKG operations.

We are looking forward to hearing from you soon and helping to support projects in your region.

With every good wish,



Gerard Fagan  
Chairman  
Smurfit Kappa Foundation

Dublin, Ireland

17<sup>th</sup> September 2013

## SMURFIT KAPPA FOUNDATION

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### DIRECTORS' REPORT

The Directors present herewith their first report and audited financial statements for the period from 26 September 2011 (date of incorporation) to 31 December 2012; a period of approximately 15 months.

### ORGANISATION

The Smurfit Kappa Foundation (the 'Foundation') was established on 26 September 2011 as a company limited by guarantee and not having a share capital. The Foundation has been granted permission to omit the word 'limited' from its name. At 31 December 2012, the Foundation had seven members who, in the event of a winding up, have guaranteed the liabilities of the Company up to a maximum of €1 each. This guarantee continues in force for one year after membership ceases.

The Foundation is recognised by the Revenue Commissioners as having registered charity status.

### PRINCIPAL ACTIVITIES

The Foundation was created with the aim of supporting sustainable projects in the areas where Smurfit Kappa Group has the privilege to operate. The initial focus of the Foundation's activities is on projects involving young disadvantaged children in the areas of health and nutrition, basic care and early education. The Foundation is particularly interested in projects in which Smurfit Kappa employees or their families are involved and where they would benefit from support.

The Directors acknowledge the support provided to the Foundation by Smurfit Kappa Group plc.

### RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2012

The results for the period are set out in the Income and Expenditure Report on page 9. The movement on the fund balance in the period is as follows:

Fund balance at start of period	€ -
Excess of income over expenditure for the financial period	1,697,347
Fund balance at 31 December 2012	<u>1,697,347</u>

### DIRECTORS AND SECRETARY

The current Directors and Secretary are as shown on page 2 and, unless otherwise indicated, have served throughout the period. None of the Directors or Secretary had a material interest in any contract of significance in relation to the business of the Foundation at 31 December 2012.

### RESEARCH AND DEVELOPMENT

The company did not engage in any research and development during the period.

### BOOKS OF ACCOUNT

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the company. To achieve this, the Directors have appointed accounting personnel who report to the board and ensure that the requirements of Section 202 of the Companies Act, 1990, is complied with. The books and accounting records of the company are maintained at the company's registered office which is c/o Smurfit Kappa Group, Beech Hill, Clonskeagh, Dublin 4.

## SMURFIT KAPPA FOUNDATION

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### DIRECTORS' REPORT (Continued)

#### PRINCIPLE RISKS AND UNCERTAINTIES

The directors consider the greatest risk and uncertainty to be that the source of charitable donations will cease. The directors regularly review and assess this risk.

#### POST BALANCE SHEET EVENTS

There were no significant events affecting the company since the year end.

#### AUDITORS

During the period Ernst & Young, Chartered Accountants and Registered Auditors, were appointed auditors to the Company in accordance with Section 160(6) of the Companies Act, 1963 and have expressed their willingness to continue in office in accordance with Section 160(2) of the same Act.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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

Irish company law requires the Directors to prepare the financial statements giving a true and fair view of the state of affairs of the company and of the surplus or deficit for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Principles (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish Law).

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 the financial statements comply with the Companies Acts, 1963 to 2012. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Directors



Gerard Fagan



Marie Barrett

17<sup>th</sup> September 2013

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION**

We have audited the financial statements of Smurfit Kappa Foundation for the period ended 31 December 2012 which comprises the Income and Expenditure Report, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 11. The financial reporting framework that has been applied in the preparation of the financial statements 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 auditors***

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Auditing Practices Board's Ethical Standards for Auditors.

### ***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'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 directors' 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 surplus for the period then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2012.

*Continued /...*

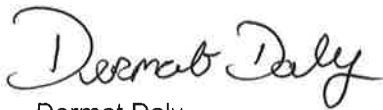


***Matters on which we are required to report by the Companies Acts, 1963 to 2012***

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.

***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.



Dermot Daly  
For and on behalf of Ernst & Young

Dublin

Date: 18 September 2013

# SMURFIT KAPPA FOUNDATION

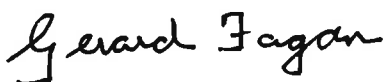
## INCOME AND EXPENDITURE REPORT

for the period from 26 September 2011 (date of incorporation) to 31 December 2012

	Note	2012 € Unrestricted Funds	2012 € Restricted Funds	2012 € Total
<b>Income</b>				
Donations	2	1,000,000	1,000,000	2,000,000
Investment Income	3	5,775	–	5,775
Total Income		<u>1,005,775</u>	<u>1,000,000</u>	<u>2,005,775</u>
<b>Expenditure</b>				
Administrative expenses	4	(7,428)	–	(7,428)
Charitable activities	5	<u>(301,000)</u>	<u>–</u>	<u>(301,000)</u>
Total Expenditure		<u>(308,428)</u>	<u>–</u>	<u>(308,428)</u>
Excess of income over expenditure		697,347	1,000,000	1,697,347
Retained Surplus at beginning of period		–	–	–
Retained Surplus at 31 December 2012		<u>697,347</u>	<u>1,000,000</u>	<u>1,697,347</u>

The company had no recognised gains and losses in the financial period other than those dealt with above. All amounts above relate to continuing operations.

The notes on pages 12 to 15 form an integral part of these financial statements.



Gerard Fagan



Marie Barrett

Directors

17<sup>th</sup> September 2013

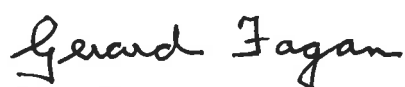
# SMURFIT KAPPA FOUNDATION

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## BALANCE SHEET at 31 December 2012

	Note	2012 €
<b>CURRENT ASSETS</b>		
Cash at bank		<u>1,702,267</u>
<b>CURRENT LIABILITIES</b>		
<b>Creditors (Amounts falling due within one year)</b>		
Creditors and accruals	7	<u>(4,920)</u>
<b>NET CURRENT ASSETS</b>		1,697,347
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,697,347</u>
<b>FUNDS OF THE CHARITY</b>		
Unrestricted Funds	8	697,347
Restricted Funds		1,000,000
		<u>1,697,347</u>

The notes on pages 12 to 15 form an integral part of these financial statements.



Gerard Fagan



Marie Barrett

Directors

17<sup>th</sup> September 2013

## SMURFIT KAPPA FOUNDATION

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### CASH FLOW STATEMENT for the period ended 31 December 2012

	<b>2012</b>
	<b>€</b>
Net Cash inflow from operating activities	1,696,492
Investment Income	5,775
<b>Net cash inflow for the period</b>	<b><u>1,702,267</u></b>
<b>Reconciliation of excess of income over expenditure to net cash inflow from operating activities</b>	
Excess of income over expenditure	1,697,347
Investment Income	(5,775)
Increase in creditors	4,920
Net Cash inflow from operating activities	<u>1,696,492</u>
<b>Reconciliation of net cash flow to movement in net cash</b>	
Cash at beginning of period	-
Net cash inflow for the period	1,702,267
Cash at end of period	<b><u>1,702,267</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2012**

1. ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

(a) *Basis of preparation*

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act, 1963 to 2012. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish Law.

The financial statements have been prepared on a going concern basis.

The financial statements cover the period from date of incorporation on 26 September 2011 to 31 December 2012. They are presented in euro (€).

(b) *Fund Accounting*

Unrestricted funds are those which are immediately available for use at the discretion of the Directors in furtherance of the objectives of the Foundation.

Restricted funds are funds which are subject to specified restrictions imposed by donor. The restrictions usually apply to the period over which the donations should be spread.

(c) *Incoming resources*

Donations are recognised when the charity is entitled to the money and the amount receivable is certain.

(d) *Resources expended*

Resources expended are recognised on an accruals basis.

## SMURFIT KAPPA FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2012 (Continued)

2. DONATIONS	2012
	€
Smurfit Kappa Group (re 2011)	1,000,000
Smurfit Kappa Group (re 2012)	1,000,000
	<u>2,000,000</u>
3. INVESTMENT INCOME	2012
	€
Bank interest	<u>5,775</u>
4. ADMINISTRATIVE EXPENSES	2012
	€
<i>Administrative expenditure comprises of:</i>	
Bank fees	110
Web site design	2,398
Directors' remuneration	-
Auditors' remuneration	4,920
	<u>7,428</u>
5. CHARITABLE ACTIVITIES	2012
	€
<i>Charitable expenditure includes donations to:</i>	
El Caracoli	100,000
Fledglings	151,000
The Early learning Initiative	50,000
	<u>301,000</u>

Please refer to the Chairman's Foreword (page 3) for details on each of the above charities.

### 6. TAXATION

As a result of the company's charitable status no charge to corporation tax arises.

# SMURFIT KAPPA FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2012 (Continued)

7. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)	2012
	€
Accruals	<u>4,920</u>

8. UNRESTRICTED FUNDS	2012
	€
Undesignated	397,347
* Designated	300,000
Total unrestricted funds	<u>697,347</u>

\* Smurfit Kappa Foundation has committed to donate a further €300,000 over the next two years (2013 and 2014) to projects we are currently funding as set out below:

DESIGNATED FUNDS	2013	2014
	€	€
El Caracoli	100,000	100,000
The Early learning Initiative	50,000	50,000
Total designated funds	<u>150,000</u>	<u>150,000</u>

## 9. RELATED PARTY TRANSACTIONS

The Foundation is a related party of its founder Smurfit Kappa Group plc, an Irish registered company. During the period, the Foundation received an amount of €2,000,000 from Smurfit Kappa Group (see Note 2).

10. MOVEMENT IN FUNDS	2012
	€
At the beginning of the period	-
Excess of income over expenditure for the period	1,697,347
At the end of the period	<u>1,697,347</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2012 (Continued)

**11. APPROVAL OF FINANCIAL STATEMENTS**

The Board of Directors approved and authorised for issue the financial statements of the company in respect of the financial period ended 31 December 2012 on 17<sup>th</sup> September 2013.