

**Keystone Accountability
Trustees' Report and Accounts
For the Year Ended
31 March 2010**

Charity number: 1118999
Company number: 6000240

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TRUSTEES' REPORT

I. Reference and Administrative Details

Name of the Charity: Keystone Accountability
Known commonly as: Keystone

Charity registration number: 1118999
Company registration number: 6000240

Address of registered office: Suite 217, 258 Belsize Road, London, NW6 4BT

Names of the Charity's Trustees:

- John Goldstein*
- Peter Hero
- Jack Lange
- Eric Kolodner

* In August 2010, John Goldstein retired from the board.

Name of the Chief Executive: David Bonbright

Names and addresses of other relevant organisations or persons:

- Bankers: HSBC, 74 Goswell Road, London, EC1V 7DA
- Solicitors: Bates Wells & Braithwaite, 2-6 Cannon Street, London, EC4M 6YH, UK
- Auditors: haysmacintyre, Fairfax House, 15 Fulwood Place, London, WC1V6AY

II. Structure, Governance 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.

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.

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.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Related parties:

- Keystone Accountability Services Community Interest Company: Keystone Accountability has set up a subsidiary company in the UK under the form of a Community Interest Company (CIC) No: 6223739. The CIC was constituted with the purpose of managing Keystone's fee-based service provision to commercial groups. For the moment, due to the relatively limited activity in this area, the CIC remains dormant and therefore consolidated accounts have not been prepared.

- Keystone Accountability US: A non-profit 501(c)(3) organisation 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 the purpose of managing Keystone's activities in South Africa and other African countries.

Risk review statement: The Trustees have examined the major risks faced by Keystone and have identified the insufficiency of general operational funding (unrestricted grants) to be the most pressing one. A strategic plan is in place and entrusted to the Chief Executive for the diversification of the sources of general operational support.

Risks related to staff safety and well-being are addressed by the staff handbook.

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.

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 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 particularly focus on 'constituency voice' - finding better ways to listen to the people most involved in social change. We publish resources including our tools and reports. All our products are non-proprietary. They are free for anyone to use, adapt and improve. 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

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 benefits and are mostly registered charities. For instance, they include the Bill & Melinda Gates Foundation and its charitable grantees, grantmakers in Southern Africa and international NGOs like World Vision.
- 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.
- 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 incidental as they are a necessary step in achieving the charity's aims.

Activities

- **Consultancy and training:**
 - **Impact, planning, assessment and learning (IPAL)**

In 2009/10 we have undertaken significant advisory work on improving organisations planning, monitoring and evaluation. As part of the ALIne project we advised 8 Bill and Melinda Gates Foundation funded agricultural projects on how to improve their monitoring and evaluation framework. We continued our relationship with the Grassroots Business Fund providing ongoing consultancy advice to help them develop their impact, planning, assessment and learning (IPAL) framework into what we consider a 'best in class example' of our IPAL framework.

We completed our work with CEDAC (Centro de Educação e Documentação para Ação Comunitária), a civil society organization that runs educational programmes across Brazil. Keystone worked with CEDAC staff, project participants and key local stakeholders to design and implement a new IPAL system which now provides staff and project participants with information to manage their relationships and project effectiveness. We also worked with EcoLogic, an environment focused development organisation, to develop a new organisational Theory of Change together with a set of indicators to understand EcoLogic's effectiveness.

- **Evaluations**

Keystone conducted evaluations for PACT (South Africa) and Comic Relief. The PACT evaluation involved Keystone surveying PACT's grantees on key aspects of their relationship with PACT and analysis of this data significantly informed the evaluation report findings. The Comic Relief Evaluation saw Keystone evaluate Comic Relief's experimental Funding Direct Initiative.

- **Surveys: feedback mechanisms**

A key area of work for Keystone has been the development and implementation of constituent surveys. In 2009/10 we continued the refinement of our benchmark survey method and successfully conducted surveys for Southern African community grantmakers and transnational social change networks. These surveys saw Keystone assemble a cohort of like organizations, develop a questionnaire for each cohort, survey like constituents of the cohort members, and then analyse and report the resulting data. The confidential individual reports delivered to each cohort participant contained analysis of how that organization compare to the rest of the cohort. These benchmark surveys allow actors to see how they are performing compared to their peers. Keystone has found that this peer benchmarking significantly improves the usefulness of the data and incentivizes improvements.

In addition to cohort surveys we conducted constituent surveys for the Acumen Fund and Nike Foundation. This saw Keystone collect feedback from the investees, partners and staff of Acumen and Nike respectively on their thoughts of the investors support. Through analysis of the data Keystone presented both organisations with reports identifying their strengths and areas for improvement as communicated by their investees. These reports and their data serve as actionable guides to improving the relationship between investors and investees. The Nike

Foundation stated that they are 100% likely to take action as a result of the survey and that feedback from investees is their most important learning from the experience.

- **Research, publications and speaking events:**

Selected articles published by Keystone:

- Bonbright, D., Campbell, D., and Nguyen, L. (2009), 'The 21st Century Potential of Constituency Voice: Opportunities for reform in the United States human services sector', Alliance for Children and Families, United Neighborhood Centers of America and Keystone Accountability.
- Bonbright, D., Kiryttopoulou, N. and Iverson, L. (2009), 'Online Philanthropy Markets: from 'Feel-Good' Giving to Effective Social Investing?', Giving, International Journal on Philanthropy and Social Innovation, September 2009, www.giving-journal.com/
- Bonbright, D., and Lumley, T. (2010), 'Civil society vs markets – a false dichotomy', Alliance Magazine, <http://www.alliancemagazine.org/en/content/civil-society-vs-markets-%E2%80%93-a-false-dichotomy>
- Kiryttopoulou, N., (2010), 'Keystone's impact planning, assessment and learning approach as a complementary method to OM', Outcome Mapping Newsletter 2009 No. 1.

Selected articles Keystone contributed to:

- Kramer, M., Parkhurst, M. and Vaidyanathan, L., (2009), 'Breakthroughs in Shared Measurement and Social Impact', FSG Social Impact Advisors, www.fsg-impact.org
- Mckinsey 'Learning for social impact: What foundations can do', March 2010. http://lsi.mckinsey.com/en/Our_Perspective_on_Impact_Assessment/What_foundations_can_do.aspx
- Little, M. (2009), 'Aid agencies 'more accountable to donors than to disaster survivors'', Third Sector Online, <http://www.thirdsector.co.uk/News/906091/>

Selection of speaking events:

- Berlin Centre for Civil Society's workshop on 'Mutual Accountability', May 2009
- New Philanthropy Capital Conference 'Valuing Impact', May 2009
- Aspen Network of Development Entrepreneurs - Grassroots Business Fund workshop 'Metrics from the ground up', May 2009
- BOND's Effectiveness Programme, July 2009
- SOCAP09 , September 2009
- BOND Quality Group Meeting, October 2009
- World Vision International's Accountability Learning Event, November 2009
- GFAR/ILAC Conference, February 2010.

- **New website**

In 2009 Keystone launched a new website with new content presenting a clearer picture of Keystone's approach, services and research. An exciting new element of the website was the Keystone Feedback App. This free app allows organisations to select up to 10 of our tested feedback questions that investigate the quality of relationships between the organisation and their partners. This unique survey is then sent to the organisations' partners, inviting them to

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respond. The responses are benchmarked against other organisations' responses to provide comparisons that each organisation can use to get a clearer understanding of how they are performing.

According to Marc Maxson, Performance Analytics Manager, Global Giving, "Everyone on staff knows about your survey tool and checks on it to see if we can beat our benchmark...thanks for the tool!"

IV. Achievements and performance

Client work carried out

Project type	Number of projects
IPAL design	6
Evaluation	3
Survey clients	35

Client satisfaction

In August 2010 Keystone asked FY2009 clients to comment on their satisfaction with our work (17 respondents).

Indicator	1 – 10 scale (unless stated otherwise)
How would you grade the standard of Keystone's work?	8.1
How likely is it that you will take actions as a result of Keystone's work?	8.9
How well do you feel Keystone understood your organisation?	7.8
Compared to other monitoring and evaluation services, how useful was Keystone's work?	7.4
If the work Keystone conducted for you involved a survey, have you or do you plan to report the survey findings back to survey respondents?	63% said yes, 37% do not yet know

Survey comments

On Keystone's work:

"Very effective facilitation and communication. I wish to commend the work of the team that worked on this project"

"Great work by Keystone! Was great being a part of it (cohort survey)."

"Could have explained the TOC content and process in a less jargon-y way."

"Overall, we've been very pleased to be partners with Keystone and look forward to continuing to work together."

Important learning identified by clients:

"The best thing we did was to play back the results to our constituents at a portfolio gathering and then to give them a chance, without us in the room, to add additional colour. Listening matters!"

"We realized that it is possible to conduct an evaluation that gives and incorporates the voices of all participants, and that an evaluation must be understood and shared by all those involved (theory of social transformation)."

"I think Keystone could benefit from having a bit more data intensive analysts and survey designers."

"The value of client feedback both at our investee level and also our investees and their end beneficiaries."

"That it's important to listen more and have more dialogue with our investees. In particular, in last year's survey, we learned that most of our portfolio companies don't know what we do with their impact reports. We need to have more conversations around this to enhance the utility of these reports."

Note - Keystone also collected data on our impact on client's work. However, as many of the clients are less than 1 year old, the impact has yet to be fully realised. We hope to repeat the impact survey next year to obtain a better picture of the long-term impact of our work.

Other indicators

Indicator	Performance score
Quality of tools	<p>See the survey and also client quotes: "Keystone's IPL Guide is one of the few practical guides we explicitly recommend in the longer paper for UNAIDS." Ailish Byrne, Senior Associate, Research and Evaluation, Communication for Social Change Consortium.</p> <p>"Thank for providing us such a valuable tools and information which are necessary to create high impact organization." Unsolicited comment from Vivek Kumar, CEO and Founder of EmpowerKids Foundation</p>
Quality of analysis	<p>Keystone staff wrote or contributed to seven publications, described above. Keystone staff was invited to deliver four bespoke workshops on our analysis and tools for interested clients. In addition to Keystone's work has been referenced in a variety of high profile papers and blogs, for example: Also see section above – McKinsey Paper Lawrence Haddad, Director of IDS, blogs Lucy Bernholz, Founder of Blueprint Research & Design, blogs Martin Fisher, CEO of KickStart, presentation Mario Morino, leading philanthropy practitioner, blogs IRIS and PULSE (formerly PDMS) both said publicly during the GBF metrics conference that they want to incorporate feedback and relationship quality into their measurement models.</p>

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Influence on the field	Top 20 results on search engines with the following terms:	Keystone related 2009	Keystone related 2008
	"Constituency Voice"		
	- Google	17	17
	- Bing	18	17
	- Yahoo	17	18
	"Impact Planning, Assessment and Learning"		
	- Google	19	17
	- Bing	18	18
	- Yahoo	17	18
Website traffic	There was a reduction in visiting the Keystone website from 50,642 visitors in 2008 to 44,069 in 2009. There was also a reduction in downloading of the majority of Keystone's tools and papers from 2008 levels.		
	Downloaded item	2009 downloads	2008 downloads
	IPAL Guide	1010	-
	Online Philanthropy Markets	777	2292
	Developing a theory of change	732	781
	Learning with constituents	407	351
	TOC template	235	-
	Keystone's survey results	215	-
	The changing face of NGO Accountability	191	597
	Capabilities profiler	191	444
	NGO Accountability Initiatives	163	-
	GBF IPAL Metrics framework	147	-

V. Financial Review

The total income for 2009/10 was £335,999 and the total expenditure was £576,332. The balance of funds required to meet expenditure through March 2010 was met by restricted funds carried forward from the previous year.

Policy on reserves: At the yearend, Keystone held total reserves of £75,031. The Board has a policy on reserves set out below that is included in the Charity's financial controls. Whilst total reserves are below the desired amount they have increased from last year's figure of £60,302. However, unrestricted reserves have decreased significantly to £12,675.

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 £90,000 (approximately 3 months of 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 sources of income

Organisation	Country	Type
Ford Foundation	USA	Project Grant
Bill and Melinda Gates Foundation (via Institute of Development Studies)	USA	Project Grant
International Development Resource Centre and Rockefeller Foundation (via iScale)	Canada and USA	Fee-based income
Survey fees	Various	Fee-based income
PACT	South Africa	Fee-based income
Individuals (via Keystone USA)	USA	Unrestricted Grant

Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

VI. Plans for the year through 31 March 2011

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

Service Delivery Aims

Item	Target
Number of IPAL services	4
Number of Evaluations	2
Number of survey clients	70
Research Papers/ Articles authored or contributed to	5

Quality Aims

Indicator	Score / 10 (unless stated)
How would you grade the standard of Keystone's work	9
How likely is it that you will take actions as a result of Keystone's work	10
How well do you feel Keystone understood your organisation	9
Compared to other monitoring and evaluation services, how useful was Keystone's work?	8
If the work Keystone conducted for you involved a survey, have you or do you plan to report the survey findings back to survey respondents?	100 % say yes

This report was approved by the Board of Trustees on 19-11-10 and signed on its behalf, by:



Trustee

15-12-10

Date

INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2010

We have audited the financial statements of Keystone Accountability for the year ended 31 March 2010 which comprise the Statement of Financial Activities (incorporating, the Income and Expenditure account), the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's members, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

The Trustees' (who are also the directors of the company for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements, the company has not kept adequate accounting records, if the company's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2010 (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

haysmacintyre

haysmacintyre
Chartered Accountants
Registered Auditors
Fairfax House
15 Fulwood Place
London
WC1V 6AY

Date:

19 November 2010.

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2010

		Unrestricted Funds 2010	Restricted Funds 2010	Total Funds 2010	Total Funds 2009
	Note	£	£	£	£
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income - grants	2	80,127	-	80,127	214,208
-donations		3,021	-	3,021	7,111
Incoming resources from charitable activities					
Maximising the impact of social purpose organisations:					
-Grants	2	-	107,578	107,578	376,104
-Consultancy service fees		63,814	-	63,814	185,291
-Survey fees		81,459	-	81,459	-
Total Incoming Resources		228,421	107,578	335,999	782,714
Resources Expended					
Cost of generating funds		12,896	-	12,896	15,478
Charitable activities:					
Maximising the impact of social purpose organisations					
		259,298	294,108	553,406	471,798
Governance costs		10,030	-	10,030	13,227
Total Resources Expended	3	282,224	294,108	576,332	500,503
Net (Outgoing)/Incoming Resources		(53,803)	(186,530)	(240,333)	282,211
Fund Balances at 1 April 2009		66,478	248,886	315,364	33,153
Fund Balances at 31 March 2010	9	12,675	62,356	75,031	315,364

The notes on pages 19 to 23 form part of these accounts (to check if layout changes alter page contents).

**BALANCE SHEET (company number 6000240)
AS AT 31 MARCH 2010**

	Note	2010 £	2010 £	2009 £
Fixed Assets				
Tangible Assets	5		7,778	6,176

Current Assets				
Debtors	7	68,768		85,342
Cash at bank and in hand		19,181		250,287
			-----	-----
		87,949		335,629
Creditors: falling due within one year	8	(20,696)		(26,441)
		-----		-----
Net Current Assets			67,253	309,188
			-----	-----
Net Assets			75,031	315,364
			=====	=====
Represented by:				
Unrestricted funds	9		12,675	66,478
Restricted funds	9		62,356	248,886
			-----	-----
			75,031	315,364
			=====	=====

The Trustees 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 year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 43 of the Charities Act 1993. The Trustees 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 give a true and fair view of the state of affairs of the company as at 31 March 2010 and of its surplus for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act 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 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board of Trustees and authorised for issue on 19-11-10 and signed on their behalf by:

ERIC KOLODNER

Trustee



VII. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting Policies

a) *Basis of Preparation of financial statements*

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

Having carefully considering the matters referred to above, the trustees believe that it is appropriate to prepare the financial statements on a going concern basis.

b) *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.

c) *Incoming Resources*

Grants donations and membership fees are recognised in full in the Statement of Financial Activities in the year in which they are receivable. This amount cover donations received from the general public, grants from member organisations and similar bodies and annual membership fees from the member organisations.

d) *Resources Expended*

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT that can not be recovered.

Expenditure is classified under the charity's principle categories of activity. Staff costs and overhead expenses are allocated to activities on the basis of staff time spent on these activities.

e) *Costs of generating funds*

This consists of fundraising costs incurred in seeking voluntary contributions.

f) *Governance costs*

Governance costs are those costs incurred in connection with compliance with constitutional and statutory requirements.

h) *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

i) **Accumulated Funds**

Unrestricted funds are donations and other incoming resources receivable or generated for the objectives of the charity without further specified purpose and are available as general funds.

Notes to the Accounts
FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting Policies (continued)

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure that meet these criteria is identified to the fund, together with fair allocation of overheads and support costs.

2 Grants

The grants received were as follows:

	Unrestricted £	Restricted £	Total 2010 £	Total 2009 £
Hewlett Foundation	-	-	-	149,603
Keystone Accountability USA	80,127	-	80,127	32,430
Other	3,021	-	3,021	20,713
Ford Foundation	-	20,679	20,679	79,633
IDS (Keystone sub-grantee on Gates Foundation grant)	-	86,899	86,899	347,598
	-----	-----	-----	-----
	83,148	107,578	190,726	590,312
	=====	=====	=====	=====

3 Total Resources Expended

	Cost of Generating Funds £	Grants for maximising developmental impact of social purpose organisations £	Governance Costs £	Total 2010 £	Total 2009 £
Staff Costs	12,896	346,684	4,030	363,610	285,971
Other Costs	-	206,722	-	206,722	206,142
Audit fees	-	-	6,000	6,000	7,360
Accountancy fees	-	-	-	-	1,030
	-----	-----	-----	-----	-----
Total	12,896	553,406	10,030	576,332	500,503

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Trustees' Report and Accounts for the year ended 31 March 2010

	=====	=====	=====	=====	=====
Net Income				Total	Total
This is stated after charging:				2010	2009
				£	£
Depreciation of tangible fixed assets				3,428	349
Auditors remuneration				6,000	7,360
				=====	=====

Notes to the Accounts
FOR THE YEAR ENDED 31 MARCH 2010

5 Furniture Fittings & Equipment		2010
		£
Cost:		
As at 1 April 2009		7,350
Additions		5,030

As at 31 March 2010		12,380

Depreciation:		
As at 1 April 2009		1,174
Charge for year		3,428

As at 31 March 2010		4,602

Net book value:		
As at 31 March 2010		7,778
		=====
As at 1 April 2009		6,176
		=====
6 Employees		
<i>Average monthly number of employees during the year -</i>	2010	2009
	No.	No.
Developmental impact	5	3
Administration	1	1
	-----	-----
	6	4
	====	====
Employee Costs	2010	2009
	£	£
Salaries	325,947	255,781
Social Security Costs	37,663	30,191
	-----	-----

Keystone Accountability
Trustees' Report and Accounts for the year ended 31 March 2010

363,610
=====

285,972
=====

The number of higher paid employees was:

In the band £140,001 to £150,000
in the band £170,001 to £180,000

2010	2009
£	£
1	-
-	1
====	====

None of the trustees received any remuneration or benefits in kind during the year.
No trustees received reimbursement of expenses during the year.

7 Debtors

Trade debtors
Prepayments
Accrued income
Loan, salary and expenses advances
Other debtors

2010	2009
£	£
-	667
-	3,716
1,660	-
66,656	80,959
452	-
-----	-----
68,768	85,342
=====	=====

8 Creditors

Trade creditors
Accruals

2010	2009
£	£
6,607	-
14,089	18,127
-----	-----
20,696	18,127
=====	=====

9 Movement in Funds

	At 1 April 2009 £	Incoming Resources £	Outgoing Resources £	At 31 March 2010 £
Restricted Funds				
Ford Foundation*	-	20,679	(20,679)	-
IDS (sub-grantee of Gates Foundation grant)**	248,886	86,899	(273,429)	62,356
	-----	-----	-----	-----
	248,886	107,578	(294,108)	62,356
Unrestricted Funds	66,478	228,421	(282,224)	12,675
	-----	-----	-----	-----
Total Funds	315,364	335,999	(576,332)	75,031
	=====	=====	=====	=====

*Ford Foundation provided £20,679 in grant support for the support for the Southern Africa Comparative Grantee Feedback for Community Grantmakers project.

** IDS gave £86,899 as Keystone's share of the planning grant from Gates Foundation for support to the Agriculture Learning and Impacts Network (ALINE).

Notes to the Accounts
FOR THE YEAR ENDED 31 MARCH 2010

10 Analysis of Net Assets Between Funds

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total Funds 2009 £
Tangible fixed assets	-	7,778	7,778	6,176
Current assets	62,356	25,593	87,949	335,629
Creditors due within one year	-	(20,696)	(20,696)	(26,441)
	=====	=====	=====	=====
	62,356	12,675	75,031	315,364
	=====	=====	=====	=====

11 Operating Leases

There are no commitments under operating leases.

12 Related Party Transactions

Keystone Accountability Service Community Interest Company: Keystone Accountability has set up a subsidiary company in the UK under the form of a Community Interest Company (CIC) No: 6223739. The CIC was constituted with the purpose of managing Keystone's fee-based service provision to commercial groups. For the moment, due to the relatively limited activity in this area, the CIC remains dormant and therefore consolidated accounts have not been prepared.

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 £80,127 to Keystone Accountability UK in FY2009/10. The largest source of Keystone Accountability USA support for Keystone Accountability UK was from the US foundation, Metanoia Fund (£60,273).

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 two grants, £60,273 and £19,854 respectively, from Keystone Accountability USA.

