



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 2013

SMURFIT KAPPA FOUNDATION

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2013

TABLE OF CONTENTS

COMPANY INFORMATION 2

CHAIRMAN'S FOREWORD 3

DIRECTORS' REPORT 5

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION..... 7

INCOME AND EXPENDITURE REPORT 9

BALANCE SHEET 10

CASH FLOW STATEMENT 11

NOTES TO THE FINANCIAL STATEMENTS 12

SMURFIT KAPPA FOUNDATION

COMPANY INFORMATION

DIRECTORS

Gerard Fagan, Chairman
German Esguerra, USA (resigned 2014)
Brendan Tuohy
Marie Barrett (appointed 2013)
Gianluca Castellini, Italy (appointed 2014)

SECRETARY

Jim Fitzharris

REGISTERED OFFICE

C/o Smurfit Kappa Group
Beech Hill
Clonskeagh
Dublin 4

COMPANY REGISTRTERED NUMBER

504110

REGISTERED CHARITY NUMBER

CHY 19867

SOLICITORS

William Fry
Fitzwilton House
Wilton Place
Dublin 2

BANKERS

Danske Bank
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

CHAIRMAN'S FOREWORD

I, together with the Board of Directors have the pleasure in presenting the audited financial statements for the year ended 31 December 2013

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 has invested 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 disadvantaged children in the areas of health and nutrition, basic care and early education. In 2013 the Foundation has supported four such projects – we have continued to support projects in Ireland and Colombia and we have funded two further projects in the UK and the Netherlands which you can read about below. A number of other projects are under active consideration for 2014 and some have already been approved.

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 in the disadvantaged area of Nechells, Birmingham. Children across the area of Nechells have been involved in the Book Share Project which has been managed by the POD in Nechells. The Book Share Project has provided one book per month to one hundred and sixty children. The children have read and enjoyed the books with their parents and have built a library of books at home. The Book Share Project has been a resounding success, encouraging children and their parents to spend quality time reading together. Schools have reported that this has really improved children's reading ability and their interest in books

The final project which we have supported this year is Stichting Steunpunt Studerende Moeders ("SSSM") in the Netherlands. SSSM was founded in 2006 and operates in the Netherlands, in particular in Rotterdam and the surrounding area to provide free online/telephone expert advice about the options available for education and care/childcare costs. Childcare really is a big problem for single women who want to further their education and in doing so increase their chances of a better standard of living both for themselves and their child.

SMURFIT KAPPA FOUNDATION

Currently there is no government support for these women so as a result they do not try to further their education. SSSM can help these single mothers with childcare options, as well as give them advice on education, in order to improve their chances of obtaining a job in the future. We hope to help at least 50 mothers and children with our donation. This will allow them to study, happy in the knowledge that their child is being cared for and they can work on creating a better future for themselves and their children.

HOW TO APPLY FOR FUNDS

Please visit '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.



Gerard Fagan
Chairman
Smurfit Kappa Foundation

Dublin, Ireland

Date: 26 September 2014

SMURFIT KAPPA FOUNDATION

DIRECTORS' REPORT

The Directors present herewith their report and audited financial statements for the year ended 31 December 2013. The comparative amounts are 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 2013, 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 YEAR ENDED 31 DECEMBER 2013

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

	€
Fund balance at 31 December 2012	1,697,347
Excess of income over expenditure for the financial year	784,789
	<hr/>
Fund balance at 31 December 2013	<u>2,482,136</u>

DIRECTORS AND SECRETARY

The current Directors and Secretary are as shown on page 2 and, unless otherwise indicated, have served throughout the year. 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 2013.

RESEARCH AND DEVELOPMENT

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

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.

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.

POLITICAL DONATIONS

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

POST BALANCE SHEET EVENTS

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

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

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 2013. 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

Date: 26 September 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION

We have audited the financial statements of Smurfit Kappa Foundation for the year ended 31 December 2013 which comprises the Income and Expenditure Report, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 12. 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 2013 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2013.

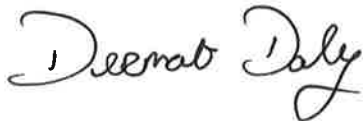
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Matters on which we are required to report by the Companies Acts, 1963 to 2013

- 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 2013 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: 26 September 2014

SMURFIT KAPPA FOUNDATION

INCOME AND EXPENDITURE REPORT

for the year ended 31 December 2013

	2013	2013	2013	2012	2012	2012
			(12 months)			(15 months)
Note	€	€	€	€	€	€
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
Income						
Donations	2	500,000	500,000	1,000,000	1,000,000	2,000,000
Investment income	3	7,030	-	7,030	5,775	5,775
Total Income		507,030	500,000	1,007,030	1,005,775	2,005,775
Expenditure						
Administrative expense	4	(5,987)	-	(5,987)	(7,428)	(7,428)
Charitable activities	5	(216,254)	-	(216,254)	(301,000)	(301,000)
Total Expenditure		(222,241)	-	(222,241)	(308,428)	(308,428)
Excess of income over expenditure		284,789	500,000	784,789	697,347	1,697,347
Retained surplus at 1 January 2013		697,347	1,000,000	1,697,347	-	-
Retained surplus at 31 December 2013		982,136	1,500,000	2,482,136	697,347	1,697,347

The company had no recognised gains and losses in either year 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


Date: 26 September 2014

SMURFIT KAPPA FOUNDATION

BALANCE SHEET at 31 December 2013

	Note	2013 €	2012 €
CURRENT ASSETS			
Cash at bank	7	2,488,680	1,702,267
Other Debtors		3,296	-
		<u>2,491,976</u>	<u>1,702,267</u>
CURRENT LIABILITIES			
Creditors (Amounts falling due within one year)			
Creditors and accruals	8	<u>(9,840)</u>	<u>(4,920)</u>
NET CURRENT ASSETS		<u>2,482,136</u>	<u>1,697,347</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,482,136</u>	<u>1,697,347</u>
FUNDS OF THE CHARITY			
Unrestricted Funds	9	982,136	697,347
Restricted Funds		1,500,000	1,000,000
		<u>2,482,136</u>	<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

Date: 26 September 2014

SMURFIT KAPPA FOUNDATION

CASH FLOW STATEMENT for the year ended 31 December 2013

	2013	2012
	€	€
Net Cash inflow from operating activities	779,383	1,696,492
Investment Income	7,030	5,775
Net cash inflow for the year	786,413	1,702,267
Reconciliation of excess of income over expenditure to net cash inflow from operating activities		
Excess of income over expenditure	784,789	1,697,347
Investment Income	(7,030)	(5,775)
Increase in other debtors	(3,296)	-
Increase in creditors	4,920	4,920
Net Cash inflow from operating activities	779,383	1,696,492
Reconciliation of net cash flow to movement in net cash		
Cash at beginning of year	1,702,267	-
Net cash inflow for the year	786,413	1,702,267
Cash at end of year	2,488,680	1,702,267

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

1. ACCOUNTING POLICIES

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

(a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act, 1963 to 2013. 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 year ended 31 December 2013. 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 2013 (Continued)

2. DONATIONS	2013 (12 months)	2012 (15 months)
	€	€
Smurfit Kappa Group (2011)	-	1,000,000
Smurfit Kappa Group (2012)	-	1,000,000
Smurfit Kappa Group (2013)	1,000,000	-
	<u>1,000,000</u>	<u>2,000,000</u>
3. INVESTMENT INCOME	2013 (12 months)	2012 (15 months)
	€	€
Bank interest	7,030	5,775
	<u>7,030</u>	<u>5,775</u>
4. ADMINISTRATIVE EXPENSES	2013 (12 months)	2012 (15 months)
	€	€
<i>Administrative expenditure comprises of:</i>		
Bank fees	35	110
Web site design	-	2,398
Conference Fees	1,032	-
Directors' remuneration	-	-
Auditors' remuneration	4,920	4,920
	<u>5,987</u>	<u>7,428</u>
5. CHARITABLE ACTIVITIES	2013 (12 months)	2012 (15 months)
	€	€
<i>Charitable expenditure includes donations to:</i>		
El Caracoli	100,000	100,000
Fledglings	-	151,000
The Early learning Initiative	50,000	50,000
Nechells Project	16,254	-
Stichting Steunpunt Studerende Moeders	50,000	-
	<u>216,254</u>	<u>301,000</u>

SMURFIT KAPPA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (Continued)

6. TAXATION

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

7. CASH AT BANK	2013	2012
	€	€
Cash on deposit	2,279,928	1,479,372
Cash and bank balance	<u>208,752</u>	<u>222,895</u>
	<u>2,488,680</u>	<u>1,702,267</u>

8. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)	2013	2012
	€	€
Accruals	<u>9,840</u>	<u>4,920</u>

9. UNRESTRICTED FUNDS	2013	2012
	€	€
Undesignated	832,136	397,347
* Designated	150,000	300,000
Total unrestricted funds	<u>982,136</u>	<u>697,347</u>

* Smurfit Kappa Foundation has committed to donate a further €150,000 next year (2014) to projects we are currently funding as set out below:

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

SMURFIT KAPPA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (Continued)

10. RELATED PARTY TRANSACTIONS

The Foundation is a related party of its founder Smurfit Kappa Group plc, an Irish registered company. During the year, the Foundation received an amount of €1,000,000 (2012: €2,000,000) from Smurfit Kappa Group (see Note 2).

11. MOVEMENT IN FUNDS	2013	2012
	€	€
At the beginning of the year	1,697,347	—
Excess of income over expenditure for the year	784,789	1,697,347
At the end of the year	<u>2,482,136</u>	<u>1,697,347</u>

12. 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 2013 on 26 September 2014.

