

**Keystone Accountability
Trustees' Report and Accounts
For the Year Ended
31 March 2013**

Charity number: 1118999
Company number: 6000240

KEYSTONE ACCOUNTABILITY

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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 | Suite 217 258 Belsize Road London NW6 4BT |
| 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 Fairfax House 15 Fulwood Place London WC1V 6AY |

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.

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 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).

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 £90,000, which would meet Keystone's core operating costs for approximately three months.

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

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 benefits 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. As part of the ongoing Oxfam America work in Ethiopia, we advised on the development of a farmer voice feedback system as part of their monitoring and evaluation framework. This project has recently been extended.

In line with Keystone's strategy to increase the incentives and rewards for practicing constituent voice, Keystone continues its partnership with Charity Navigator to upgrade its rating methodology to include a results dimension. Keystone was a consultant to the Global Environment Fund, who, believing that its investees will be more effective through improved accountability to their local constituents, engaged Keystone to put in place practical and effective feedback loops between their investees and the people those investees affect.

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 received by both the IKEA Foundation and the Swiss Agency for Development and Cooperation. Since the year end, additional funds have been received by the Conrad Hilton Foundation, which has allowed us to pilot Ground Truth in both Pakistan and Haiti, with initial data confirming the importance of listening to beneficiaries.

Benchmarking surveys

Keystone is a global pioneer in the development and delivery of benchmark surveys. To date, it has four benchmark surveys.

Keystone-iScale 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, and have since ran it for two additional organisations, the most recent being ACODEV, which was commissioned at the end of March 2013, with the final report being delivered in September 2013.

Keystone Performance Survey: Development Partnership

We first ran this benchmark survey for a cohort of 28 international humanitarian 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 NGO's strengths and limitations, and providing them with impartial and confidential data they can use to improve the work, a number of organizations are now repeating the survey. Several of the participating agencies have published their confidential reports, which allows us to publish them on our [website](#).

Keystone Performance Survey: Grantmakers

This was 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 an Arab region round 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).

Keystone Performance Survey: Impact Investing

This survey has only been done once, in 2010, however in early 2013 we published a [public cohort report](#). This summarised the data and made a compelling case for investee feedback. As a result, we are discussing running the survey for a number of UK based investors in late 2013/early 2014.

TRUSTEES' REPORT (continued)

III OBJECTIVES AND ACTIVITIES (continued)**Activities****Research, publications and speaking events:**

Selected reports and articles published by Keystone:

- Bonbright, D., (2012) 'Use of Impact Evaluation Results': InterAction.
- Bonbright, D., (2012) 'Open Contracting Theory of Change report': World Bank.
- Proctor, A., (2012) 'Feedback based performance management: Phuhlisani
- Hopkins, K., (2013) "Mirror, mirror on the wall" – an honest reflection of impact investing': Latest from *Alliance*.

Selection of speaking events:

- Arab Association of Foundations, September 2012
- Open Contracting Global Meeting, October 2012
- African Grantmakers Network, October 2012
- World Bank Citizen Voices conference, 2013
- InterAction Forum, 2013

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. Benchmark surveys include our Network, Development Partnership and Grantmaker surveys

| Project type | Number of projects 2013 Target | Number of projects 2013 Actual |
|--|-----------------------------------|-----------------------------------|
| Evaluative and Constituent voice systems | 15 | 8 |
| Benchmarks surveys | 25 | 22 |

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

IV. ACHIEVEMENTS AND PERFORMANCE

What do those we work with say about us?

Keystone administers two surveys to clients following its work with them. The first survey is administered shortly after the delivery of the main output in the work. Despite the large range of clients during the year, Keystone only had 10 responses to the first survey, which we dub the client satisfaction survey. The second survey explores what difference our work with the client made for them. We call this second survey the impact survey

The client satisfaction survey

| <u>Indicator</u> | 2011 results | 2012 results | 2013 targets | 2013 results |
|---|--------------------------------------|-----------------------------------|--------------|-----------------------------------|
| | 1 – 10 scale unless stated otherwise | | | |
| How would you grade the standard of Keystone's work? | 8.4 | 8.6 | 9 | 8.3 |
| How likely is it that you will take actions as a result of Keystone's work? | 9.5 | 9.2 | 10 | 9.7 |
| How well do you feel Keystone understood your organisation? | 7.3 | 7.7 | 9 | 7.8 |
| Compared to other monitoring and evaluation services, how useful was Keystone's work? | 8.1 | 8.5 | 9 | 8.4 |
| 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? | 70% said yes, 30% do not yet know | 80% said yes, 20% do not yet know | 100% say yes | 80% said yes, 20% do not yet know |

Survey comments

On Keystone's work:

"Well done, we are eager to work with Keystone in the future."

"The conclusions of the survey were very useful to us."

"Feedback survey gave good input for future policies and practices."

"The ability to tailor an evaluation component to our work was incredibly important to us."

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

IV ACHIEVEMENTS AND PERFORMANCE (continued)

Areas highlighted to improve:

"Partners had a lot of technical problems in filling, saving and sending the survey. Most probably due to old Acrobat Reader versions."

"Possibly, better engage our network in answering the survey. More follow ups and reminders."

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

"Maybe the technical aspects of the survey could have been better, more user friendly."

The Impact Survey

Keystone had 2 responses from FY2013 clients to the impact survey.

| Indicator | 2011 results | 2012 results | 2013 results |
|--|--------------------------------------|---------------------------|---------------|
| | 1 – 10 scale unless stated otherwise | | |
| How useful has Keystone's work been for you since the contract ended? | 6.8 | 8.5 | 7.5 |
| How much of a beneficial impact has the work done by Keystone had since the contract ended? | 6.9 | 7 | 6.5 |
| How much has Keystone's work increased your appreciation of the value of formal feedback from constituents in your organisation's decision making? | 6.7 | 8 | 8 |
| How much has Keystone's work increased your appreciation of the value of reporting back to constituents? | 6.2 | 7.3 | 8 |
| Did you share Keystone's work with your Board or Trustees? | 92% said yes, 8% said no | 75% said yes, 25% said no | 100% said yes |

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

IV. ACHIEVEMENTS AND PERFORMANCE (continued)

Other indicators

Other organizations are starting to study, test and use Constituent Voice methodology as well as the term. 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 2013, only about 20 per cent of the first 20 hits lead directly to Keystone.

| Indicator | Performance score | | | | |
|------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Quality of tools | <p>Global Giving are using our free feedback app and building on it to get partner feedback.</p> <p>A LIFT client asked if they could leave written feedback after taking the Constituent Voice survey. He wrote a very positive letter.</p> <p>KVTC introduced radio shows, as a result of KVTC report by Keystone. KVTC also concluded "Ongoing relationship surveys can be tool or early warning system for negative impact on the plantations and conservation land", which is credit to keystone's tools and approach.</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"> • Gates Grand Challenges Explorations Round 12 used Keystone language in its RFP call. • Bridgespan conducted a workshop on "Integrating Constituency Voice to Achieve Greater Impact." • David Bonbright was asked to host a webinar on the use of impact evaluations. 257 participants across 2 sessions plus 111 views on the recording. • Keystone INGO survey referenced in Mercy Corps report despite not recently taking the survey | | | | |
| Influence on the field | Of the first 20 results on search engines with the following terms: | No. related directly to Keystone 2013 | No. related directly to Keystone 2012 | No. related directly to Keystone 2011 | No. related directly to Keystone 2010 |
| | "Constituent Voice" | | | | |
| | - Google | 8 | 12 | 20 | 17 |
| | - Bing | 2 | 10 | 19 | 18 |
| | - Yahoo | 4 | 13 | 19 | 17 |
| | "Impact Planning, Assessment and Learning" | | | | |
| | - Google | 2 | 9 | 15 | 19 |
| | - Bing | 5 | 10 | 11 | 18 |
| | - Yahoo | 4 | 12 | 12 | 17 |

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 is gaining traction as a term in the wider sector. We expect with our continuing work with the likes of Charity Navigator in particular 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>Website traffic is calculated by calendar year, not financial year. While there was a reduction in visiting the Keystone website from 44,069 visitors in 2009 to 37,876 in 2010, the number increased in 2011 to 48,198, and again to 68,137 in 2012.</p> <p>We recently launched a new blog site on Wordpress, which will be added to the table below for tracking in next year’s report.</p> <table> <tr> <th>Downloaded item</th><th>2012</th><th>2011</th><th>2010</th><th>2009</th></tr> <tr> <td>IPAL Guide</td><td>245</td><td>345</td><td>357</td><td>1010</td></tr> <tr> <td>Online Philanthropy Markets</td><td>87</td><td>1</td><td>187</td><td>723</td></tr> <tr> <td>Developing a theory of change</td><td>1689</td><td>969</td><td>646</td><td>732</td></tr> <tr> <td>Learning with constituents</td><td>690</td><td>245</td><td>239</td><td>407</td></tr> <tr> <td>TOC template</td><td>1277</td><td>794</td><td>370</td><td>235</td></tr> <tr> <td>2010 Development Partnership survey public report</td><td>698</td><td>2217</td><td>-</td><td>-</td></tr> <tr> <td>Network CCF step-by-step guide</td><td>126</td><td>165</td><td>50</td><td>-</td></tr> <tr> <td>Constituent Voice framework</td><td>492</td><td>202</td><td>187</td><td>80</td></tr> <tr> <td>Keystone’s ethical framework</td><td>460</td><td>199</td><td>231</td><td>76</td></tr> </table> | | | | Downloaded item | 2012 | 2011 | 2010 | 2009 | IPAL Guide | 245 | 345 | 357 | 1010 | Online Philanthropy Markets | 87 | 1 | 187 | 723 | Developing a theory of change | 1689 | 969 | 646 | 732 | Learning with constituents | 690 | 245 | 239 | 407 | TOC template | 1277 | 794 | 370 | 235 | 2010 Development Partnership survey public report | 698 | 2217 | - | - | Network CCF step-by-step guide | 126 | 165 | 50 | - | Constituent Voice framework | 492 | 202 | 187 | 80 | Keystone’s ethical framework | 460 | 199 | 231 | 76 |
| Downloaded item | 2012 | 2011 | 2010 | 2009 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IPAL Guide | 245 | 345 | 357 | 1010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Online Philanthropy Markets | 87 | 1 | 187 | 723 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Developing a theory of change | 1689 | 969 | 646 | 732 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Learning with constituents | 690 | 245 | 239 | 407 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOC template | 1277 | 794 | 370 | 235 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2010 Development Partnership survey public report | 698 | 2217 | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Network CCF step-by-step guide | 126 | 165 | 50 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Constituent Voice framework | 492 | 202 | 187 | 80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Keystone’s ethical framework | 460 | 199 | 231 | 76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

V. FINANCIAL REVIEW

The total income for 2012/13 was £336,468 and the total expenditure was £291,192. The balance of funds carried forward to the 2013/14 year are £42,203 in unrestricted funds and £42,915 in restricted funds.

KEYSTONE ACCOUNTABILITY

TRUSTEES' REPORT (continued)

VI. FINANCIAL REVIEW (continued)

Policy on reserves

As mentioned, at the year-end, Keystone held a total of £42,203 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, although up from last year.

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.

VII. PLANS FOR THE YEAR THROUGH 31 MARCH 2014

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 | 25 |

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? | 9 |
| 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 16/12/13 and signed on its behalf, by:

Trustee


ERIC Kolodner

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 2012 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: 16/12/2013.

KEYSTONE ACCOUNTABILITY

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

FOR THE YEAR ENDED 31 MARCH 2013

| | Note | Unrestricted Funds 2013 £ | Restricted Funds 2013 £ | Total Funds 2013 £ | Total Funds 2012 £ |
|---|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Incoming Resources | | | | | |
| Income resources from generated funds: | | | | | |
| Voluntary income – grants | 2 | 45,583 | - | 45,583 | 47,632 |
| - donations | | - | - | - | 31,309 |
| Incoming resources from charitable activities | | | | | |
| Maximising the impact of social Purpose organisations | | | | | |
| - grants | 2 | - | 110,282 | 110,282 | 37,728 |
| - consultancy service fees | | 85,965 | - | 85,965 | 193,749 |
| - survey fees | | 94,619 | - | 94,619 | 44,930 |
| - interest income | | - | 19 | 19 | |
| Total incoming resources | | <u>226,167</u> | <u>110,301</u> | <u>336,468</u> | <u>355,348</u> |
| Resources expended | | | | | |
| Cost of generating funds | | 5,792 | - | 5,792 | 15,211 |
| Charitable activities | | | | | |
| Maximising the impact of Social purpose organisations | | 211,409 | 67,386 | 278,795 | 348,935 |
| Governance costs | | 6,605 | - | 6,605 | 9,132 |
| Total resources expended | 3 | <u>223,806</u> | <u>67,386</u> | <u>291,192</u> | <u>373,278</u> |
| Net incoming/(outgoing) resources | | 2,361 | 42,915 | 45,276 | (17,930) |
| Fund balances at 1 April 2012 | | <u>39,842</u> | - | <u>39,842</u> | <u>57,772</u> |
| Fund balances at 31 March 2013 | 9 | <u><u>£42,203</u></u> | <u><u>£42,915</u></u> | <u><u>£85,118</u></u> | <u><u>£39,842</u></u> |

The notes on pages 17 to 21 form part of these accounts.

KEYSTONE ACCOUNTABILITY

Company number: 6000240

BALANCE SHEET

AS AT 31 MARCH 2013


| | Note | 2013 | | 2012 | |
|---|------|----------|---------|----------|---------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible assets | 5 | | 1 | | 699 |
| Current Assets | | | | | |
| Debtors | 6 | 57,561 | | 65,316 | |
| Cash at bank and in hand | | 47,677 | | 1,023 | |
| | | 105,238 | | 66,339 | |
| Creditors: falling due within one year | 7 | (20,121) | | (27,196) | |
| Net Current Assets | | | 85,117 | | 39,143 |
| Net Assets | | | £85,118 | | £39,842 |
| Represented by: | | | | | |
| Unrestricted funds | 8 | | 42,203 | | 39,842 |
| Restricted funds | 8 | | 42,915 | | - |
| | | | £85,118 | | £39,842 |

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 145 of the Charities Act 2011. 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 2013 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 16/12/13 and signed on their behalf by:

Trustee


 ERIC Kolodner

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

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.

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.

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.

Resources Expended

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot 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.

Costs of generating funds

This consists of fundraising costs incurred in seeking voluntary contributions.

Governance costs

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

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

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

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.

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

| | Unrestricted £ | Restricted £ | Total 2013 £ | Total 2012 £ |
|--------------------------------------|-------------------|-----------------|--------------------|--------------------|
| The grants received were as follows: | | | | |
| USAID DGP | - | - | - | 37,728 |
| Keystone Accountability USA | 45,583 | - | 45,583 | 44,527 |
| Rockefeller Foundation | - | - | - | 3,105 |
| SDC Grant for Ground Truth | - | 33,886 | 33,886 | - |
| IKEA Grant for Ground Truth | - | 76,415 | 76,415 | - |
| | <u>£45,583</u> | <u>£110,301</u> | <u>£155,884</u> | <u>£85,360</u> |

3. TOTAL RESOURCES EXPENDED

| | Cost of generating funds £ | Grants for maximising developmental impact of Social purpose organisations £ | Governance costs £ | Total 2013 £ | Total 2012 £ |
|------------------|-------------------------------------|--|--------------------------|--------------------|--------------------|
| Staff costs | 5,792 | 141,598 | 1,810 | 149,200 | 229,225 |
| Other costs | - | 137,197 | - | 137,197 | 139,674 |
| Accountancy fees | - | - | 4,795 | 4,795 | 4,379 |
| Total | <u>£5,792</u> | <u>£278,795</u> | <u>£6,605</u> | <u>£291,192</u> | <u>£373,278</u> |

This is stated after charging:

| | | |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 698 | 2,574 |
| Independent Examiner's Fee | <u>3,900</u> | <u>3,900</u> |

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

| | | |
|--|-------------|-------------|
| 4. FURNITURE, FITTINGS & EQUIPMENT | | 2013 |
| | | £ |
| Cost | | |
| At 1 April 2012 | | 9,308 |
| Disposals | | - |
| | | <hr/> |
| At 31 March 2013 | | 9,308 |
| | | <hr/> |
| Depreciation | | |
| At 1 April 2012 | | 8,609 |
| Charge for year | | 698 |
| Disposals | | - |
| | | <hr/> |
| At 31 March 2013 | | 9,307 |
| | | <hr/> |
| Net Book Value | | |
| At 31 March 2013 | | £1 |
| | | <hr/> |
| At 31 March 2012 | | £699 |
| | | <hr/> |
| 5. EMPLOYEES | 2013 | 2012 |
| | No. | No. |
| Average monthly number of employees during the year: | | |
| Developmental impact | 2 | 2 |
| Administration | - | - |
| | <hr/> | <hr/> |
| | 2 | 2 |
| | <hr/> | <hr/> |
| | £ | £ |
| Employee costs | | |
| Salaries | 133,811 | 205,583 |
| Social security costs | 15,388 | 23,642 |
| | <hr/> | <hr/> |
| | £149,199 | £229,225 |
| | <hr/> | <hr/> |
| The number of higher paid employees was: | | |
| In the band £100,000 to £110,000 | 1 | - |
| In the band £190,001 to £200,000 | - | 1 |
| | <hr/> | <hr/> |

None of the trustees received any remuneration or benefits in kind during the year.

No trustees received any reimbursement of expenses during the year.

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

| | | | | | |
|----|------------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|
| 6. | DEBTORS | | 2013 £ | 2012 £ | |
| | Trade debtors | | - | 8,200 | |
| | Accrued income | | - | 7,974 | |
| | Loan, salary and expenses advances | | 48,648 | 48,648 | |
| | Other debtors | | 8,913 | 493 | |
| | | | <u>£57,561</u> | <u>£65,316</u> | |
| 7. | CREDITORS | | 2013 £ | 2012 £ | |
| | Trade creditors | | 10,333 | 5,214 | |
| | Accruals | | 8,031 | 19,686 | |
| | Other creditors | | 1,757 | 2,296 | |
| | | | <u>£20,121</u> | <u>£27,196</u> | |
| 8. | MOVEMENT IN FUNDS | At 1 April 2012 £ | Incoming Resources £ | Outgoing Resources £ | At 31 March 2013 £ |
| | Restricted funds | | | | |
| | SDC grant for Ground Truth | - | 33,886 | (33,886) | - |
| | IKEA grant for Ground Truth | - | 76,415 | (33,500) | 42,915 |
| | Unrestricted funds | 39,842 | 226,167 | (223,806) | 42,203 |
| | Total funds | <u>£39,842</u> | <u>£336,468</u> | <u>£(291,192)</u> | <u>£85,118</u> |

KEYSTONE ACCOUNTABILITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted Funds 2013 £ | Unrestricted Funds 2013 £ | Total Funds 2013 £ | Total Funds 2012 £ |
|-------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Tangible fixed assets | | 1 | 1 | 699 |
| Current assets | 42,915 | 62,323 | 105,238 | 66,339 |
| Creditors due within one year | | (20,121) | (20,121) | (27,196) |
| | <u>£42,915</u> | <u>£42,203</u> | <u>£85,118</u> | <u>£39,842</u> |

10. OPERATING LEASES

There are no commitments under operating leases

11. 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 45,583 to Keystone Accountability UK in FY2012/13. 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.