

Charity Registration No. 1122620

Company Registration No 06384527 (England and Wales)

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND UNAUDITED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr C N M James OBE Sir A D Myers Mrs M G Crawley Mr R S Mason Mr J R Peers
Secretary	Mr M A Kayser
Charity number	1122620
Company number	06384527
Principal address	One Lync Square Hammersmith London W6 0NB
Registered office	6 New Street Square London EC4A 3LX
Independent examiner	McPhersons CFG Limited 23 St Leonards Road Bexhill-on-Sea East Sussex TN40 1HH
Bankers	Coutts & Co 440 Strand London WC2R 0QS

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
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MALACHITE FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The trustees present their report and accounts for the year ended 31 December 2011

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Foundation's memorandum and articles of association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

Structure, governance and management

Malachite Foundation is a charitable company limited by guarantee and was incorporated on 28 September 2007 as Corporates for Crisis Foundation. The change of name to Malachite Foundation was formally adopted on 7 June 2011.

The trustees, who are also the directors for the purpose of company law, and who served during the year were
Mr C N M James OBE
Sir A D Myers
Mrs M G Crawley
Mr R S Mason
Mr J R Peers

None of the trustees has any beneficial interest in the Foundation. All of the trustees are members of the Foundation and guarantee to contribute £1 in the event of a winding up.

All new trustees are briefed on the operations and objectives of the Foundation in accordance with their legal obligations under charity and company law.

The Foundation is administered and managed by the trustees as set out above.

There are no specific restrictions concerning the way the Foundation can operate.

There are no connected charities.

The trustees have assessed the major risks to which the Foundation is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Objectives and activities

Possibly a billion people today live in rural poverty, lacking essential natural and social resources because of local wars or political degeneration. For them agricultural growth is the prime driver towards the recovery of viable independence, in addition - and within the constraints of their national circumstances - they need to develop new opportunities for income generation, security of tenure, new markets for their produce, access to finance, a level of education sufficient for them to understand and deal with the outside world and basic skills in health and sanitation. As these objectives are achieved communities become increasingly able to trade and negotiate with the wider commercial economy of their country and to benefit from transport, communications, power and higher levels of training and education. In addition they start to contribute to political and economic stability.

The countries in which we are currently running projects - Zimbabwe and Cambodia - are home to many agricultural communities whose existence is precarious following years of political chaos. Our commitment to them is not short term as it will inevitably take time to make a lasting difference to the communities we are helping. However it is intended that the projects we are implementing now which are effectively still at the pilot stage will not only benefit the immediate beneficiaries but will serve to inform future interventions both in the countries where we are working and with communities similarly challenged.

MALACHITE FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Operations

Malachite Foundation is a registered UK charity and is also recognized as a charity under US tax legislation. Malachite Advisors, ('the Company') was founded in 2007 to provide political, business and cultural insight for investors in emerging and frontier markets.

Malachite Foundation operates independently, with its own staff, but has the benefit of access to the Company's skills, network and experience in a wide range of developing countries. With the benefit of these resources we are able to operate effectively in areas beyond the reach of larger organizations and in particular to identify and work with local partners on the ground.

Malachite Foundation is a small organisation with an office and a single director in London supported by experienced local advisors in Cambodia and Zimbabwe. Individual programmes have cost between £10,000 and £40,000 annually and we intend to grow our operations only as fast as our experience justifies. We rely on a small but growing number of individual donors and corporates with whom we have a close relationship.

We have a number of policy guidelines which have been applied to all our projects, these are summarized below:

- We support projects leading to lasting independence not indefinite reliance,
- We believe that the sustainable use of local natural resources is the best way to restore and protect agricultural communities,
- We need to create a strong sense of commitment and ownership among the people we support,
- We aim to reach the most disadvantaged amongst the community, with an emphasis on women heads of household,
- We believe in the advantages, wherever possible, of harnessing the spirit of entrepreneurship which can be found in communities even if they have previously had no chance to use it,
- Our projects are specifically conceived for individual communities but where possible, can be adapted and replicated,
- We recognise that we may need to find and work with other partners with specific expertise, as for example in health and education and water management in order to get the most out of our own contribution,
- We need to act effectively and quickly in response to changing circumstances,
- We recognize that our projects will not and should not involve large amounts of money and that their success will primarily be a product of the quality and practicality of their design.

The policies adopted in furtherance of these objects are as above and there has been no change in these during the year.

In setting our programme each year we have regard to both the Charity Commission's general guidance on public benefit and prevention and relief of poverty for the public benefit. The trustees always ensure that the programmes we undertake are in line with our charitable objects and aims.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Foundation should undertake.

Achievements and performance

The Foundation raised £37,942 in the year ending 31st December 2011.

**MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2011

Zimbabwe

Having registered as The Mangwende Area Development Trust our projects have remained focused on supporting smallholder farmers in the Murewa District through the provision of loans for agricultural tools with the aim of improving yields so that they can move from subsistence farming to self-sufficiency. A pilot project was started in March 2011 with 30 farmers to provide loans for foot pumps, seeds, fertilizer and training. Beneficiaries were selected with the support of the Ministry of Women's Affairs so that female heads of household were prioritized. The project is due to run until June 2012 to allow the farmers to repay the loan in installments over 2 harvests. 95% of the recipients have reported satisfaction with the pumps and an increase in yields of cabbages and potatoes although a high proportion have expressed the need for more help with marketing their produce and this needs to be addressed in any future project.

Following on from a successful pilot with 2 Maize mills in 2010, Malachite deployed 3 new and larger mills to communities in the Murewa District - one to the school at Chingono, one to the village of Chimakuyo and a third to the village of Ghuza. The first 2 have been run successfully by committees after some initial teething problems but the third, at Ghuza has been problematic due to disagreements amongst committee members. The mill has been removed and a new location identified. This new committee appear fully committed to establishing it as a viable business and are in a good area with little competition. One of the major challenges with the Mill project has been the growth in competition from other mills in the area - some privately financed and others provided by charities. This can often have an adverse effect on the turnover and subsequent ability to repay on our mills. A further 2 mills have been deployed in the Rusape area, one to a former recipient who requested a larger mill as she had been so pleased with the first one.

The Cattle Loan scheme to communal farmers in Mvurwi with the aim of improving livestock continues to benefit 2 communities of 100 and 120 by extending their herds and improving quality of livestock through cross-breeding. This project continues with the breeding programme and the first calves were born in the summer 2011.

Of the original 30 cows in the 1st group 8 have died for a variety of reasons. 10 calves have survived 4 male and 6 female. This is normal - it is expected that only about 50% of cows produce in 1st year and probably 50% the following year with between 75/80% in third year which is why the scheme is to be run over 5 years. This is slower than expected - the reason being that they often abort due to stress as they are now corralled at night due to lack of fencing which has been stolen over the years.

In the 2nd group which consists of 12 men who were loaned 24 heifers and each contributed one so making a herd of 36. The cows were bigger and stronger (probably due to sweeter grass in this area) - they had only lost 2 and had produced 18 calves - 8 bulls and 10 heifers. They also had a good rota system for herding and dipping.

It is expected that in June 2012 the surviving calves will be sold and the Foundation will receive a proportion of its initial investment back with the remainder due in the summer of 2013. The recipients report that they are benefitting from their increased herds and from the knowledge and training they have received in animal husbandry. However the length of time required to manage the project through to its conclusion suggests that Malachite Foundation will not repeat it.

**MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2011

Cambodia

The Damaged and Vulnerable Communities Project which was started in 2009 in two villages in North East Cambodia continues to make progress. In partnership with Ockenden Cambodia and United World Schools both communities have benefitted from improved infrastructure, training and capacity building. This has resulted in greater security of land and natural resources and income generation through crop production. In December 2010 Malachite recruited a qualified Water and Sanitation Engineer who prepared an analysis of the water situation in both villages in preparation for a programme to install a sustainable and appropriate system over the next two years.

In the first phase, the existing wells were repaired and the WatSan team made significant progress in providing training in Community Led Total Sanitation (CLTS) and Participatory Hygiene and Sanitation Transformation (PHAST) to villagers. Along with this, the model toilets that were constructed in both communities led to a total of around 40 families in the two communities building their own household toilet facilities using their own resources.

Other activities over the year included training of community leaders in basic veterinary skills and vaccination of all livestock which has contributed to major improvements in income generation from animal rearing micro-businesses. Youth groups, school children and teachers in both villages have participated regularly in village cleaning days and community development to enhance particularly sanitation in the communities. Villagers have increased their yields of rice, cassava, beans and domestic vegetables and many are now earning significant sums from the sale of this produce - enabled by accessing grants distributed by community leaders on a revolving basis. Both villages now run their own libraries run in the information centres where they are also able to get information on market prices, demand for produce etc. Draft maps of both villages were computerised and finalized and will be promoted among the community and outsiders indicating and securing the boundaries and use of the respective zones and so preserving the areas for the designated activities.

In all it has been a successful year in Cambodia and both communities have made substantial progress towards becoming self-sufficient.

Financial review

In an increasingly difficult financial climate the trustees have continued to concentrate on attracting donations and are grateful to The Sandy & Zorica Glen Charitable Trust, The Salters Foundation and Salters' Company, Mr Lou Hughes and The Bower Trust for their generous donations.

All funds donated in the period have been unrestricted.

It is the policy of the Foundation that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Foundation's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

On behalf of the board of trustees



Mr J R Peers

Trustee
Dated

26 - 9 - 2012

**MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF MALACHITE FOUNDATION**

I report on the accounts of the Foundation for the year ended 31 December 2011, which are set out on pages 6 to 10

Respective responsibilities of trustees and examiner

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

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

- (i) examine the accounts under section 145 of the 2011 Act,
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act, and
- (iii) to 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 charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

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

- (a) which gives me reasonable cause to believe that in any material respect the requirements
 - (i) to keep accounting records in accordance with section 386 of the Companies Act 2006, and
 - (ii) to prepare accounts which accord with the accounting records, comply with the accounting requirements of 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities,
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

**Mark Finch ACA FCCA
McPhersons CFG Limited**

Chartered Accountants
23 St Leonards Road
Bexhill-on-Sea
East Sussex
TN40 1HH

Dated 1-10-2012

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
<u>Incoming resources from generated funds</u>			
Donations and legacies	2	37,942	20,000
Investment income	3	119	151
Total incoming resources		38,061	20,151
<u>Resources expended</u>	4		
Charitable activities			
Direct charitable expenditure		95,374	103,291
Governance costs		5,329	2,085
Total resources expended		100,703	105,376
Net expenditure for the year/ Net movement in funds		(62,642)	(85,225)
Fund balances at 1 January 2011		110,461	195,686
Fund balances at 31 December 2011		47,819	110,461

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

**MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET**

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7		219		549
Current assets					
Cash at bank and in hand		50,899		115,541	
Creditors amounts falling due within one year	8	<u>(3,299)</u>		<u>(5,629)</u>	
Net current assets			<u>47,600</u>		<u>109,912</u>
Total assets less current liabilities			<u>47,819</u>		<u>110,461</u>
Income funds					
Unrestricted funds			<u>47,819</u>		<u>110,461</u>
			<u>47,819</u>		<u>110,461</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The accounts were approved by the Board on

26 Sept 2012



Mr J R Peers
Trustee

Company Registration No 06384527

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006

1.2 Incoming resources

Donations and gifts are recognised on receipt

1.3 Resources expended

Governance costs include costs associated with the strategic as opposed to the day to day management of the charity's activities

All expenditure is accounted for on an accruals basis

A liability will arise when the charity is under an obligation to make a transfer of value to a third party Where costs cannot be attributed to a particular heading they have been allocated on a basis consistent with the use of the resources

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	33% straight line
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1.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date All differences are included in net outgoing resources

2 Donations and legacies

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Donations and gifts	<u>37,942</u>	<u>20,000</u>

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

3 Investment income

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Interest receivable	<u>119</u>	<u>151</u>

4 Total resources expended

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Charitable activities		
<u>Direct charitable expenditure</u>		
Activities undertaken directly	95,374	103,291
Governance costs	<u>5,329</u>	<u>2,085</u>
	<u>100,703</u>	<u>105,376</u>

Examiners' remuneration

Fees payable to the examiner for the examination of the Foundation's annual accounts

<u>2,020</u>	<u>1,820</u>
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5 Trustees

None of the trustees (or any persons connected with them) received any remuneration or expenses during the year

6 Employees

There were no employees during the year

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

7 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2011 and at 31 December 2011	988
Depreciation	
At 1 January 2011	439
Charge for the year	330
At 31 December 2011	769
Net book value	
At 31 December 2011	219
At 31 December 2010	549

8 Creditors amounts falling due within one year

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Trade creditors	1,149	3,599
Other creditors	50	30
Accruals	2,100	2,000
	3,299	5,629

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December 2011		Year ended 31 December 2010	
	£	£	£	£
Donations and gifts		37,942		20,000
Direct charitable expenditure	95,374		103,291	
Management and administration	5,329		2,085	
		(100,703)		(105,376)
		(62,761)		(85,376)
Other operating income				
Interest receivable	119		151	
		119		151
Net surplus/(deficit) for the year		(62,642)		(85,225)
		(62,642)		(85,225)
Transfer to designated funds		-		-
Net surplus for the year after transfers		(62,642)		(85,225)

MALACHITE FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December 2011		Year ended 31 December 2010	
	£	£	£	£
Direct charitable expenditure				
Other costs				
Depreciation	329		329	
Rent	4,800		14,100	
Trustees insurance	184		-	
Postage and stationery	95		21	
Telephone	215		218	
Bank charges	768		752	
Staff and local advisors	23,168		29,615	
Computer costs	-		98	
Training costs	145		147	
Travel costs	1,904		5,106	
Entertainment costs	570		606	
Sundry	499		104	
Projects - Cambodia	39,414		38,132	
Projects - New World Schools	10,982		10,000	
Projects - Zimbabwe	8,144		4,063	
Marketing & films	4,157		-	
		95,374		103,291
Total direct charitable expenditure		95,374		103,291
Management and administration				
Other costs				
Legal and professional	3,309		15	
Consultancy fees	-		250	
Accountancy	2,020		1,820	
		5,329		2,085
Total management and administration		5,329		2,085