



KPMG LUXEMBOURG FOUNDATION

**Annual accounts
for the year ended 30 September 2018**
(with report of the Réviseur d'Entreprises Agréé thereon)

R.C.S. Luxembourg G 204
39, Avenue John F. Kennedy
L-1855 Luxembourg

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KPMG LUXEMBOURG FOUNDATION
Annual Accounts as at 30 September 2018

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KPMG LUXEMBOURG FOUNDATION

Annual Accounts as at 30 September 2018

Report of the Board of Directors for the year ended 30 September 2018

The KPMG Luxembourg Foundation (the "Foundation") was incorporated on 19 March 2009 in the form of a Foundation in accordance with the law of 21 April 1928, for an indefinite period. The registered office of the Foundation is established at 39 Avenue John F. Kennedy, L-1855 Luxembourg and is registered with the Luxembourg Trade and Companies Register under number G 204. The incorporation and the statutes of the Foundation were approved by Grand Ducal decree on 27 April 2009.

The Foundation's financial year starts on 1 October and ends on 30 September.

The object of the Foundation is to provide financial support either through donations or loans, to development projects benefiting groups of people in need, across the world, in particular, but not exclusively, in Africa and Asia. Projects supported by the Foundation may be from the social sector, education or health as well as agricultural, manual and income generating projects. Projects may be supported via direct financial assistance or through other associations, whether based in Luxembourg or elsewhere in the world. Projects focusing on Education are a priority for the Foundation.

During 2018, the composition of the Board of Directors of the Foundation has been modified as follows:

- Anne-Sophie Minaldo replaced Georges Bock as President;
- Michael Hofmann and Georges Bock have resigned as Board Members;
- Ravi Beegun and Vera Soares have been appointed as Board Members.

KPMG Luxembourg, the founder of the Foundation, is committed to contribute 0.16% of its annual turnover (calculated in accordance with KPMG International rules). The 2018 contribution, based upon the turnover of KPMG in Luxembourg for the financial year ended 30 September 2017, increased by other minor project specific donations, totals EUR 290 000. The Foundation also benefitted from donations from KPMG staff for the amount of EUR 35 508,80 corresponding to total donations received of EUR 325 508,80.

In 2018, KPMG Luxembourg Foundation made donations for a total of EUR 237 420.59. The operating revenue and expenditure led to a profit of EUR 330,94.

A total amount of capital and reserves of EUR 535 906.30 is carried forward to the next financial year.



KPMG LUXEMBOURG FOUNDATION

Annual Accounts as at 30 September 2018

The following donations were made during the financial year ended 30 September 2018:

	2018 EUR	2017 EUR
Local based projects:		
ALUPSE	1 589.69	22 872.82
Centre St Aubain		15 350.00
Nestwarme	9 000.00	12 500.00
Pediatrie Enchantee		10 800.00
Medecins du monde Luxembourg	15 000.00	10 000.00
Reidener Wanterlaf		2 000.00
International projects:		
Aide à l'enfance de l'Inde	15 000.00	15 000.00
Deutscher Kinderschut	3 500.00	
2Care2Share	5 000.00	
Fondation Ligue HMC	500.00	
Kindernothilfe	15 000.00	
Caritas	17 000.00	
Children's help – Little prinz	1 000.00	
Don Chrétiens pour le Sahel	8 200.00	
CSI Letzebuerg	11 040.00	11 350.00
Friendship Luxembourg	100 060.90	125 000.00
LP4Y Luxembourg	15 000.00	10 000.00
Padem	10 530.00	20 000.00
SIPO		6 500.00
Oppen Hand Fir Malawi	10 000.00	
	<u>237 420.59</u>	<u>261 372.82</u>



To the Board of Directors of
KPMG LUXEMBOURG FOUNDATION
39, Avenue John F. Kennedy
L-1855 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of KPMG Luxembourg Foundation (the "Company"), which comprise the balance sheet as at 30 September 2018, and the statement of income and expenditure for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts have been prepared, in all material respects, in accordance with the accounting policies set out in the notes to the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs further described in the « Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the annual accounts, which describes the basis of accounting and preparation of these annual accounts.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation of these annual accounts in accordance with the accounting policies set out in the notes to the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.



In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’Entreprises Agréé” for the Audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “Réviseur d’Entreprises Agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “Réviseur d’Entreprises Agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Board of Directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 26 April 2019

Fiduciaire Kohn Révision S.à r.l.
Cabinet de révision agréé

Tania Kohn



KPMG LUXEMBOURG FOUNDATION

Balance sheet as at 30 September 2018
(expressed in EUR)

	Notes	30 September 2018 EUR	30 September 2017 EUR
ASSETS			
Fixed assets			
Financial fixed asset	3	<u>35 000.00</u>	<u>35 000.00</u>
Current assets			
Debtors due within less than one year		290 256.54	275 256.29
Cash at bank	4	<u>446 874.76</u>	<u>394 008.36</u>
TOTAL ASSETS		<u><u>772 131.30</u></u>	<u><u>704 264.65</u></u>
LIABILITIES			
Capital and reserves			
Initial capital contribution	5	500 000.00	500 000.00
Profit or loss brought forward		(52 512.85)	(79 305.30)
Net project related revenue/(expenditure)		88 088.21	27 422.84
Net operating (loss)/profit for the financial year		<u>330.94</u>	<u>(630.39)</u>
		<u>535 906.30</u>	<u>447 487.15</u>
Creditors			
Other creditors Becoming due and payable within one year		<u>236 225.00</u>	<u>256 777.50</u>
		<u>236 225.00</u>	<u>256 777.50</u>
TOTAL LIABILITIES		<u><u>772 131.30</u></u>	<u><u>704 264.65</u></u>

The accompanying notes form an integral part of these annual accounts.



KPMG LUXEMBOURG FOUNDATION

Statement of Income and Expenditure for the year ended 30 September 2018
(expressed in EUR)

		Year ended 30 September 2018	Year ended 30 September 2017
	Notes	EUR	EUR
PROJECT RELATED EXPENDITURE			
Donations received			
KPMG Luxembourg Société Coopérative		290 000.00	275 000.00
KPMG employee donations		35 508.80	13 795.66
		<u>325 508.80</u>	<u>288 795.66</u>
Donations made	7	(237 420.59)	(261 372.82)
Net project related (expenditure)/revenue		<u>88 088.21</u>	<u>27 422.84</u>
OPERATING REVENUE AND EXPENDITURE			
Interest receivable and similar income		1 441.94	461.61
Operating income		<u>1 441.94</u>	<u>461.61</u>
Other operating charges	6	(233.50)	(977.50)
Interest payable and similar charges		(877.50)	(114.50)
Operating expenditure		<u>(1 111.00)</u>	<u>(1 092.00)</u>
Net operating (loss) / profit for the financial year		<u>330.94</u>	<u>(630.39)</u>

The accompanying notes form an integral part of these annual accounts.

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KPMG LUXEMBOURG FOUNDATION

Notes to the annual accounts as at 30 September 2018

1. General

The KPMG Luxembourg Foundation (the "Foundation") was incorporated on 19 March 2009 in the form of a Foundation in accordance with the law of 21 April 1928, for an indefinite period. The registered office of the Foundation is established at 39 Avenue John F. Kennedy, L-1855 Luxembourg and is registered with the Luxembourg Trade and Companies Register under the number G 204. The incorporation and the statutes of the Foundation were approved by Grand Ducal decree on 27 April 2009.

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2. Presentation of the annual accounts and significant accounting policies

The annual accounts as at 30 September 2018 have been established principally in accordance with the law of 19 December 2002, as amended, relating to the preparation of the annual accounts and the significant accounting policies outlined below. The presentation of the balance sheet and the statement of income and expenditure have been adapted to reflect the specificities of the Foundation's activity.

The Foundation maintains its accounting records in Euro (EUR) and its annual accounts are expressed in this currency. Monetary assets and liabilities denominated in other currencies are translated into EUR at the rates prevailing at the balance sheet date. Expenditure and income in foreign currencies are converted into EUR at the exchange rate prevailing at date of the transactions. Realised exchange gains and losses and unrealised losses are taken directly to the statement of income and expenditure.

Donations received by the Foundation are accounted for on the date of receipt.

Donations made to associations for which a formal decision has been taken by the Board of Directors or where donations have been collected by the Foundation, but which have not been paid as at the year end, are included in Donations Payable in the balance sheet and Donations Made in the statement of income and expenditure.

Interest income and expenses are recorded in the statement of income and expenditure on an accruals basis.

Debtors and creditors are recorded at nominal value.

Financial fixed assets are recorded at acquisition cost including any related transaction costs. A value adjustment is recorded at the end of each year in case of any durable diminution of value. Such value adjustment would not be continued if the reason for which the value adjustment was made ceased to apply.



KPMG LUXEMBOURG FOUNDATION

Notes to the annual accounts as at 30 September 2018

3. Financial fixed assets

The Foundation invested an amount of EUR 35 000,00 in a bond issued by Meso Impact Finance Coop SA. The maturity date of the bond is January 2021, five years after the issue date. The bond pays a variable coupon, payable on an annual basis and calculated based on proceeds received from the underlying investment in Negosyong Pinoy Finance Corporation, which is an SME financing company based in Pasig City (Metro Manila) and Cebu in the Philippines.

4. Cash at bank

The Foundation held EUR 446 874.76 in cash balances as at 30 September 2018 (2017: EUR 394 008.36). The Board of Directors of the Foundation has decided to hold all significant cash balances in a BCEE Etika savings account. Etika, a Luxembourg based non-profit organisation ("asbl"), in collaboration with BCEE, offers an ethical alternative savings account. The account is a capital savings account with a guaranteed interest return which is lower than a classic savings account but investors choose to accept a lower rate of return, in the knowledge that they are enabling promoters of social and environmental projects to obtain credits and loans at a more advantageous rate, thus supporting the financing of projects which combine an economic rate of return whilst respecting people and environmental projects.

5. Capital and reserves

The initial capital contribution received in March 2009 relates to the initial contribution made by the Founder of the Foundation, amounting to EUR 500 000.00. The opening net reserves of the Foundation as at 1 October 2018 amounted to EUR 447 487.15 (1 October 2017: EUR 420 694.70).

6. Other operating charges

The general indirect operating costs such as accounting, operations management etc are borne by KPMG Luxembourg, Société Coopérative on behalf of the Foundation.



KPMG LUXEMBOURG FOUNDATION

Notes to the annual accounts as at 30 September 2018

7. Donations made

The following donations were made or committed during the year:

	2018	2017
	EUR	EUR
Local based projects:		
ALUPSE	1 589.69	22 872.82
Centre St Aubain		15 350.00
Nestwarme	9 000.00	12 500.00
Pediatrie Enchantee		10 800.00
Medecins du monde Luxembourg	15 000.00	10 000.00
Reidener Wanterlaf		2 000.00
Sundry Donations		
International projects:		
Aide à l'enfance de l'Inde	15 000.00	15 000.00
Deutscher Kinderschut	3 500.00	
2Care2Share	5 000.00	
Fondation Ligue HMC	500.00	
Kindernothilfe	15 000.00	
Caritas	17 000.00	
Children's help – Little prinz	1 000.00	
Don Chrétiens pour le Sahel	8 200.00	
CSI Letzebuerg	11 040.00	11 350.00
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KPMG LUXEMBOURG FOUNDATION

Notes to the annual accounts as at 30 September 2018

During 2013, the Board of Directors committed to make a total donation of EUR 50,000 to Ile aux Clowns. A payment of EUR 25,000 has been made in 2013. The remaining donation of EUR 25,000 will become payable should the Board of Ile aux Clowns consider it necessary and make a formal request for payment. Such a request has not yet been received by the Foundation. The Board of Directors of the Foundation considers that it is unlikely that such a donation will be required, based upon the successful financial fundraising of Ile aux Clowns.

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