



Smurfit Kappa Foundation

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

Directors' Report and Financial Statements

for the year ended 31 December 2018

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2018

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SMURFIT KAPPA FOUNDATION

COMPANY INFORMATION

DIRECTORS	Alain Baudant Marie Barrett Jim Fitzharris John O'Loughlin (appointed 4 December 2018)
SECRETARY	Gillian Carson-Callan
REGISTERED OFFICE	C/o Smurfit Kappa Group Beech Hill Clonskeagh Dublin 4
COMPANY REGISTRATION NUMBER	504110
REGISTERED CHARITY NUMBER	CHY (Revenue) no. 19867 Registered charity no. 20008963.
SOLICITORS	William Fry 2 Grand Canal Square Dublin 2
BANKERS	Danske Bank International House 3 Harbourmaster Place IFSC Dublin 1 Bank of Ireland University Branch Montrose Stillorgan Road Dublin 4
AUDITORS	Ernst & Young Chartered Accountants Harcourt Centre Harcourt Street Dublin 2

CHAIRMAN'S FOREWORD

I, together with the Board of Directors, have the pleasure in presenting the Directors' Report and Financial Statements for the year ended 31 December 2018.

I succeeded Gerry Fagan as Chairman in September 2017 and I wish to take this opportunity to thank him for his outstanding contribution to the work of the Foundation since its inception. Gerry played a pivotal role in developing the Foundation and putting it on a firm footing.

Smurfit Kappa Foundation (the 'Foundation'), ('SKF') was formed in 2011 and supports sustainable projects in the countries where Smurfit Kappa Group ('SKG') has the privilege to operate, with the focus being on projects involving disadvantaged children in the areas of health and nutrition, basic care and early education. In 2018, the Foundation supported 37 such charities in both Europe and Latin America as set out below.

PROJECTS FUNDED IN 2018

1. **Community Theatre in Brazil** wanted to create the city of Pirapetinga's first cultural and entertainment centre. The objective is for children in the community (approximately 1,500 children under 18) to have an important option for after school and weekend recreational and cultural activities. To do so, they needed to rebuild the current SK Pirapetinga Theatre which has traditionally been used for internal company activities. The Foundation provided €100,000 in funding.
2. **The Kleine Strolche Children's Home in Germany** cares for abused and deeply traumatised young children. Under their care, the children receive protection, safety and comfort. The Foundation provided €100,000 to help fund the purchase of a new premises and associated land which represented 25% of the total proposed cost.
3. **Association Bambini Cri du Chat in Italy** aims to create a small centre to host children affected with CDC syndrome together with their families. The centre enables medical examination and assistance where families can receive consultations from specialists. The Foundation agreed to support this project with a donation of €130,000. The first tranche of €50,000 was paid in 2016 and following successful work on the project to date, the second tranche of €80,000 was paid in 2018.
4. The **SOS Children's Villages in the Czech Republic** is a project which started after the Second World War. SOS Children's Villages is one of the largest organisations in the country, focused on helping vulnerable children. There are now three villages and 14 projects that support children and young people in need across the Czech Republic. The newest village, set up in Brno in 2003, is close to the Smurfit Kappa Czech plant in that town and they needed financial support to improve the structural and transport needs of the facility. Smurfit Kappa Foundation contributed CZK770,000 (€30,588) to their ongoing support needs.
5. **The Friends of Foreland School in the UK** is a charity that caters for over 200 pupils, from 2 – 18 years old with Profound, Severe and Complex Needs (PSCN). The school needed a specialist outdoor playground area, with equipment to cater for a wide range of disability needs. Smurfit Kappa Foundation contributed £60,000 towards the project which represents 50% of the total cost over two years. The balance of the cost of this project was raised by Friends of Foreland School. The Foundation donated £30,000 (€34,868) in 2018.

CHAIRMAN'S FOREWORD (Continued)

6. **The Sir Thomas Lipton Foundation** is a UK-based organisation that supports children aged 10 to 12 in areas of acute social and economic disadvantage as they enter their critical teenage years. The Foundation does this by providing them with an experience of sailing, enterprise and achievement (SEA). The SEA experience delivered by the Foundation is called "Buoyed Up". The multi-stage project was run between March and June 2018. Smurfit Kappa Foundation was able to contribute to this project in Northern Ireland by making a donation of £9,000 (€10,364) which funded the purchase of two small sailing boats, plus associated material and support costs.
7. **Regency Park** is located very close to Smurfit Kappa's Tannochside plant in Scotland. The Resident's Association has responsibility for the maintenance of common areas in the estate, including two play parks which needed significant improvement works to ensure facilities are accessible, safe and inclusive to all groups who use them. The Foundation agreed to donate £10,000 (€11,659) towards total project costs of £38,000.
8. In Poland **the Pass it on project "Podaj Dalej"**, is a summer camp for disabled children, the key features of which provide 10 days summer camp for up to 25 disabled children (under 18 years old) accommodated in a specially adopted holiday resort. Smurfit Kappa Foundation agreed to support this project at a cost of PLN 63k (€15,259).
9. The **Olga** charity based in Russia provides support to children with physical and mental disabilities, as well as assisting their families. The charity has a facility where artistic activities are provided to children. Smurfit Kappa Foundation agreed to support this project with a donation of €17,000 to produce an animated film with the involvement of the children who attend the studios.
10. The **Stichting Ark** organisation is a Children's day centre in Amsterdam, the Netherlands. They provide individualised one-on-one care for children with autism, complex special needs and multiple disabilities. The Ark's facilities can currently offer support for 12 children, though requests for places far exceed this. Extra space became available in 2018 within the same building complex which includes a work space and garden areas. This space has been offered rent-free for seven years by the landlord to Ark but required extensive refurbishment and renovation. The Ark were able to raise €25,000 of the funding required for these works using private fundraising efforts. The Smurfit Kappa Foundation was able to provide a further €50,000, to be used to immediately start work on their project.
11. **Fundación El Caracolí** is a development centre located in the municipality of Yumbo, Colombia, that provides Integral Care to children under six who are in conditions of vulnerability. The existing kitchen was built in 2011 to provide food services to 250 children. El Caracolí has funded and managed resources that have allowed them to build new areas and provide places for up to 520. However, the Fundación was not able to expand the kitchen. Smurfit Kappa Foundation supported El Caracolí with funding of €35,000 to expand the kitchen area of the facility.
12. **Ajuntament de Quart de Poblet** is a project which involves renovating a building in Valencia, Spain. The building will be used as a Youth Centre, dedicated to organising activities for disadvantaged children and teenagers in a low-income neighbourhood of the community. The Smurfit Kappa Foundation was able to support the renovation of the building with a donation of €24,000 while the project was overseen by Smurfit Kappa Quart. **SOS Children's Village** is an international charity which operates in Austria. The SOS Children's Village in Altmünster has at least 100 children and has a long-standing relationship with the paper mill of Smurfit Kappa Nettingsdorf. They have a carport which they wished to refurbish so that a new roofed bicycle rack could be constructed at a cost of €4,000 which the Foundation supported.
13. **Walburgisheim** is a social facility located in Feucht, Germany, not far from a Smurfit Kappa corrugated plant. It is a facility which provides services for approximately 40 children and adolescents from disadvantaged areas. The facility required a new playground for young children to help develop attentive play and motor skills. The Smurfit Kappa Foundation contributed €100,000 to the development of this facility.

CHAIRMAN'S FOREWORD (Continued)

14. **NF Kinder** in Austria is an organisation that deals with children who have Neurofibromatosis, a rare genetic tumour risk syndrome with unpredictable outcomes. In 2018, the first Austrian Neurofibromatosis department ("NF-children clinic) at the Medical University Clinic in Vienna was set up. It is a unique and innovative collaboration between a patient organization and a Medical University. The ultimate goal is to operate the NF department full time, with three days dedicated to patient visits, and two days dedicated to research work. They sought a commitment to run the project for three years at a total cost of €90,675 (€30,225 each year). It was agreed to support it on a year-by-year basis subject to a satisfactory review after each year with an initial donation of €30,225 being made in 2018.
15. The **ARPEJ association** is a French charity, founded in 2005, with facilities across the country. Aimed at developing new learning practices for children with disabilities, the association uses such techniques as Montessori, multi-sensorial techniques, animal related learning, etc. ARPEJ built two new classrooms as an extension of their existing school facility at Saint-Lumine-de-Clisson near the Smurfit Kappa plant at Gétigné in western of France. In 2018, Smurfit Kappa Foundation funded €45,000 of the cost of the construction of the classrooms. The balance of the cost was provided by parent volunteers who raised funds locally.
16. **Cerebral Palsy UK** is a user-led charity that provides support services and activities for people with Cerebral Palsy. Their Bristol branch supports 300 members; around 200 are young children and teenagers, most are from low-income households or they live in deprived areas. They sought funds for a variety of projects, including the provision of accessible transport, mobility aids and assistive equipment. The Smurfit Kappa Foundation agreed to support this with a donation of £8,600 (€10,035).
17. **La Fundación Codet** para la Prevención de la Ceguera is an organisation based in Tijuana, Baja California, Mexico. The principal work of this Fundación is to stop the progression of ophthalmologic damage derived from amblyopia in children who live in the region. The Fundación has built a new facility to house their work and provide treatments to the local community. Funding was required to assist in the furnishing of the necessary equipment to provide effective treatment to those most in need and to cater to the increased capacity for paediatric ophthalmologic appointments. Smurfit Kappa Foundation was able to contribute US\$80,000 (€65,030) towards this project.
18. **UK Youth Avon Tyrell project** is a leading national youth charity supporting young people to build bright futures. They particularly reach young people who face challenging circumstances - in 2016/17, almost 100,000 young people directly benefitted from their work. Many came from the most deprived areas of the UK, these and others also faced barriers including special educational needs, mental health challenges, etc. They urgently needed to upgrade their facilities to renovate accommodation, to improve on-site pathways and to purchase specific items of accessible equipment, enabling all young people to participate in all activities. The Smurfit Kappa Foundation agreed to support this project with a donation of £46,500 (€53,498).
19. **Fundación También**, based in Madrid, Spain, is an organisation which encourages fostering values of respect and equality in schools, and encourages the inclusion of disabled children in sporting activities. The Fundación has established a "Sports for All" programme, to create opportunities for disabled children to make friends, have fun, overcome their difficulties and gain valuable life habits through sport. As part of their facilities, the Fundación offers adapted materials for camping, sailing, kayaking, skiing, cycling, etc., but this demands constant upkeep and renewal. Smurfit Kappa Foundation provided assistance to the Fundación in 2017 and was able to repeat this support in 2018 to help them purchase equipment with a donation of €40,980.
20. The **Norwich City Powerchair Football** Club offers the only opportunity for severely disabled children in Norfolk and Suffolk to play wheelchair football. The specialised chairs used by the club's players were old and needed replacement. The club sought support for this. Smurfit Kappa Foundation agreed to donate £14,000 (€16,302) to cover the cost of two new wheelchairs.

CHAIRMAN'S FOREWORD (Continued)

21. The **Jacint Verdaguer** School is located in Canovelles in Spain close to the area where Smurfit Kappa has a plant. It is a public school that serves children from 3 to 12 years old, many from a disadvantaged background. Most of the pupils spend their playtime after lunch in the school premises. The schoolyard is in a natural environment, wide and with good views but badly needed refurbishment. The Smurfit Kappa Foundation agreed to make a donation of €18,000 to this project.
22. **SK Alsace football pitch.** There is a small local football club a short distance from the Smurfit Kappa Alsace plant. It is well-known in the area and is focused on children in a quite a poor area. The weather in winter can be quite bad in Alsace and the football club needed an extension of their roof so that children could play when it rains or snows. The Smurfit Kappa Foundation agreed to make a donation of €8,000 to support this cause.
23. The **La Escuelita** project in El Salvador aims to create educational facilities for the under-privileged children of the region. As part of the project's ongoing development, it is involved in numerous educational facilities across the Morazan region. The project requires assistance in providing infrastructure and structural improvements, including building classrooms, expanding facilities and associated training. The Smurfit Kappa Foundation has sponsored "La Escuelita" in the past and continued to do so with a contribution of US\$60,000 (€51,688) in 2018, to assist in the multiple objectives of the project.
24. The **Orphanage at Štúrovo**, in southern Slovakia has helped children of all backgrounds, living in the poorest conditions. The orphanage itself houses 35 children, ranging in age from one to 23 years old. Through a general lack of upkeep, various facilities within the orphanage had fallen into disrepair. In particular, the condition of the courtyard had become dangerous for the children. The project involved the creation of new play spaces, resurfacing the yards and creating safer communal areas for the children of the orphanage. Smurfit Kappa Foundation agreed to fund this renovation of €30,000 in 2018.
25. The **First Steps Women's Centre** provides training, education and support under one roof for women. The Centre is based in a designated multiple deprivation area known as a "Neighbourhood Renewal area". The Centre received £15,000 from the Smurfit Kappa Foundation in December 2016 to help with the capital project of building a new creche. The Centre was now seeking funding towards purchasing new equipment for the creche at a cost of £4,800 (€5,589). The Foundation agreed to donate this amount to the FSWC.
26. **The Forgotten Child Foundation** in the Netherlands helps neglected and deprived children and run a special care centre. This facility badly needed a makeover in order to make it more child friendly. The Foundation agreed to support this project with a donation of €47,000.
27. **Sport dans la Ville** is France's leading non-profit organization helping disadvantaged young people in their social integration through sports. After the opening of a first sports centre in Roubaix, Sport dans la Ville wished to continue its development in this city, by creating a new centre. This new sports centre would be located near a Smurfit Kappa plant at Lys-lez-Lannoy. The Smurfit Kappa Foundation agreed to support this project with a donation of €30,000.
28. **The Peter McVerry Trust** in Ireland is committed to reducing homelessness, the harm caused by substance misuse and social disadvantage. The Trust family hub located in Glasnevin, Dublin currently accommodates 13 families currently experiencing homelessness. A common struggle for families who find themselves in emergency accommodation is the lack of space for their children to play in. The Peter McVerry Trust sought funds to create a play area in this family hub so that the children can play outside in an area that's safe and fun, facilitating them to grow and develop and promoting positive social interaction. The Smurfit Kappa Foundation agreed to support this project with a donation of €5,000.

CHAIRMAN'S FOREWORD (Continued)

29. **Down Syndrome Ireland** is dedicated to being the primary source of information and support to people with Down Syndrome and their families. They have an old building which they wished to convert into a regional centre for the West of Ireland. From this they will be able to develop a number of areas such as early intervention, speech & language therapy, occupational therapy and 3 Year adult education programme. Smurfit Kappa Foundation agreed to support this project with a donation of €100,000 to be split over two years, with €50,000 being paid in 2018.
30. **Criost na Ri School Ireland** is a disadvantaged Status Band 1 (DEIS 1) primary school who are trying to fund extra facilities and equipment which are not grant aided by the Department of Education. The Foundation donated €41,000 for them to provide a stage, audio and speaker systems to focus on music and concerts within the school.
31. **Childhood Cancer in Ireland** helps improve facilities and supports for children with cancer who are hospitalised in isolation rooms in Ireland's 16 Shared Care/ Regional hospitals. The funding of €40,000 from the Foundation will help equip isolation rooms in four Shared Care Hospitals. Equipment needed includes wall mounted machines to reduce the risk of cross contamination, lie flat chair beds for parents, wall art to brighten up the isolation rooms, TVs and game consoles to help entertain the children who often spend long periods of time in isolation.
32. **De Rijdende Popschool in the Netherlands**, literally 'the driving popschool', has provided music education in 18 small villages in Groningen and Drenthe for children (8 years and older) since 2012. With professional coaching, children and young adults learn how to play music together. Through music education, De Rijdende Popschool enhances social cohesion and community participation in small villages. To meet the increasing demand, they wish to extend the programme to 25 villages in the next year. The Foundation agreed to provide €81,000 over two years to cover the cost of musical instruments, transport and printing costs with €40,000 having been paid in 2017 and the balance of €41,000 paid in 2018.
33. The **Joriskring Foundation** cares for 60 children and youngsters with serious physical and mental limitations. They were seeking to purchase two Stints which are a kind of carrier tricycle capable of transporting four to six handicapped children. The Foundation funded the purchase of these for €22,000.
34. The **Joriskring Foundation Garden** received a donation from the Foundation of €30,000 which is important for children who are vulnerable, of limited mobility and overly sensitive to stimuli. Unlike a public playground, the Joris garden offers a safe and familiar environment that is always available and nearby.
35. **Make a Wish International** creates life-changing wishes for children with critical illnesses and received a donation of €100,000 from the Foundation to fund the life-changing wishes of 100 children in Brazil.
36. **Copame** in Brazil provides shelter for children who are victims of abuse or abandonment. The children ranging from new-born to 12 years are housed in four homes and one nursery. Funding was needed to install fire alarms in each of the houses and solar panels to reduce energy bills and to upgrade air conditioning and heating systems. The Foundation made a donation of US\$60,163 (€53,621).

A number of other projects are under active consideration for 2019. We hope to continue our geographical expansion in the coming years.

CHAIRMAN'S FOREWORD (Continued)

HOW TO APPLY FOR FUNDS

Please visit 'www.smufitkappafoundation.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 primary 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 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.

Alain Baudaunt
Chairman

Date: 29 July 2019

DIRECTORS' REPORT

for the year ended 31 December 2018

The directors present herewith their report together with the audited financial statements for the year ended 31 December 2018. The directors confirm that the directors' report and financial statements comply with the current statutory requirements of the company's governing documents.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Smurfit Kappa Foundation (the 'Foundation') was established on 26 September 2011 as a company limited by guarantee and not having a share capital. At 31 December 2018, 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 charitable status and it is also registered with the Charities Regulatory Authority.

OBJECTIVES AND ACTIVITIES

The Foundation was created with the aim of supporting sustainable projects in the areas where SKG has the privilege to operate. The 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 SKG employees or their families are involved and where they would benefit from support.

The directors acknowledge the support provided to the Foundation by SKG.

ACHIEVEMENTS AND PERFORMANCE

The aim of the Foundation is to fund projects in the communities in which SKG operates, particularly those which are sustainable and focus on helping young and disadvantaged children through education. The Chairman's Foreword gives details of 37 projects supported in 2018 in 15 different countries: 11 in Europe and four in The Americas. All of these conformed to our stated aims and mission.

FUTURE DEVELOPMENTS

The Foundation hopes to continue the geographical expansion of donations in the coming years.

FINANCIAL REVIEW

The statement of financial activities is as set out on page 16. The movement in total funds in the year is as follows:

Charity funds at 31 December 2017	€ 3,826,079
Net expense for the financial year	(456,658)
Charity funds at 31 December 2018	<u>3,369,421</u>

REFERENCE AND ADMINISTRATION DETAILS

Details are included on page 2.

DIRECTORS' REPORT (Continued)

for the year ended 31 December 2018

DIRECTORS AND SECRETARY

The current directors and secretary are as shown on page 2. On 19 September 2018, Gerry Fagan resigned as a director and on 4 December 2018, John O'Loughlin was appointed as a director.

Neither the directors nor secretary who held office at the year-end, nor their immediate families, had a material interest in any contract of significance in relation to the business of the Foundation at 31 December 2018.

RESEARCH AND DEVELOPMENT

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

ACCOUNTING RECORDS

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, regarding accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The 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.

PRINCIPAL 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.

The sole current provider of funds to the Company is SKG. While SKG has contributed consistently since the formation of the Company in 2011, there can be no guarantee that this funding will continue indefinitely or at the same level. For this reason, the directors currently hold €1.5 million in reserve to cover future donations in the event of a change in the current funding arrangement.

POLITICAL DONATIONS

The company did not make any political donations during the year.

POST BALANCE SHEET EVENTS

There have been no significant events since the balance sheet date.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the statutory auditors are unaware.

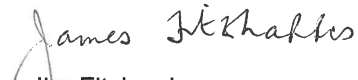
DIRECTORS' REPORT (Continued)
for the year ended 31 December 2018

AUDITORS

Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

On behalf of the board


Marie Barrett
Director


James Fitzharris
Jim Fitzharris
Director

Date: 29 July 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with accounting standards issued by the Financial Reporting Council, including FRS102, 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (Generally Accepted Accounting Practice in Ireland). 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 assets, liabilities and financial position of the company as at the end of the financial year, and the profit or loss for the company for the financial year, and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the Financial Statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION

Opinion

We have audited the financial statements of Smurfit Kappa Foundation ('the Company') for the year ended 31 December 2018, which comprise the Statement of Financial Activities and Charity Funds, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Irish Generally Accepted Accounting Practice).

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 2018 and of its excess of expenditure over income for the year then ended;
- have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014

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.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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. We have nothing to report in this regard.

Continued /...



Building a better
working world

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION (Continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

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.

Dermot Daly
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

Date: 29 July 2019

SMURFIT KAPPA FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES AND CHARITY FUNDS

for the financial year ended 31 December 2018

	Note	2018 €	2017 €
Income from:			
Donations	2	1,000,000	1,000,000
Investments	3	-	32
Total income		1,000,000	1,000,032
Expenditure on:			
Charitable activities	4	(1,446,706)	(705,136)
Administrative expenses	5	(9,952)	(5,654)
Total expenditure		(1,456,658)	(710,790)
Net (expense)/income		(456,658)	289,242
Charity funds brought forward		3,826,079	3,536,837
Charity funds carried forward		3,369,421	3,826,079

All amounts above relate to continuing operations.

SMURFIT KAPPA FOUNDATION

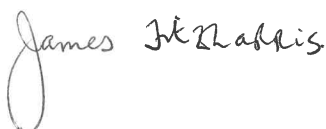
BALANCE SHEET at 31 December 2018

	Note	2018 €	2017 €
Current Assets			
Debtors	8	1,000,000	1,000,000
Cash at bank	9	2,375,800	2,831,614
Total current assets		3,375,800	3,831,614
Creditors: amounts falling due within one year	10	(6,379)	(5,535)
Net Current Assets		3,369,421	3,826,079
Total Assets less Current Liabilities		3,369,421	3,826,079
The Funds of the Charity			
Designated Funds	11	1,656,211	1,731,058
Undesignated Funds		1,713,210	2,095,021
Charity Funds		3,369,421	3,826,079

The notes on pages 19 to 24 form an integral part of these financial statements.



Marie Barrett
Director



Jim Fitzharris
Director

Date: 29 July 2019

SMURFIT KAPPA FOUNDATION

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2018

	2018	2017
	€	€
Cash flows from Operating Activities		
Net Cash (outflow)/inflow provided by operating activities	(455,814)	289,887
Cash Flows from Investing Activities		
Investment Income	-	32
Changes in Cash and Cash Equivalents for the reporting period	<u>(455,814)</u>	<u>289,919</u>
Reconciliation net income to net cash inflow from operating activities		
Net income for the reporting period	(456,658)	289,242
Investment Income	-	(32)
Increase in creditors	844	615
Decrease in other debtors	-	62
Net Cash flow provided by operating activities	<u>(455,814)</u>	<u>289,887</u>
Reconciliation of net cash flow to movement in net cash		
Cash at beginning of year	2,831,614	2,541,695
Net cash inflow for the year	<u>(455,814)</u>	<u>289,919</u>
Cash at end of year	<u>2,375,800</u>	<u>2,831,614</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018

1. Summary of Significant Accounting Policies

Statement of compliance

Smurfit Kappa Foundation (the 'Foundation') was incorporated on 26 September 2011 as a company limited by guarantee and not having a share capital. The company's registered office is c/o Smurfit Kappa Group, Beech Hill, Clonskeagh, Dublin 4. The nature of the Foundation's operations is set out in the Chairman's Foreword on page 3. The entity financial statements have been prepared on the going concern basis and in accordance with applicable accounting standards issued by the Financial Reporting Council, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (Generally Accepted Accounting Practice in Ireland).

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 1.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements cover the year ended 31 December 2018. They are presented in euro (€).

Donations and legacies

Donations are recognised when their receipt is probable and the income can be quantified with reasonable certainty. Income is shown gross before deduction of associated costs. No amounts are included for services donated by volunteers.

Resources expended

Expenditure is analysed between expenditure on charitable activities and administrative expenses. Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the expense items to which it relates.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018 (Continued)

1. Summary of significant accounting policies (continued)

Fund accounting

Designated funds are those which are immediately available for use at the discretion of the directors in furtherance of the objectives of the Foundation. If part of a designated fund is earmarked for a particular project, it may be classified as a separate fund, but the classification has an administrative purpose only, and does not legally restrict the company's discretion to apply the fund. The Foundation retains a reserve of €1.5 million for the future and on-going life of the charity but the directors still have complete control over how it is spent. It also sets aside funding for projects it has already committed to.

Undesignated funds are those funds which have not been specifically committed at the balance sheet date.

Administrative expenses

Administrative expenses are those functions that assist the work of the company but do not directly relate to charitable activities. These include back office costs, finance, personnel, payroll and governance costs which support the company's programmes and activities.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost. Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the company financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Donations and Legacies	2018	2017
	€	€
Smurfit Kappa Group	<u>1,000,000</u>	<u>1,000,000</u>
3. Income from Investments	2018	2017
	€	€
Bank interest	<u>-</u>	<u>32</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018 (Continued)

4. Expenditure on Charitable Activities	2018	2017
<i>Charitable expenditure includes donations to:</i>	€	€
Community Theatre Pirapetinga – Brazil	100,000	-
Kleine Strolche Children's Home – Germany	100,000	-
Association Bambini Cri Du Chat – Italy	80,000	-
SOS Children's Village – Czech Republic	30,588	-
Foreland School playground - UK	34,868	-
Sir Thomas Lipton Foundation - Northern Ireland	10,364	-
Regency Park Playground - Scotland	11,659	-
Pass it on – Poland	15,259	-
Olga charity project – Russia	17,000	-
Stichting Ark – Netherlands	50,000	-
Caracoli – Colombia	35,000	-
SK Quart – Spain	24,000	-
SOS Children's Village – Austria	4,000	-
Walburgisheim – Germany	100,000	-
NF Kinder - Austria	30,225	-
ARPEJ Association - France	45,000	-
Cerebral Palsy Plus - UK	10,035	-
Fundacion Codet - Mexico	65,030	-
UK Youth – UK	53,498	-
Fundacion Tambien – Spain	40,980	-
Norwich Wheelchair Football – UK	16,302	-
Canovelles schoolyard – Spain	18,000	-
SK Alsace - France	8,000	-
Empresarial Para El Desarrollo Educative – El Salvador	51,688	-
SK Sturovo Orphanage – Slovakia	30,000	-
First Steps Women's Centre – UK	5,589	-
Forgotten Child - Netherlands	47,000	-
Sport dans la Ville – France	30,000	-
Peter McVerry Trust – Ireland	5,000	-
Down Syndrome - Ireland	50,000	-
Criost na Ri School – Ireland	41,000	-
Childhood Cancer -Ireland	40,000	-
De Rijdende Popschool – Netherlands	41,000	-
Joriskring Stints - Netherlands	22,000	-
Joriskring – Garden - Netherlands	30,000	-
Make a Wish International – Brazil	100,000	-
COPAME – Brazil	53,621	-
Sub-total c/f	<u>1,446,706</u>	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018 (Continued)

4. Expenditure on Charitable Activities	2018	2017
<i>Charitable expenditure includes donations to:</i>	€	€
Sub-total c/f	1,446,706	-
Richard Krajicek Foundation - Netherlands	-	47,250
Fundacion También - Spain	-	31,285
Inselhaus - Germany	-	55,000
Suas Educational Development - Ireland	-	65,000
Sports dans la Ville - France	-	30,000
MS Ireland	-	4,200
The Salvation Army - Ireland	-	100,000
Croi - West of Ireland Cardiac Foundation	-	5,700
St, John of God - Ireland	-	62,985
Fundacion Empresarial Para el Desarrollo Educivo – El Salvador	-	25,508
Merseyside Forest – U.K.	-	28,200
Make-a-Wish International – Spain and Portugal	-	100,000
Fundacion Castro Limon AC - Mexico	-	34,308
Irish Youth Foundation – Northern Ireland	-	45,700
Rijdende Popschool - Netherlands	-	40,000
Ferein zu Haus - Germany	-	30,000
	1,446,706	705,136
5. Administrative Expenses	2018	2017
	€	€
Bank fees	428	119
Auditors' remuneration	5,535	5,535
Directors' expenses	3,989	-
	9,952	5,654

6. Directors Emoluments

The foundation does not pay any remuneration to the volunteer board of directors. Directors' expenses are shown in Note 5.

7. Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018 (Continued)

8. Debtors	2018	2017
	€	€
Donations receivable from SKG	1,000,000	1,000,000
	1,000,000	1,000,000
All amounts are receivable within one year.		
9. Cash at Bank	2018	2017
	€	€
Cash on deposit	1,518,878	1,518,877
Cash and bank balance	856,922	1,312,737
	2,375,800	2,831,614
10. Creditors (amounts falling due within one year)	2018	2017
	€	€
Accruals	6,379	5,535
11. Designated Funds	2018	2017
	€	€
Funding – reserve	1,500,000	1,500,000
Down Syndrome Ireland	50,000	
Foreland School – (£30,000)	35,761	
NF Kinder (over two years €30,225 each year)	60,450	
Join 4energy	10,000	10,000
Association Bambini Cri Du Chat – Italy	-	80,000
Pirapetinga Theatre – Brazil (US\$120,000)	-	100,058
Rijdende Popschool	-	41,000
Total designated funds	1,656,211	1,731,058

Following the approval of the SKG Board in June 2017, the Foundation will retain a reserve of €1.5 million for future funding.

In addition to the reserve, designated funds at 31 December 2018 included amounts approved but unpaid at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018 (Continued)

12. Related Party Transactions

The Foundation is a related party of its donor of funds, SKG.

13. Approval of Financial Statements

The Board of Directors approved and authorised for issue the financial statements of the company in respect of the financial year ended 31 December 2018 on 29 July 2019.