

**Keystone Accountability
Trustees' Report and Accounts
For the Year Ended
31 March 2016**

Charity number: 1118999
Company number: 6000240

KEYSTONE ACCOUNTABILITY

TABLE OF CONTENTS

CONTENTS	Page
TRUSTEES' REPORT	
I. Reference and administrative details	1
II. Structure, governance and management	2 - 3
III. Objectives and activities	3 - 8
IV. Achievements and performance	8 - 11
V. Financial Review	11 - 12
VI. Plans for the coming year	12
INDEPENDENT EXAMINER'S REPORT	15 - 16
STATEMENT OF FINANCIAL ACTIVITIES	17
BALANCE SHEET	18
NOTES TO THE FINANCIAL STATEMENTS	20 - 26

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT

I. REFERENCE AND ADMINISTRATIVE DETAILS

Name of Charity	Keystone Accountability (Known Commonly as Keystone)
Charity Registration Number	1118999
Company Registration Number	6000240
Address of registered office	222 Kensal Road Suite 232 London W10 3BN
Charity's Trustees	Peter Hero Jack Lange Eric Kolodner
Chief Executive	David Bonbright
Bankers	HSBC 74 Goswell Road London EC1V 7DA
Solicitors	Bates, Wells & Braithwaite 2 – 6 Cannon Street London EC4M 6HY
Independent Examiners	haysmacintyre 26 Red Lion Square London WC1R 4AG

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

II. STRUCTURE, GOVERNMENT AND MANAGEMENT

Nature of the governing document

Memorandum and Articles of Association of Keystone Accountability, dated 15 November 2006.

Constitution: Incorporated company limited by guarantee and not having a share capital. Company registered in England and Wales.

Recruitment and appointment of Trustees

The Articles of Association of Keystone Accountability provide that there shall be at least 3 Trustees. Trustees are recruited by the Chief Executive and the existing Trustees through their personal and professional networks. New Trustees are appointed by resolution of the Trustees. The Trustees' board is renewed annually by a third.

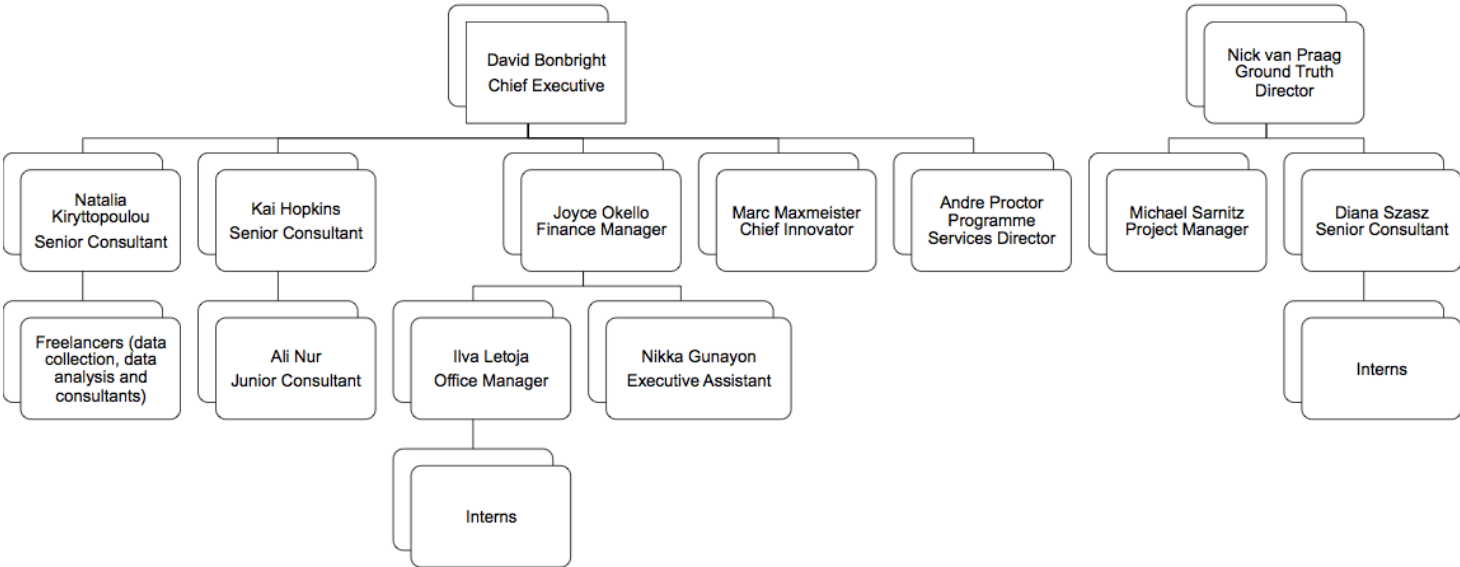
Induction and training of Trustees

The Chief Executive provides an induction on Keystone's objectives and work to new Trustees. He provides them with a detailed presentation of the Accountability for Social Impact method and tools as well as of the underlying principles and philosophy. He also briefs them on their legal obligations under charity and company law. A Trustees' induction pack has been compiled and is provided to all newly appointed Trustees.

As the method, tools and types of services offered by Keystone evolve, the Trustees are provided with detailed presentations of new developments during board meetings and on an ongoing basis through e-mail and telephone conversations.

Organisation Chart

**Keystone Accountability
Organisation Chart – January 2016**



KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

II. STRUCTURE, GOVERNMENT AND MANAGEMENT (continued)

Arrangement for setting remuneration of key management personnel

Remuneration Committee

The committee was established in April 2015 to ensure that remuneration arrangements support the strategic aims of Keystone Accountability and enables the recruitment, motivation and retention of senior management staff while also complying with charities SORP regulation.

The main role and function of Keystone Accountability Remuneration Committee is to assist the Board in developing and administering a fair and transparent procedure for setting policy on the human resources strategy and remuneration of directors and senior management staff. Remunerations are determined on the basis of merit, qualifications, and competence, with regard to the organisation's operating results, individual performance, and comparable market statistics.

The Remuneration Committee is comprised of 3 members:

- David Bonbright – Chief Executive and Remuneration Committee chairman
- Nick Van Praag – Director of Ground Truth Solutions and Remuneration Committee Member
- Andre Proctor – Director of Programs and Remuneration Committee Member

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Keystone Accountability for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP issued by the UK Charity Commission;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

II. STRUCTURE, GOVERNMENT AND MANAGEMENT (continued)

Statement of Trustees' Responsibilities (continued)

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Related parties:

- Keystone Accountability US: A non-profit 501(c)(3) organisation with similar purposes to Keystone (UK) has been incorporated in 2007 and has worked to fulfill its mission by, among other things, supporting Keystone Accountability (UK) projects.
- Keystone Accountability South Africa: Registered as a Company incorporated under Section 21 of the South African Companies Act (Company not having share capital), with similar purposes to Keystone (UK).

III. OBJECTIVES AND ACTIVITIES

Objectives of the Charity (as set out in the Memorandum and Articles of Association):

- To advance the efficiency and effectiveness of charities and to improve the effective use of resources for charitable purposes
- To promote the voluntary sector (being charities and organisations established anywhere in the world for exclusively charitable purposes as determined in accordance with the law of England and Wales) and voluntary organisations (being non political organisations, independent of local or national governments or other statutory authorities, established for purposes that add value to whole or a significant section of the community and which are not permitted by their constitutions to make a profit for private distribution) for the benefit of the public
- To advance education
- To relieve poverty
- To advance any other exclusively charitable purposes recognised as such by the laws of England and Wales for the benefit of the public.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

III OBJECTIVES AND ACTIVITIES (continued)

Charity's aims and strategies:

Keystone's strategic aim is to improve the effectiveness of social purpose organizations. We work with these organisations to develop better ways of planning, measuring, realizing and reporting their impacts.

Specifically we help them improve by:

- considering other actors' behaviours and incentives when planning their work;
- listening to different constituents' views of their plans, actions and reports; and
- using this data to strengthen relationships, improve work during implementation, and feed into impact evaluation.

We have created an original methodology that we call [Constituent Voice](#) – a way to listen and respond to the people most involved in social change. We publish resources including our tools and reports. We make all our intellectual property available for free using a Creative Commons license. We also conduct research on issues related to planning, measuring and reporting social change for the purpose of improving our own work and influencing the sector of social development.

Statement on Public Benefit

The 'objectives and activities' and 'achievement and performance' sections of this report set out activities that Keystone Accountability undertakes for public benefit.

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Commission in determining the activities undertaken by the charity.

In the interest of transparency, the Trustees make the following observations on the two key principles of public benefit.

Principle 1: There must be an identifiable benefit or benefits

1a It must be clear what the benefits are.

The benefits are clearly set out in the accounts of Achievement and Performance given in the body of this report.

1b The benefits must be related to the aims.

The Trustees review the activities of the charity against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims.

1c Benefits must be balanced against any detriment or harm.

No specific issues of detriment or harm have been identified

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

III OBJECTIVES AND ACTIVITIES (continued)

Principle 2: Benefit must be to the public or a section of the public

- 2a The beneficiaries must be appropriate to the aims.

The organisations that Keystone Accountability works for all work for the public benefit and are mostly registered charities. For instance, they include grantees, grantmakers and international humanitarian agencies like Oxfam and Save the Children.

- 2b Where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions; or by the ability to pay any fees charged

There are no restrictions on benefits

- 2c People in poverty must not be excluded from the opportunity to benefit.

Privileging the voices of people in poverty is central to what Keystone Accountability does in assisting charitable organisations to achieve their aims more effectively. In fact, Keystone's Constituent Voice method provides a way for any charity to establish the evidence base for meeting this duty.

- 2d Any private benefits must be incidental.

A number of private benefits do necessarily arise from the activities of the charity. In particular, the charity finds it essential to employ and remunerate staff. These private benefits are a necessary step in achieving the charity's aims.

Activities

Constituent Voice-based evaluative systems

We provided consulting to organizations wishing to deepen their ability to plan for, assess, learn from, and report their impacts. During the year we have completed several projects advising on organisational planning, monitoring and evaluation processes. Over the year Keystone has been a consultant to 18 organizations, including Ashoka, Oxfam, Care UK, Center for Employment Opportunities, CECP and DFID.

In line with Keystone's strategy to increase the incentives and rewards for practicing Constituent Voice, Keystone co-founded Feedback Labs and continues its partnership with charity rating agencies such as Charity Navigator, which has incorporated Constituent Voice into its rating model for charities.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

III OBJECTIVES AND ACTIVITIES (continued)

Ground Truth

Ground Truth is a program of Keystone Accountability. It is led by Nicholas van Praag, whose career has spanned humanitarian and development work at the UN and The World Bank. Ground Truth aims to complete the cycle of accountability in humanitarian programs by bridging the gap between listening and taking action. Over the year, grants for developing and piloting the Ground Truth approach were given by the IKEA Foundation and the Swiss Agency for Development and Cooperation. Additionally, projects were started in several countries in partnership with DanChurchAid, Save the Children and the International Rescue Committee

Feedback Commons

Keystone received funding from the William and Flora Hewlett Foundation, World Bank and Fund for Shared Insight to develop a prototype of its Feedback Commons; an online question database platform. Since the year end, Keystone has executed a soft launch of the platform to 72 beta users. Early responses have been positive and informative and have formed our strategic plan for the coming year.

Benchmarking surveys

Keystone is a global pioneer in the development and delivery of organization-to-organization feedback. To date, it has four surveys that provide benchmarks of feedback data for participating organizations.

Keystone Performance Survey: Development Partnership

We first ran this benchmark survey for a cohort of 28 international humanitarian and development organisations in 2011. It explored these organizations' partnerships with over 1,000 local NGOs. Since then we have conducted the survey on an "as they come" basis as well as for cohorts of members of national NGO umbrella bodies such as Partos (Netherlands) and ACODEV (Belgium). As evidence that the survey is useful in recognizing NGOs' strengths and limitations, and providing them with impartial and confidential data they can use to improve their work, a number of organizations are now repeating the survey. Several of the participating agencies have published their confidential reports, which allows us to re-publish them on our [website](#). A growing number of NGOs have repeated the survey and the total number of survey subscribers has grown to 88, with over 4,500 local NGOs surveyed. Keystone is planning a big marketing push for the next fiscal year in order to attract even more survey subscribers.

Keystone Performance Survey: Grantmakers

First done with 8 East African grantmakers in 2008, and again with 12 Southern Africa grantmakers in 2010. Since then, we have shared the survey tools to allow for a third round in the Middle East involving 3 organisations. In 2012/13 we conducted the survey with a North American grantmaker, and continue to discuss running another East Africa cohort with East Africa Association of Grantmakers (EAAG). We did not run any grantmaker surveys in 15/16.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

III OBJECTIVES AND ACTIVITIES (continued)

Benchmarking surveys

Keystone Performance Survey: Networks

Together with a leading network theorist, iScale, Keystone ran the first international survey of the members of international social change networks in 2009. We ran another cohort of organisations to take this comparative benchmarked survey, which finished in early 2012. No network surveys were run in 15/16.

Keystone Performance Survey: Impact Investing

This survey has only been done once as a cohort, in 2010, and in early 2013 we published a [public cohort report](#). This summarised the data and made a compelling case for investee feedback. More recently, we completed a survey for the Social Impact Investment Bond, with their third consecutive survey due to take place later in 2016.

Activities

Research, publications and speaking events:

Selected reports and articles published by Keystone:

- Bonbright, D. et al. (2015) Feedback as democracy in social change practice. *Alliance Magazine* 20(2).
- Bonbright, D. and Proctor, A., (2016) Chapter 5: Keystone Accountability- Constituent Voice. In: Steiner, R. ed. *Harnessing the Power of Collective Learning: Feedback, Accountability and Constituent Voice in Rural Development*.
- Hopkins, K. and Kiryttopoulou, N. (2015) Feedback loops: going for the 'early majority'? *Alliance Magazine* 20(2).

Selection of speaking events:

- David Bonbright interviewed by US radio show the Business of Giving, 2016
- CARE UK Workshop, 2016
- Stockholm Philanthropy Symposium, 2015
- USAID, 2016

IV. ACHIEVEMENTS AND PERFORMANCE

Client work carried out

We have split our work into two broad categories. Constituent Voice-based evaluative systems projects can range from the design stage to full implementation, and includes Ground Truth projects. Benchmark surveys include our Network, Development Partnership and Impact Investment surveys

Project type	Number of projects thru March 2016 Target	Number of projects thru March 2016 Actual
Evaluative and Constituent Voice systems	15	18
Benchmarks surveys	30	10

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

IV. ACHIEVEMENTS AND PERFORMANCE

Keystone one question client survey

Between July and August 2015, Keystone decided to administer a one question survey to current and former clients. The survey asked recipients "Based on your experience with Keystone Accountability, how likely are you to recommend it to a friend, colleague or an organization similar to yours." The survey was sent to over 4,000 Keystone contacts (without cleaning up) of which we received 86 valid responses. For Ground Truth, the survey was sent to 141 contacts and we received 15 responses.

Indicator	2014/15 Net Promoter Score ¹	
	Keystone	Ground Truth
Based on your experience with Keystone Accountability, how likely are you to recommend it to a friend, colleague or an organization similar to yours.	36	-7

Survey comments

On Keystone's work:

"Leaders in feedback sector."

"Good methodology, high importance of focus on feedback and accountability"

"Big improvement to regular satisfaction surveys among partners."

Areas highlighted to improve:

"Offer a survey app or partner with firm that does."

"Partners had a lot of technical problems in filling, saving and sending the survey."

"Good job, but took a bit too long."

"More attention for capacity development and other non-financial support."

"I was not happy with the technical distribution of the surveys."

Other indicators

There is considerable adoption of the term, Constituent Voice. Other organizations are starting to study, test and use Constituent Voice methodology. In one case we know of, a large provider of consulting services to nonprofits is now offering "Constituent Voice" services. It is difficult to track this but one indicator is that in 2010 virtually all hits on web searches for Constituent Voice led directly to Keystone. In 2014, only 25 per cent of the first 20 hits lead directly to Keystone.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

IV. ACHIEVEMENTS AND PERFORMANCE (continued)

Other indicators

Indicator	Performance score					
Quality of tools	<p>Mentioned in Stanford Social Innovation Review article "The Power of Lean Data"</p> <p>Kai Hopkins cited in the Good Business report: "Using social marketing for prevention: insights from expert practitioners"</p> <p>David Bonbright interviewed by Denver Fredrick on the Business of Giving, a US radio show</p> <p>Ground Truth covered in Humanitarian Policy Group ODI report "Time to let go. Remaking humanitarian action for the modern era".</p>					
Quality of analysis	<p>In addition to several publications, Keystone's work has manifested itself in a variety of places:</p> <ul style="list-style-type: none"> ▪ June 2015 edition of Alliance Magazine focusing on beneficiary feedback was guest edited by Keystone ▪ Keystone contributed a chapter to Roy Steiner's book <i>Harnessing the Power of Collective Learning: Feedback, Accountability and Constituent Voice in Rural Development</i>. ▪ Ground Truth's criticism of hotlines was cited in OCHA's Community Engagement 2015 Newsletter: "Community Engagement 2015 highlights" 					
Influence on the field	No. of the first 20 results on search engines with the following terms related directly to Keystone:	2016	2015	2014	2013	2012
	"Constituent Voice"					
	- Google	16	11	7	8	12
	- Bing	13	6	4	2	10
	- Yahoo	14	5	4	4	13
	"Impact Planning, Assessment and Learning"					
	- Google	10	11	1	2	9
	- Bing	3	3	1	5	10
	- Yahoo	5	6	3	4	12

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

IV. ACHIEVEMENTS AND PERFORMANCE (continued)

Other indicators

	<p>By examining which search results for “constituent voice” and “Impact Planning, Assessment and Learning” are directly related to Keystone’s work, and which are coming from other organisations, we get an understanding as to the wider dissemination and use of these terms beyond Keystone. We can see that both IPAL and Constituent Voice are gaining traction terms in the wider sector. We expect with our continuing work for this to continue to change in the coming months and years.</p> <p>A further look at our influence on the field can be seen by looking at Keystone’s involvement in various publications and speaking events – see above.</p>
Website traffic	<p>Keystone’s initial blog site was launched in September 2013 and kept separate from its main website. In previous years, this report included blog site hits as well as website hits, shown separately. In January 2015, Keystone completely overhauled the look and content of its website and merged its main site and the stand-alone Wordpress blog site. Instead of providing incomplete website traffic statistics for the previous year, below are six of the most read blog posts over the past year:</p> <p>Keystone:</p> <ul style="list-style-type: none">• How to make aid workers the champions of accountability• Imperfect data, perfectly useful• Unpacking the drivers of accountability <p>Ground Truth:</p> <ul style="list-style-type: none">• Why the World Humanitarian Summit is adrift - and how to salvage it• Ten steps to a better humanitarian system• Emergencies are not a good time to reinvent the accountability wheel

V. FINANCIAL REVIEW

The total income for 2016 was £699,882 and the total expenditure was £753,941. The balance of funds carried forward to the 2017 year are £52,286 in unrestricted funds and £Nil in restricted funds.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

VI. FINANCIAL REVIEW

Risk review statement

The Trustees have examined the major risks faced by Keystone and have identified the absence of a sufficient funding to carry the organization should there be a slowdown in earned income to be the most pressing one. A strategic plan is in place and entrusted to the Chief Executive to build up a reserve fund of £120,000, which would create a cushion of approximately three months to cover most core operating costs during a slowdown.

The staff handbook addresses risks related to staff safety and well-being.

Policy on reserves

As mentioned, at the year-end, Keystone held a total of £52,286 in unrestricted income. The Board has a policy on reserves set out below that is included in the Charity's financial controls. Total reserves are below the desired amount.

Keystone's reserves policy is to build up reserves as rapidly as possible:

- To assure the continuation of Keystone's activities during 3 months in case of shortage of periods of low income.
- To provide assurance to members of staff and to those with whom we undertake commitments of Keystone's reliability as an employer and business partner respectively.
- As a precaution against adverse economic conditions and any consequent decline in the charity's income to permit the development of ambitious programmes.
- The level of unrestricted reserves needed for these purposes is set at £120,000 (approximately 3 months of core ordinary operating costs).
- The level of the reserves will be reviewed by the Board once a year as part of the budget review and approval process.

Principal risks and uncertainties

The Directors have considered the major risks to which Keystone is exposed and confirm that systems and controls have been established to manage those risks. The Directors recognise that risks that the organisation faces are becoming more complex as the organisation grows and develops operations in various locations. There is a need to continually develop, monitor and strengthen organisational risk management systems to manage these evolving issues. The directors have identified the principal risks to be facing the organisation, which they intent to manage or mitigate as follows:

Whilst Keystone has grown successfully over the last few years in a difficult funding environmental, the Directors are aware that the company remains heavily reliant on small number of unrestricted projects to help cover its core operating costs. A funding strategy was put in place in 2016 in order to broaden Keystone's portfolio of projects and funders and full costs recovery is sought in project and funding proposals to support Keystone's long term sustainability. This strategy may begin to bear fruit in 2017-2018 Business Plan. As mentioned, the new Communications Director is also helping to expand Keystone's client base. Keystone is also constantly looking at the market to see where it can expand and offer new products to new clients.

Keystone continues to work and to secure the financial resources it requires to successfully deliver its business plan; this includes, but is not limited to, ensuring sufficient flexible funding is in place to safeguard continuity in core operations. To achieve this goal and to

guarantee greater ability to achieve more targeted projects, Keystone has continued to invest significant resources in the development of its projects.

Managing to recruit, retain and develop highly talented individuals with the right skills and experience is critical to Keystone's success. Keystone strengthened its communications strategy by appointing a full time Communications Director and two senior Ground Truth staff.

Significant work has taken place over the last 12 months to strengthen and improve Keystone's internal systems, policies and procedures. Improvements have been introduced to enhance the production of regular financial management information to promote more effective decision-making alongside the strengthening of internal controls to more adequately mitigate the impact of risks such as error, waste or fraud. In January 2015, Keystone appointed a Finance Manager to strengthen the finance and capability of the team. As a result, Keystone has reviewed with the senior management team and is in the process of changing the financial accounting system. This should further enhance the financial reporting of management accounts and production of financial statements.

VII. PLANS FOR THE YEAR THROUGH 31 MARCH 2017

AIMS AND OBJECTIVES AND ACTIVITIES PLANNED TO ACHIEVE THEM

In order to achieve the aims and objectives mentioned in the sections above, Keystone has the following plans, some of which have already been put in motion.

In May 2016, Keystone hired a full-time Communications Director who will entirely revise Keystone's communications strategy and develop an effective brand identity. Due to business growth, we anticipate hiring additional consultants to cope with the increase in client work and to enable the continuation of providing high quality consultancy services. Additionally, Keystone has begun working on a big INGO survey marketing push in order to increase the number of survey subscribers.

The following offers a tabular summary of Keystone's operational plans over the next year:

Service Delivery Aims

Item	Target
Constituent Voice-based Evaluative systems	15
Benchmark surveys	30
Feedback Commons subscribers	15

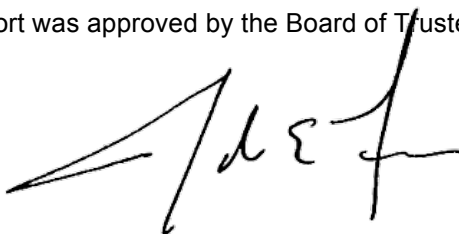
Quality Aims

Question	Indicator: Net Promoter Score
Based on your experience of Keystone Accountability, how likely are you to recommend it to a friend, colleague or an organisation similar to yours?	45

This report was approved by the Board of Trustees on

and signed on its behalf, by:

Trustee



Date 16 December 2016

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF KEYSTONE ACCOUNTABILITY

I report on the financial statements of the company for the year ended 31 March 2015 which comprise the Statement of Financial Activities and Balance Sheet, with the related notes.

This report is made solely to the company's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's Trustees as a body, for my work or for this report.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The Trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

Having satisfied myself that the company is not subject to audit under charity or company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145 (5) (b) of the Act; and
- state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF KEYSTONE ACCOUNTABILITY

I report on the financial statements of the company for the year ended 31 March 2016 which comprise the Statement of Financial Activities and Balance Sheet, with the related notes.

This report is made solely to the company's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's Trustees as a body, for my work or for this report.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The Trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

Having satisfied myself that the company is not subject to audit under charity or company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145 (5) (b) of the Act; and
- state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

**INDEPENDENT EXAMINER'S REPORT TO
THE TRUSTEES OF KEYSTONE ACCOUNTABILITY (continued)**

INDEPENDENT EXAMINER'S STATEMENT

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare financial statements which accord with the accounting records and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Murtaza Jessa FCA
haysmacintyre
Chartered Accountants
26 Red Lion Square
London
WC1R 4AG

Date:

KEYSTONE ACCOUNTABILITY

**STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)**

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Donations and legacies	2	161,294	-	161,294	125,769
Charitable activities:					
Maximising the impact of social Purpose organisations					
- grants	2	-	317,895	317,895	296,538
- consultancy service fees		176,362	-	176,362	154,430
- survey fees		39,831	-	39,831	134,654
Investments		2	-	2	11
Other		4,498	-	4,498	12,426
Total income		<u>381,987</u>	<u>317,895</u>	<u>699,882</u>	<u>723,828</u>
Expenditure on:					
Raising funds		14,113	-	14,113	14,110
Charitable activities					
Maximising the impact of Social purpose organisations					
		355,462	384,366	739,828	644,168
Total expenditure	3	<u>369,575</u>	<u>384,366</u>	<u>753,941</u>	<u>658,278</u>
Net income/(expenditure)		12,412	(66,471)	(54,059)	65,550
Reconciliation of funds:					
Fund balances at 1 April 2015		39,874	66,471	106,345	40,795
Fund balances at 31 March 2016	9	<u>£52,286</u>	<u>£-</u>	<u>£52,286</u>	<u>£106,345</u>

The notes on pages 20 to 26 form part of these accounts.

KEYSTONE ACCOUNTABILITY

Company number: 6000240

BALANCE SHEET

AS AT 31 MARCH 2016

	Note	2016		2015	
		£	£	£	£
Fixed Assets					
Tangible assets	5		3,902		5,356
Current Assets					
Debtors	6	71,357		52,333	
Cash at bank and in hand		387,278		75,975	
		<u>458,635</u>		<u>128,308</u>	
Creditors: falling due within one year	7	<u>(410,251)</u>		<u>(27,319)</u>	
Net Current Assets			48,384		100,989
Net Assets			<u>£52,286</u>		<u>£106,345</u>
Represented by:					
Unrestricted funds	9		52,286		39,874
Restricted funds	9		-		66,471
			<u>£52,286</u>		<u>£106,345</u>

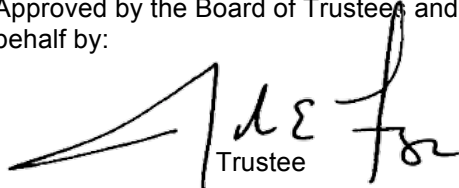
The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which accord with the accounting records of the company as at 31 March 2016 and of its profit or loss for the period then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board of Trustees and authorised for issue on behalf by:

and signed on their



Trustee

KEYSTONE ACCOUNTABILITY

Company number: 6000240

STATEMENT OF CASH FLOWS**AS AT 31 MARCH 2016**

	2016	2015
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities (see below)	312,899	62,233
Cash flows from investing activities:		
Interest from investments	2	11
Purchase of fixed assets	(1,598)	(2,844)
	<u>311,303</u>	<u>59,400</u>
Change in cash and cash equivalents in the year	311,303	59,400
Cash and cash equivalents at the start of the year	75,975	16,575
Cash and cash equivalents at the end of the year	<u>£387,278</u>	<u>£75,975</u>
Analysis of net funds:		
Cash at Bank	387,278	75,975
	<u>£387,278</u>	<u>£75,975</u>
Reconciliation of net income to net cash flow from operating activities		
Net (expenditure)/income for the year as per the Statement of Financial Activities	(54,059)	65,550
Interest from investments	(2)	(11)
(Increase)/decrease in debtors	(19,024)	9,737
Increase/(decrease) in creditors	382,932	(14,891)
Depreciation charges	3,052	1,848
	<u>£312,899</u>	<u>£62,233</u>

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Keystone Accountability meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts the trustees have considered whether in applying the accounting policies required by FRS102 and Charities SORP FRS102 a restatement of comparative items was needed. No restatements were required.

Preparation of the accounts on a going concern basis

Having considered future plans and cash flows, the trustees confirm that they are not aware of any material uncertainties with regard to the entity's ability to continue as a going concern for the foreseeable future and therefore have prepared the accounts on a going concern basis.

Estimation uncertainty

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Company status

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

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

KEYSTONE ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Individual fixed assets costing £100 or more are capitalised at cost.

Tangible fixed assets are depreciated on a straight line basis over the estimated useful lives as follows:

Fixtures. Fittings and equipment – 3 years

Cash at bank and in hand

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

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Restricted Funds

The restricted fund represents donations received with specific restrictions placed by the donors which have not yet been spent.

Designated Funds

The designated funds represent amounts set aside by the Trustees to fulfil specific charitable objectives.

Income recognition

Income is included in the SOFA once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. The following specific policies apply to categories of income:

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and amount can be measured reliably and is not deferred.

Membership fees are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

Expenditure

Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably.

Expenditure is recognised on an accruals basis as a liability is incurred, inclusive of VAT, which cannot be recovered.

Charitable expenditure consists of all expenditure relating to the objects of the Charity. All costs are directly attributable to the activities under which they have been analysed.

Governance costs include expenditure on the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

2. GRANTS

	Unrestricted £	Restricted £	Total 2016 £	Total 2015 £
The grants received were as follows:				
Keystone Accountability USA	64,455	-	64,455	125,769
Conrad Hilton Foundation	-	-	-	17,260
SDC Grant for Ground Truth	-	99,690	99,690	-
IKEA Foundation Grant for Ground Truth	-	139,882	139,882	216,258
Bill & Melinda Gates Foundation Plan UK	82,968	-	82,968	-
International Rescue Committee	-	14,167	14,167	-
DCA (ECHO)	-	64,156	64,156	-
DFID Grant	13,871	-	13,871	-
	<u>£161,294</u>	<u>£317,895</u>	<u>£479,189</u>	<u>£422,307</u>

3. EXPENDITURE

	Raising funds £	Grants for maximising developmental impact of social purpose organisations £	Total 2016 £	Total 2015 £
Staff costs	14,113	260,148	274,261	245,616
Other costs	-	474,520	474,520	408,162
Governance	-	5,160	5,160	4,500
Total	<u>£14,113</u>	<u>£739,828</u>	<u>£753,941</u>	<u>£658,278</u>

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2016

3. TOTAL RESOURCES EXPENDED	2016	2015
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	3,052	1,848
Independent Examiner's Fee	5,160	4,500
	<u> </u>	<u> </u>
4. FURNITURE, FITTINGS & EQUIPMENT		£
Cost		
At 1 April 2015		16,867
Additions		1,598
Disposals		-
		<u> </u>
At 31 March 2016		18,465
		<u> </u>
Depreciation		
At 1 April 2015		11,511
Charge for year		3,052
Disposals		-
		<u> </u>
At 31 March 2016		14,563
		<u> </u>
Net Book Value		
At 31 March 2016		£3,902
		<u> </u>
At 31 March 2015		£5,356
		<u> </u>
		<u> </u>
5. EMPLOYEES	2016	2015
	No.	No.
Average monthly number of employees during the year:		
Developmental impact	3	3
Administration		-
	<u> </u>	<u> </u>
	3	3
	<u> </u>	<u> </u>
	£	£
Employee costs		
Salaries	244,200	218,324
Social security costs	30,061	27,292
	<u> </u>	<u> </u>
	£274,261	£245,616
	<u> </u>	<u> </u>
The number of higher paid employees was:		
In the band £150,001 to £160,000	1	1
	<u> </u>	<u> </u>
None of the trustees received any remuneration or benefits in kind during the year.		
No trustees received any reimbursement of expenses during the year.		
Total staff benefits paid to key management personnel was £		(2015 - £ 0

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2016

6. DEBTORS	2016	2015
	£	£
Expenses and advances	49,481	49,481
Other debtors	21,876	2,852
	<u>£71,357</u>	<u>£52,333</u>

7. CREDITORS	2016	2015
	£	£
Trade creditors	26,970	-
Accruals	5,160	18,184
Deferred income	367,443	-
Other creditors	10,678	9,135
	<u>£410,251</u>	<u>£27,319</u>

8. DEFERRED INCOME

Deferred income comprises grants received in advance.

	2016	2015
	£	£
Balance as at 1 April 2015	-	-
Amount released to income	-	-
Amount deferred in the year	367,443	-
	<u>£367,443</u>	<u>£ -</u>

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2016

9. MOVEMENT IN FUNDS	At 1 April 2015 £	Income £	Expenditure £	At 31 March 2016 £
Restricted funds				
Conrad Hilton Foundation	8,913	-	(8,913)	-
Bill & Melinda Gates Foundation	48,261	-	(48,261)	-
SDC grant for Ground Truth	9,297	99,690	(108,987)	-
Ikea Foundation grant for Ground Truth	-	139,882	139,882	-
International Rescue Committee	-	14,167	(14,167)	-
DCA (ECHO)	-	64,156	(64,156)	-
Unrestricted funds	39,874	381,987	(369,575)	52,286
Total funds	£106,345	£699,882	£(753,941)	£52,286

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Tangible fixed assets	-	3,902	3,902	5,356
Current assets	-	458,635	458,635	128,308
Creditors due within one year	-	(410,251)	(410,251)	-
	£ -	£52,286	£52,286	£106,345

11. OPERATING LEASES

There are no commitments under operating leases

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2016

12. RELATED PARTY TRANSACTIONS

Keystone Accountability US: A non-profit 501(c)(3) organisation incorporated in 2007 to promote aims similar to those of Keystone Accountability UK. It provided unrestricted grant funding of £64,455 to Keystone Accountability UK in 2018 (2015 - £125,769). The largest source of Keystone Accountability USA support for Keystone Accountability UK was from the CS Mott Foundation.

Keystone Accountability South Africa: A Company incorporated under Section 21 of the South African Companies Act (Company not having share capital) manages Keystone's activities in South Africa and other African countries.

There were no transactions with these entities apart from the grants from Keystone Accountability USA.