microloan foundation

Annual Report and Financial Statements 2019

Registered charity number: 1104287 (England and Wales); SC041941 (Scotland).
Company limited by guarantee registered company number: 04828558 (England and Wales)

It has been a landmark year for MicroLoan Foundation. Throughout 2019, we supported over 82,000 women and an estimated 329,000 children, taking the number of lives that we have impacted to over 1.2 million since our inception.

Contents

Photo credit - WildHearts

Chairman's introduction

It gives me immense pleasure to introduce the 2019 Annual Report for MicroLoan Foundation. Having visited our operations in Africa this year, I had a chance to meet some of our clients and see first-hand how our work empowers women living in extremely poor and often remote rural communities.

Through small loans, financial literacy and business training, mentoring and ongoing support the women are given the opportunity to start small businesses for themselves and begin their journey out of poverty. The support we offer these women is what sets us apart from other organisations. We listen to their ideas and develop our products and services to meet their needs. This way, we can ensure their businesses have the best chance of success.

In 2019, we have seen growth across all our operations. Our solid local governance structures mean that we are in a stronger position than ever to expand our reach and weather the storms that our countries of operation face. I am delighted to announce that Medha Wilson was promoted to Group Chief Executive Officer in January 2020. As we look to the future, our structures combined with her microfinance expertise and leadership will help us make a reality of our ambition to impact over a million lives every year as part of The WildHearts Foundation.

Our generous investors and donors, partner organisations, board members and the entrepreneurial women who put their trust in us to help them create sustainable livelihoods are all central to our success. You have my deepest and enduring gratitude, and I hope you will continue the journey with us.

Dr Mick Jackson
Chairman

Group CEO's introduction

It has been a landmark year for MicroLoan Foundation. Throughout 2019, we supported over 82,000 women and an estimated 329,000 children, taking the number of lives that we have impacted to over 1.2 million since our inception.

Following the completion of the merger with The WildHearts Foundation in April 2019, MicroLoan continues to benefit from increased resources and synergies. This partnership has helped us serve even more clients during the year and has further strengthened our resolve to achieve our bold ambition of positively impacting over a million lives every year.

We made great strides in our operations in Africa in 2019, despite the external shocks of floods, drought and macroeconomic challenges affecting the regions that we operate in. MicroLoan Malawi inched closer to sustainability, with the goal of full operational self-sufficiency well within reach in 2020. MicroLoan Zambia recorded strong results for the year, with the operations recording full operational self-sufficiency and profitability. Owing to the severe macroeconomic crisis in Zimbabwe, we continue to maintain a small but stable portfolio. Our efforts during the year have helped solidify our presence in these countries, and in 2020, we will look to build further on our successes.

These initiatives will include geographical expansion and the increased use of technology and mobile money.

I would like to extend a sincere thank you to all our donors, partners, trustees and staff, who have and continue to support us in our journey in improving the lives of women and their families in some of the most vulnerable countries in the world.

Medha Wilson
Group Chief Executive Officer

How we work

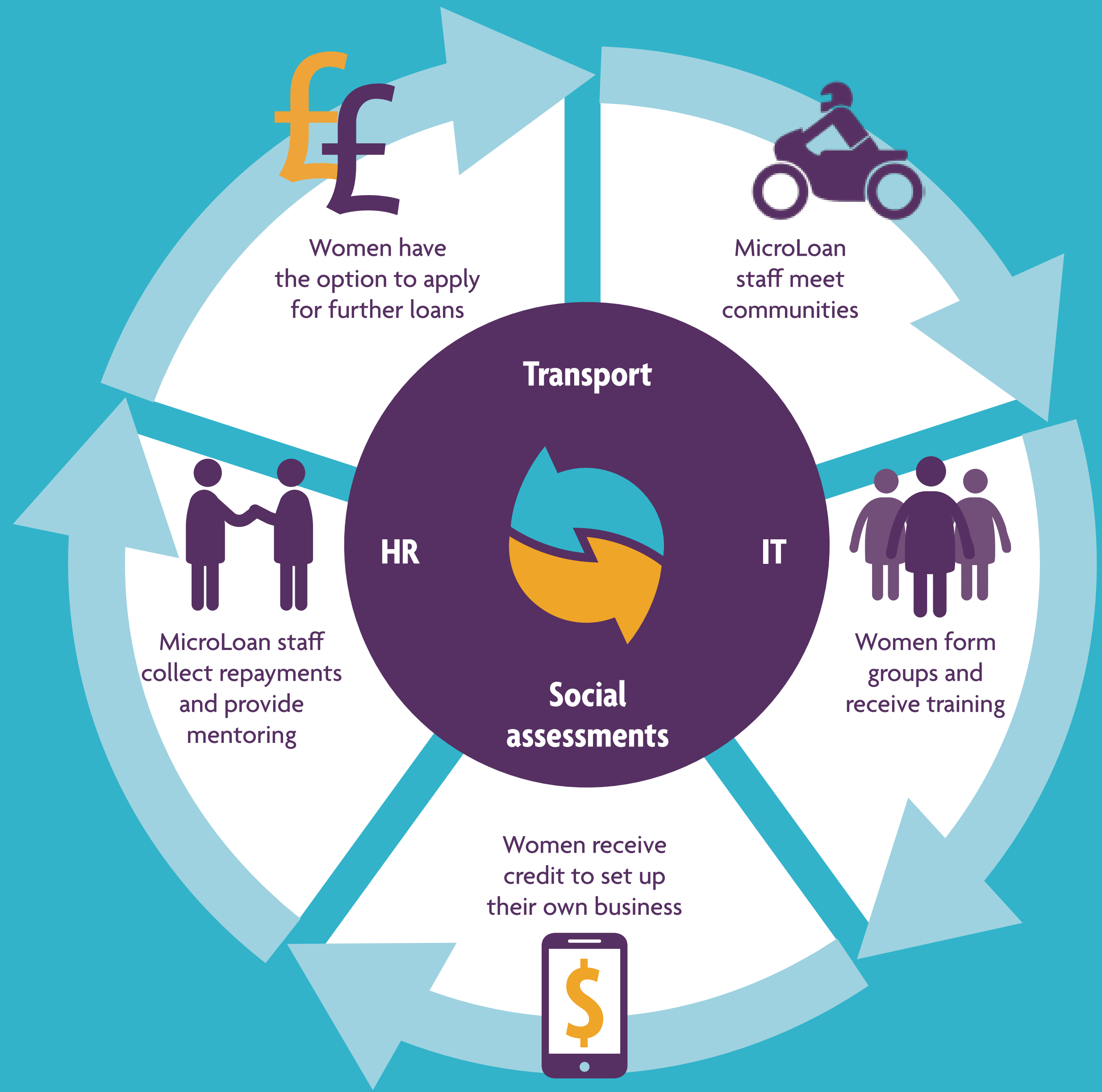
MicroLoan enables some of the world's poorest women to kickstart their own income generating activities by providing loans, training, and continued support.

Our Loan & Training Officers travel long distances to meet with traditional leaders in rural communities and introduce our work. The leaders then invite MicroLoan to attend a village meeting where we inform women about the opportunity to join a loan group. Focusing our operations in rural areas means that we reach women with little access to finance, therefore the most in need of our services.

When a woman joins a MicroLoan group she completes eight training modules to develop her financial literacy and business skills. Our training methodology is designed for women with low literacy levels and is delivered through dance, song, and role play. This training takes part in groups of around 15 women in Malawi and five women in Zambia and Zimbabwe. Groups have a collective responsibility for loan repayment, so learning together ensures they can support each other both socially and financially.

Mobile money technology is used in Zambia and Zimbabwe to disburse loans and in Malawi loans are largely disbursed through cash. Once group members have received their loans, they put their training into practice by setting up small businesses. Our Loan & Training Officers continue to visit every two weeks, providing further advice and support, so the women can thrive.

Data is captured on tablets that seamlessly integrate with our Management Information System, allowing real-time operational control. With a repayment rate consistently above 97%, the revolving loan book combined with operational interest income enables us to support more women. This means every donation to MicroLoan keeps on giving.



Our training methodology is designed for women with low literacy levels and is delivered through dance, song, and role play.

Social impact

MicroLoan's social mission is to alleviate poverty and we measure our impact carefully. Social Performance Management is a range of processes and activities we use to ensure we are achieving our aim of helping the poorest women transform their lives. Our Social Performance Management model is often cited as an example of best practice and was recognised by TrueLift, a global initiative pushing for accountability and learning in pro-poor programmes.

Data is collected using the Poverty Probability Index®, an innovative measurement tool that determines the likelihood of a household living below the poverty line. This helps us assess if we are reaching the poorest segment of the population, and if their poverty status is improving over time.

In 2019, 80% of all new clients were living below the global $2.50 per day poverty line and 47% were living in extreme poverty, meaning they were struggling to survive on less than $1.25 per day.

Over 17% of our clients who have been with us for more than one year are moving out of extreme poverty. This is a significant achievement considering many of these families have been living in extreme poverty for generations.

However, poverty reduction data only tells part of the story. We can report on a range of positive changes in the lives of poor rural women because of their businesses and increased household income even before their poverty status changes. Our data shows the impact on the women and their families after joining MicroLoan.

16% of women have increased asset ownership (such as livestock, a bicycle or land)

93% of families have food security compared to **81%** before joining MicroLoan

7% of women have one or more paid employees

95% of women can afford to seek medical treatment compared to only **86%** previously

Women report a **268%** average increase in business profits

74% of women can send all of their female children to school compared to **59%** previously

Evidence shows that when a woman's income increases, she spends it on her family first – improving their health, education and living situation. But it is not only the women and their families who benefit. As the women grow their businesses, often with the support from husbands or adult children, employment opportunities are created for others. Their businesses help villages and communities to prosper by feeding into the local economy and MicroLoan has witnessed the creation of thriving market centres when the women come together to work.

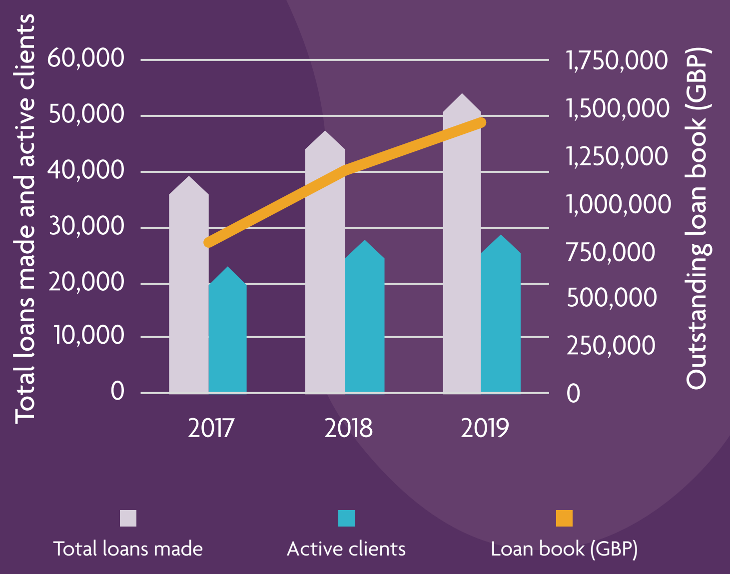
The United Nations Sustainable Development Goals are the blueprint for achieving a better and more sustainable future for all. Our work contributes directly to the goals 'No Poverty', 'Zero Hunger' and 'Gender Equality'.

The impact of our work also addresses the goals on 'Quality Education', 'Decent Work and Economic Growth', 'Climate Action', 'Life on Land' and 'Partnerships for the Goals'.

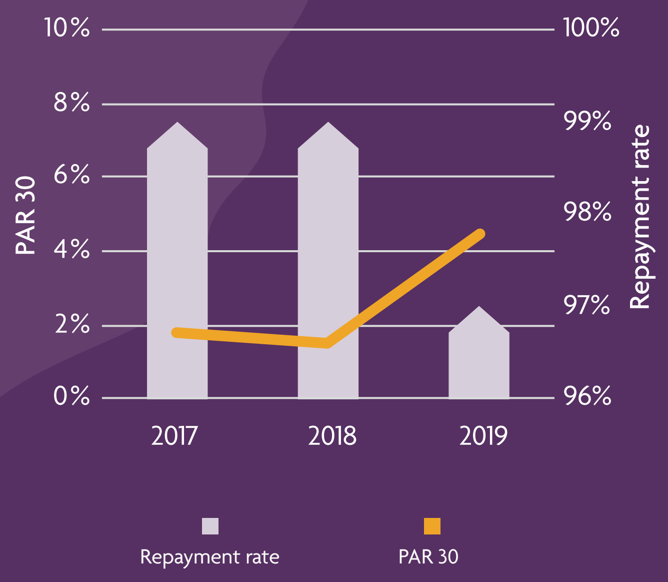
Photo credit - Peter Caton

Operations in Malawi

Total loans made, Active clients and Outstanding loan book



Repayment rate and PAR 30



Portfolio yield, Operating expense ratio and Operational self-sufficiency

	2017	2018	2019
Total loans made	39,389	47,487	53,985
Active clients	22,690	27,820	28,480
Loan book (GBP)	799,839	1,171,001	1,428,932
Average loan size (GBP)	52	62	77
PAR 30	1.80%	1.50%	4.50%
Repayment rate	99%	99%	97%
Operational self-sufficiency (OSS)	73%	85%	95%
Portfolio yield	100%	105%	101%

In 2019, Malawi's annual Gross Domestic Product grew by an estimated 5%, up from 4% in the year prior. While there was some fallout from the effects of flooding brought on by cyclone Idai, the country's growth trajectory remained largely on track and key macroeconomic fundamentals remained stable. Headline inflation crept up marginally over the course of the year, moving into double digits and closing out the year at 11.5%.

Despite the significant weather-related incidents that negatively impacted the livelihoods of several of MicroLoan Malawi's clients, we recorded positive outcomes in several key performance indicators. Over the course of the year active client numbers grew marginally by 2%, largely reflecting the fallout from the effects of widespread flooding in fourteen districts during the first half of the year. MicroLoan Malawi accelerated the strategy of cost containment by carefully reviewing the cost drivers, rationalising unprofitable product lines, and driving efficiency in all areas of our operations. This positive outcome helped to improve the operational self-sufficiency ratio from 85% in 2018 to 95% in 2019. Portfolio at Risk (PAR) is an indicator of loan portfolio quality and PAR 30 indicates the ratio of loan book overdue by more than 30 days.

Our Crop Officer training smallholder farmers, helping to increase farm productivity.

The operational target is to have a PAR 30 lower than 5%. We saw some deterioration in PAR 30 from 1.5% to 4.5% and repayment rate from 99% to 97 %, on account of the natural disaster that significantly affected the livelihoods of our clients. However, MicroLoan Malawi continued to implement enhanced monitoring measures to improve the quality of the loan portfolio. Overall, MicroLoan Malawi closed the year with a surplus after tax of MWK1.38million (£1,426), largely as a result of our efforts to restrain operating costs, and a 24% growth of the loan book which resulted in interest income registering a 28% increase over the period.

In 2019, MicroLoan Malawi also effected leadership changes. The Chief Executive Officer Corrie Mulder exited the organisation in July and Bisani Banda, the Chief Finance Officer, was appointed interim Chief Executive Officer until December. The Board undertook an extensive recruitment exercise to fill the vacancy and Randall Williams was subsequently identified as the next Chief Executive Officer. Randall brings a wealth of microfinance, banking and fintech experience to the business and is expected to assume the role in early 2020 on approval of his appointment by the Reserve Bank of Malawi.

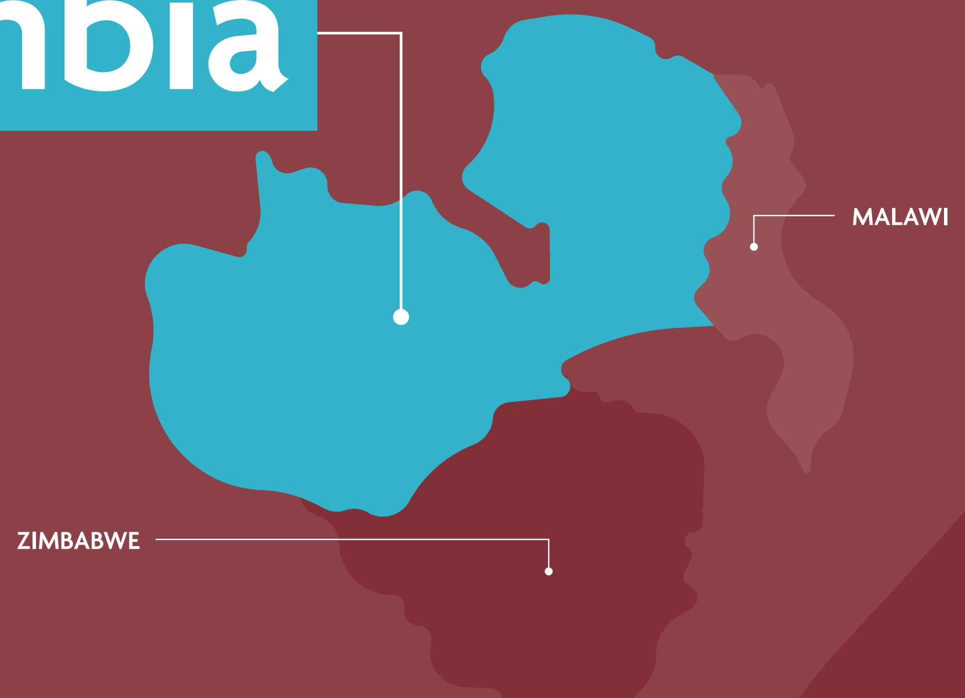
In 2020, we will look to expand MicroLoan Malawi's outreach within our existing branches while simultaneously integrating mobile money services to decrease the cost of delivery.

MicroLoan Malawi will also look at forging strategic partnerships to expand our agriculture lending activities, particularly focusing on loans that increase smallholder farm productivity.

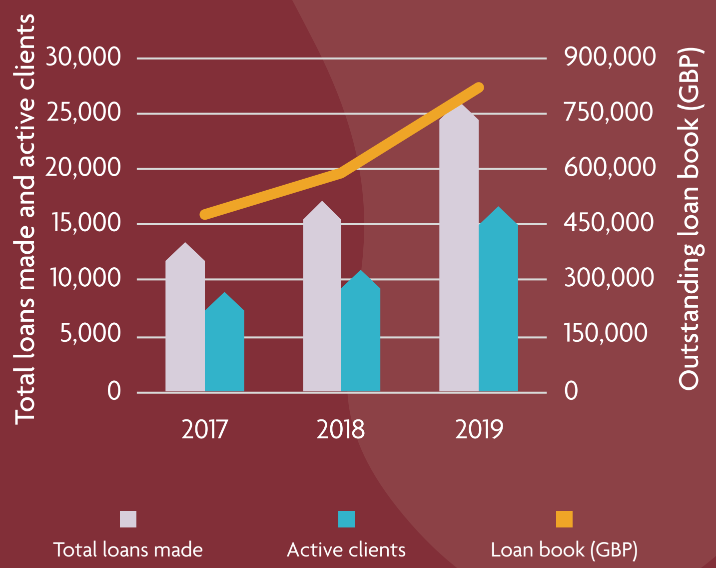
Photo credit - WildHearts

We made great strides in our operations in Africa in 2019, despite the external shocks of floods, drought and macroeconomic challenges affecting the regions that we operate in.

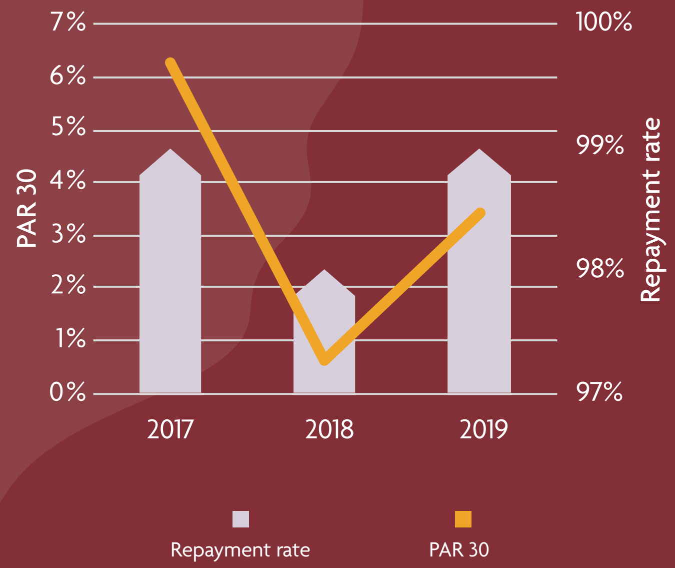
Operations in Zambia



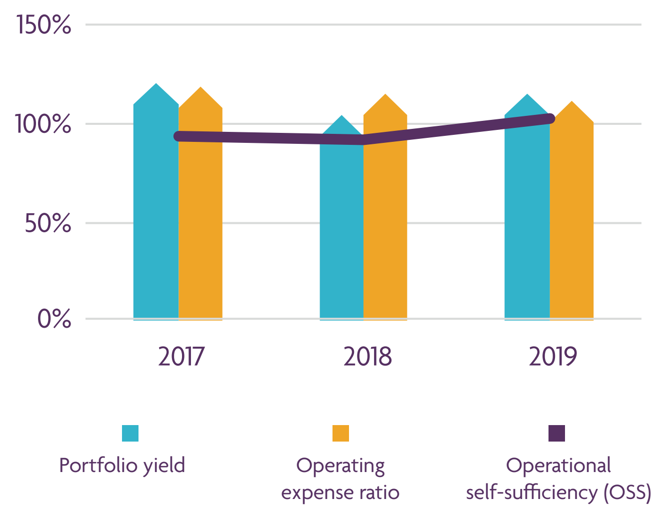
Total loans made, Active clients and Outstanding loan book



Repayment rate and PAR 30



Portfolio yield, Operating expense ratio and Operational self-sufficiency



	2017	2018	2019
Total loans made	13,524	17,336	26,144
Active clients	9,016	11,023	16,862
Loan book (GBP)	480,657	593,832	827,106
Average loan size (GBP)	91	83	81
PAR 30	6.30%	0.60%	3.40%
Repayment rate	99%	98%	99%
Operational self-sufficiency (OSS)	93%	92%	103%
Portfolio yield	121%	104%	115%
Operating expense ratio	119%	115%	112%

In 2019, Zambia's real Gross Domestic Product growth slowed to 2%, down from 4% in 2018. The country's economic performance was negatively impacted by the drought in the southern and western provinces and a slowdown in mining activity during the year. Amidst the weakening of the Zambian Kwacha, inflation rose to 9.3%, up from 7.5% in the previous year.

Despite these challenges, MicroLoan Zambia recorded an operating surplus and reported positive results in several of the performance indicators. Active clients grew by 53% up from 11,023 in 2018 to 16,862 in 2019. We continued to witness growth in our already established operations in the eastern and southern provinces, and the growth in loan book and active clients was further supplemented by the opening of two new branches in the northern province. The drought-affected southern province posed some challenges to portfolio quality during the year, with PAR 30 increasing from 0.6% in 2018, to 3.4% in 2019. MicroLoan Zambia initiated several measures to strengthen portfolio quality, including the re-training of Branch Managers and Loan & Training Officers and the tightening of internal controls around disbursement and repayment processes.

Operational self-sufficiency stood at 103% largely on account of the increased income from growth in the loan portfolio while simultaneously using mobile money to realise increased operational efficiencies. Mobile money, which was first piloted in Zambia in 2018, has now been implemented across all our branches, with 90% of loans being disbursed electronically. The operating surplus recorded in the year has also enabled MicroLoan Zambia to pay it forward by lowering the interest rate on the loans to our clients by an average of 14% on an annual basis across all products.

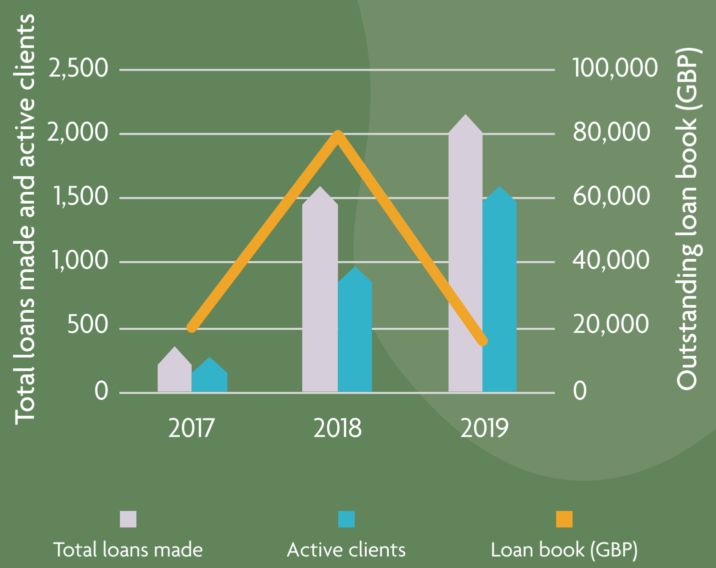
> **Having achieved operational self-sufficiency in 2019, MicroLoan Zambia will continue its growth trajectory.**

This will occur through the creation of new branches in the northern and central provinces of the country, as well as building on our already existing agricultural portfolio through new opportunities and partnerships in 2020. During 2020, we also plan to initiate the key management hires of Chief Finance Officer and Head of Human Resources. This will help strengthen the capacity of the senior management team as we move into the next phase of growth and development.

Beauti Chewie selling dried fish at a local market in Zambia.

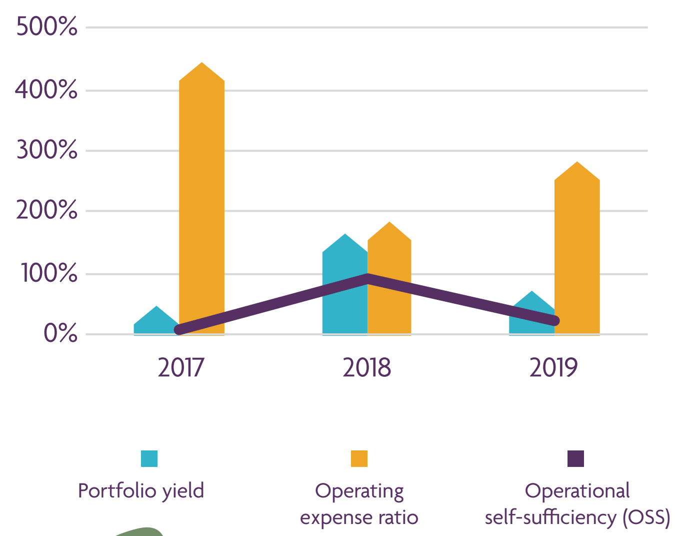
Operations in Zimbabwe

Total loans made, Active clients and Outstanding loan book



Repayment rate and Loan book

Portfolio yield, Operating expense ratio and Operational self-sufficiency



	2017	2018	2019
Total loans made	351	1,593	2,155
Active clients	269	980	1,612
Loan book (GBP)	20,156	79,646	15,466
Average loan size (GBP)	117	143	19
PAR 30	0.00%	0.00%	0.00%
Repayment rate	100%	100%	100%
Operational self-sufficiency (OSS)	11%	89%	25%
Portfolio yield	48%	165%	71%
Operating expense ratio	447%	184%	285%

2019 was another challenging year for the Zimbabwean economy. Gross Domestic Product contracted by 13% owing to the poor performance in key industries of mining, agriculture, and tourism. Like in Malawi, the cyclone Idai brought about flooding to several parts of the country with the looming threat of depleting food supplies and starvation at large.

February witnessed the unpegging of the exchange rate from the US dollar and June saw the introduction of a new currency – the RTGS Dollar. The RTGS Dollar/US Dollar exchange rate rapidly deteriorated from 2.5 in February 2019 to 16.77 at the end of the year. The significant currency movements, coupled with shortages of basic goods such as fuel, food, and electricity, has led to a hyperinflationary environment, with recorded inflation levels over 521% at the end of December 2019.

By providing ongoing training and support we give women the greatest chance of success.

The extremely fragile and uncertain environment in the country continues to pose a challenge to MicroLoan's operations in Zimbabwe. Due to the rapidly evolving situation on the ground, our strategy was to adopt a cautious and measured approach in servicing our clients. Even though the number of active clients in 2019 registered an increase of 64% compared to 2018, the loan book recorded a negative growth of over 400%, fully attributed to the significant devaluation of the RTGS dollar against the US dollar during the year.

It is notable that despite these harsh economic conditions, MicroLoan Zimbabwe's portfolio quality remained impeccable, with PAR 30 continuing to be at 0% and the repayment rate at 100%.

With hyperinflationary conditions persisting in the economy, we made a conscious decision to increase the interest rate on loans to clients by 300 basis points to 10% per month to ensure viability of our business model, while at the same time ensuring affordability for our clients. Alongside this change, we also introduced flexibility around savings, a key component of our model to increase clients' resilience to shocks. In the context of hyperinflation, we no longer actively encourage savings as it is more prudent for the women to purchase assets instead. This will be monitored closely and will be re-introduced at a time when it is more conducive to do so.

The macroeconomic instability is expected to continue into 2020. MicroLoan Zimbabwe's strategy is to continue working with key funders in maintaining its portfolio within its existing areas of operation.

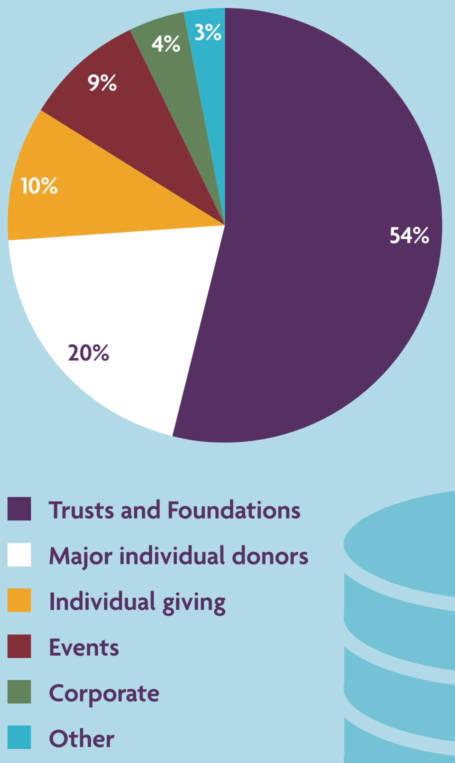
Fundraising overview

In 2019 MicroLoan raised £890,540 in voluntary income (2018: £986,080). We also secured £157,044 of donated resources and gifts in kind. Our supporters include trusts, foundations and corporate partners, as well as individuals who support us through personal donations or by fundraising for us by taking part in events or community engagements. We do not receive government funding and are truly grateful for the generous gifts from our many donors. It is thanks to your support that we are able to continue our work and help more women and their families move out of poverty.

Our top donors in 2019 include WildHearts Group and Foundation, Whole Planet Foundation, innocent foundation, The Headley Trust, The Paul Foundation, SDL Foundation, The Egmont Trust, Thandizo, Bliss Family Charity, The Oso Foundation, The Language Factory, The MacDaibhidh Charitable Trust as well as a number of private individuals and organisations that wish to remain anonymous. See to the right a breakdown of voluntary income for 2019.

MicroLoan has a dedicated fundraising team in London which manages relationships with donors in the UK and internationally. The UK office liaises with our affiliates in the USA and Australia and the operational teams in sub-Saharan Africa to ensure that our donors are regularly informed about the impact of their support. We are a member of the Fundraising Regulator and adhere to the UK Code of Fundraising Practice.

Fundraising income 2019



Registered with FUNDRAISING REGULATOR

Group Financial Review

The group's financial performance for 2019 is set out in the Consolidated and Charity Statement of Financial Activities, the Balance Sheets and the Consolidated Statement of Cashflows on pages 46 to 51. The group result includes that of MicroLoan Foundation and our subsidiaries in Malawi, Zambia and Zimbabwe.

Results in overview

Following the merger with WildHearts Foundation initiated in 2018 and completed in early 2019, the financial performance during the year reflects positive, steady progress against the three-year strategic plan. Significant additional investment was injected into our microfinance operations and the UK's cost base was rationalised, thus strengthening our financial position.

Photo credit - Peter Caton

Net group income in 2019 was £252,792 compared to net expenditure of £98,865 in 2018. Offsetting exchange losses of £130,313 (due principally to currency depreciation in Zambia and Zimbabwe) resulted in an overall net increase in group funds of £122,479 (2018: £144,730 decrease). At the year-end, total group funds amounted to £987,301 of which £18,197 were restricted and £969,104 were unrestricted. Of these, £418,281 related to MicroLoan Foundation as the charitable parent, with £400,084 unrestricted and £18,197 restricted.

Income and expenditure

2019 group income totalled £3,234,859, representing an increase of 21% on the previous year. The majority of this income was in respect of charitable activities, which grew 30% from £1,681,685 to £2,178,680. This reflects the growth in the groups' loan book and client numbers. As highlighted above, voluntary income totalled £1,047,584, increasing 6% compared to the prior year. Investment income, comprising bank interest received, was relatively flat year-on-year at £8,595 (2018: £8,677).

Total expenditure increased 7% to £2,982,067 (2018: £2,775,307) however a greater proportion of this cost base related to our operations in Africa in 2019, consistent with their continued growth. In contrast, synergies provided by the merger with WildHearts Foundation and savings against one-off costs incurred in 2018 helped reduce the UK's underlying cost base by a six-figure sum. This was a key objective of the merger and has allowed MicroLoan Foundation in the UK to solidify its reserves base and direct an increased proportion of its income towards its charitable mission.

Use of funds

In total, the UK charity advanced £696,055 to Africa during 2019 to support expansion of our mission and impact. This comprised £514,206 in the form of equity investment and £181,849 in the form of revenue grants. These advances were also supplemented by additional social investment from external lenders. In combination, the funding injected helped to grow the gross Sterling value of the year-end loan book by 22% to £2,260,627 (2018: £1,851,987). This was despite the effects of significant local currency depreciation during the year.

Key Financial Performance Indicators

The key financial performance indicators that are monitored by management are principally as set out in the reviews of operations above. In addition, the fundraising efficiency of the charity is also closely monitored:

Fundraising efficiency ratio

	2017	2018	2019
External grants and donations received *	£1,028,531	£948,580	£890,540
Cost of fundraising function	£415,988	£359,057	£329,861
Ratio	2.5	2.6	2.7

* Excludes donated resource and funding provided by WildHearts Foundation

Policy on reserves

It is the policy of the Board that MicroLoan Foundation should aim to maintain a level of free reserves (equivalent to unrestricted and undesignated net current assets) that is sufficient to cover 6 months' core operating outflows. This comprises budgeted costs of activities as well as any committed cash outflows such as funding obligations or scheduled loan repayments. Any remaining excess funds are ringfenced to be advanced towards the charitable mission delivered through the three microfinance subsidiaries in Africa.

At 31 December 2019, MicroLoan Foundation had actual free reserves of £250,621 compared to a target of £210,000 (119% coverage).

As regulated microfinance institutions, our subsidiaries in Malawi, Zambia and Zimbabwe must meet stringent capital adequacy rules mandated by the local Reserve Banks. In addition, the environments that they operate in make these entities more susceptible to macro-economic shocks caused by natural disasters such as floods, famine or changes in government policy. Accordingly, reserves policy is delegated to local Boards which each include Senior Management representation from MicroLoan Foundation in the UK. Generally, a prudent approach is taken to reserves management and gearing within our microfinance subsidiaries, with all of them operating well within the mandated capital requirements set out by local statute.

Investment policy and objectives

The charity's investment policy is to seek to maximise the number of lives positively impacted whilst managing risk. The Board is very conscious of its responsibility to utilise charitable funds in a highly effective and efficient way and the need to ensure that this same ethos cascades across the wider group and local Boards. All investment decisions are therefore made with these considerations in mind.

Each subsidiary is expected to work towards a position of operational self-sufficiency where it is able to independently generate sufficient income to sustain its core operations and, where necessary, utilise its reserves responsibly to manage unexpected, temporary fluctuations in income and costs.

As the parent charitable organisation, MicroLoan Foundation makes targeted advances of funds to our operations in Malawi, Zambia and Zimbabwe to fund sustainable, responsible growth in the loan books and thereby increase the number of clients served.

Going concern and the impact of COVID-19 on our operations

> **In March 2020, the escalating COVID-19 pandemic resulted in severe economic and societal disruption across all our countries of operation.**

We responded swiftly to the developing situation, following government and medical advice at all times in order to safeguard our staff and beneficiaries.

In the UK, our programme of fundraising events and activities has been significantly impacted by the restrictions put in place and the consensus across the third sector is that the fundraising environment will be extremely challenging in the coming years. We are already starting to see individuals and institutions adjust to a 'new normal' and re-evaluate the funds they can commit to supporting charitable causes. Nevertheless, as at the date of this report, we have been able to maintain income levels in line with our original budget for 2020 and our donor pipeline remains healthy. Due to the merger with WildHearts Foundation, the charity in the UK has no external debt commitments to service and is operating off a much leaner cost base than recent years. The charity also took steps to strengthen its policy on reserves coverage over the course of 2019 and is now maintaining a target level of 6 months' operating outflows. The trustees have reassessed this policy in the context of the additional financial risks surrounding COVID-19 and have concluded that it remains appropriate. The Board considers the organisation to now be is much more resilient to the effects of short-term fluctuations in income levels.

After having reviewed forward projections and making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Photo credit - Peter Caton

Risk Management

The trustees have assessed the principal risks across the group as being:

- Fundraising risk
- Sustainability risk
- Liquidity and funding risk
- Credit risk
- Foreign exchange risk
- Operational risk (including fraud)
- Reputational risk

The measures taken by the charity to mitigate these risks are as follows:

Fundraising risk

This is the risk that the level or mix of unrestricted and restricted income and social investment is insufficient to maintain or expand our social mission.

Donor funding presently remains a key part of MicroLoan Foundation's income stream, however the Board is very conscious of the shifting fundraising landscape and the changing needs of the microfinance operations as they mature and seek to scale. In recent years the charity has sought to diversify income streams and explore strategic partnerships, such as that entered into with WildHearts Foundation at the start of 2019. This blended approach alongside attracting other mission-aligned social investment is anticipated to be the most effective way to maximise the potential and impact that can be delivered through our microfinance operations in Malawi, Zambia and Zimbabwe. Accordingly, active consideration is being given as to the best way to achieve this over the medium term.

Sustainability risk

This is the risk that the expenses from our charitable activities in respect of microfinance exceed the associated income and therefore reduces our ability to provide services and maintain or grow our impact.

Our strategy is to continue to responsibly increase investment into each country through a combination of donations and social investment so as to reach more beneficiaries whilst at the same time benefiting from the economies of scale associated with growth. The group also continues to critically evaluate the cost base and working practices in order to identify more efficient ways to operate. The objective is that all three operations in Africa reach operational self-sufficiency because achieving this milestone will provide a robust platform from which to expand our reach and enhance the social impact that our microfinance operations deliver.

Liquidity and funding risk

Gross income streams can be volatile whereas the underlying UK cost base, which is principally staff and associated costs, is relatively stable and recurring.

The Board seeks to maintain a prudent level of free reserve cover to cope with fluctuations in income and thereby ensure running costs can be met and that charitable activities can continue to be delivered without disruption. The partnership between MicroLoan Foundation and WildHearts Foundation is also a key part of the strategy to manage volatility in income streams since it provides cost synergies as well as complimentary income streams within the wider group.

Credit risk

This is the risk of significant levels of default across our microfinance portfolio.

Although we operate in some of the poorest areas of sub Saharan Africa, our credit risk history shows that our methodology works. Loan repayment rates typically average over 97% and our sector-leading Management Information System allows us to identify problems early and work with clients to resolve them.

Operational risk

The charitable group has almost 200 staff working across five countries and therefore we have the logistical risks associated with operating over large distances, in rural areas with poor infrastructure and stretched communication networks. This increases the risk of internal failures of controls or systems, including fraud. As well as external disruption.

Although no significant frauds were reported in 2019, we continue to monitor and improve our operational framework, including upskilling our local Boards and investing in strengthening our internal audit function. We also review and upgrade our IT infrastructure and computer equipment on an ongoing basis.

Reputational risk

This is the risk of an event or allegation adversely impacting the reputation of the charity and, consequently, jeopardising its ability to fulfil its charitable objectives.

There are a variety of measures embedded across our group to ensure that the charity operates to the highest professional standards and to safeguard future activities. Examples include a rigorous interview and assessment process prior to all staff appointments, robust HR procedures and whistleblowing hotlines. The group has a zero-tolerance approach to instances of harassment and bullying, fraud, bribery or corruption. Within our microfinance operations, we have strong client protection and safeguarding policies.

Photo credit - Peter Caton

Governance

Organisation structure

The Board of Trustees presently consists of four individuals and meets at least quarterly. All trustees serve in a Non-Executive capacity. Day to day running of the Foundation in the UK is delegated to a Senior Management Team, which comprises the Group Chief Executive Officer, the Chief Financial Officer and the Director of Fundraising.

> **The operations in Africa each have their own locally appointed Board of Directors that oversee the activities in their country.**

These Boards all include at least one member of the UK Senior Management Team who serve as the link between the UK parent charity and the African microfinance subsidiaries. Together, the UK and Africa Boards implement the group strategy in a way that is appropriate to local conditions.

Each Board has directors with a variety of local and international experience and include both executive and non-executive members. The organisational structure and Board composition is reviewed on an on-going basis as part of normal risk management processes.

Recruitment and appointment of trustees

MicroLoan Foundation's Memorandum and Articles of Association permit any person who is willing to act to be appointed as a trustee by an ordinary resolution. There are no provisions that require or permit any external body to appoint a member to the Board. In practice, trustees are appointed based on their backgrounds, professional networks and passion for the group's vision.

Board members are provided with a detailed management information pack on appointment and in advance of each scheduled meeting to ensure that their knowledge of the charity's activities and regulatory environment remains current.

Induction and training of trustees

It is expected that all trustees and other senior personnel, both in the UK and in Africa, undertake appropriate personal and professional development activities relevant to their position. Opportunities for formal training, including seminars and conferences, are offered periodically. The charity is also fortunate to have attracted several experienced professionals from a variety of backgrounds who provide ongoing support, advice and mentoring. This network enables the charity and the trustees to harness the best and most creative minds in their respective disciplines to support our social mission.

Arrangements for setting remuneration of key management personnel

Our microfinance operations are large, complex and highly regulated financial institutions operating in countries with very challenging and often unstable economic and political environments. The Board therefore believes that it is imperative that remuneration levels are set at rates that are competitive and allow the group to attract senior personnel of the right calibre to ensure all areas of activity remain compliant and are delivered in the most efficient and effective way possible. Remuneration levels of key management personnel are benchmarked annually against market rates or if a change in circumstances warrants review (for example, a revision to roles and responsibilities). KPIs are closely monitored to assess value-added and progress against operational and strategic priorities. These form part of the performance evaluations which feed into pay reviews.

None of the trustees were remunerated by the charity during 2019.

Statement of Trustees' responsibilities

Public benefit

The trustees are responsible for confirming that the activities of the UK charity are consistent with its charitable objectives as set out in this annual report and financial statement.

Financial statements

The trustees (who are also directors of MicroLoan Foundation for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic 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 group, and of the incoming resources and application of resources, including income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles in the Charities SORP (FRS 102).
- 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 financial statements on a going concern basis unless it is inappropriate to assume that the charitable company and the group will continue in operation.

The trustees are responsible for keeping adequate 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are also responsible for safeguarding the assets of the charitable company and group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that so far as they are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware.
- They 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.

In the interests of transparency and accountability to our donors and supporters we publish the annual report on our website. The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The annual report was approved by the Board on 9 September 2020 and signed on its behalf by

Dr Mick Jackson
Chairman

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Photo credit - Peter Caton

Independent auditor's report

Opinion

We have audited the financial statements of MicroLoan Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated and parent charitable company statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Account (Scotland) Regulation 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial 13 statements are prepared is consistent with the financial statements.
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 group's or the parent charitable 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.


Photo credit - Peter Caton

In countries where women and girls are often marginalised, we give them status and the confidence to grow within their own communities.

Photo credit - Peter Caton

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.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Jonathan Orchard
Senior Statutory Auditor

September 2020

For and on behalf of:
Sayer Vincent LLP, Statutory Auditor
Invicta House,
108-114 Golden Lane,
London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Financial statements

MicroLoan Foundation

Consolidated Statement of Financial Activities
(including Consolidated Income and Expenditure Account) for the year ended 31 December 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Income from:							
Donations and legacies	2	**574,569**	**473,015**	**1,047,584**	519,505	466,575	986,080
Charitable activities							
• MLF Malawi		**1,316,816**	-	**1,316,816**	1,034,207	-	1,034,207
• MLF Zambia		**828,215**	-	**828,215**	563,973	-	563,973
• MLF Zimbabwe		**33,649**	-	**33,649**	83,505	-	83,505
Investment income	3	**8,595**	-	**8,595**	8,677	-	8,677
Total income		**2,761,844**	**473,015**	**3,234,859**	2,209,867	466,575	2,676,442
Expenditure on:							
Raising funds	4	**(301,849)**	**(46,335)**	**(348,184)**	(343,998)	(15,059)	(359,057)
Charitable activities							
• MLF Malawi	4	**(1,363,939)**	**(202,513)**	**(1,566,452)**	(1,256,588)	(215,513)	(1,472,101)
• MLF Zambia	4	**(566,628)**	**(280,633)**	**(847,261)**	(537,711)	(181,499)	(719,210)
• MLF Zimbabwe	4	**(119,373)**	**(100,797)**	**(220,170)**	(121,477)	(102,524)	(224,001)
• PSHF	4	**-**	**-**	**-**	-	(938)	(938)
Total expenditure		**(2,351,789)**	**(630,278)**	**(2,982,067)**	(2,259,774)	(515,533)	(2,775,307)

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Net income / (expenditure)		**410,055**	**(157,263)**	**252,792**	(49,907)	(48,958)	(98,865)
Transfers between funds	19	-	-	-	(4,699)	4,699	-
Other recognised gains / (losses):							
Exchange losses	19	**(130,313)**	-	**(130,313)**	(41,167)	(4,698)	(45,865)
Net movement in funds		**279,742**	**(157,263)**	**122,479**	(95,773)	(48,957)	(144,730)
Reconciliation of funds:							
Total funds brought forward	19	**689,362**	**175,460**	**864,822**	785,135	224,417	1,009,552
Total funds carried forward		**969,104**	**18,197**	**987,301**	689,362	175,460	864,822

The Statement of Financial Activities includes all recognised gains and losses in both the current and prior year.
All amounts related to continuing operations.

The notes on pages 52 to 73 form part of these financial statements.

Photo credit - Peter Caton

Charity Statement of Financial Activities (including Income and Expenditure Account)
for the year ended 31 December 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Income from:							
Donations and legacies		**574,569**	**434,809**	**1,009,378**	519,505	379,027	898,532
Investment income		**-**	**-**	**-**	360	-	360
Total income		**574,569**	**434,809**	**1,009,378**	519,865	379,027	898,892
Expenditure on:							
Raising funds		**(301,849)**	**(46,335)**	**(348,184)**	(343,998)	(15,059)	(359,057)
Charitable activities		**(318,111)**	**(129,255)**	**(447,366)**	(410,728)	(125,577)	(536,305)
Total expenditure		**(619,960)**	**(175,590)**	**(795,550)**	(754,726)	(140,636)	(895,362)
Net income		**(45,391)**	**259,219**	**213,828**	(234,861)	238,391	3,530
Transfers between funds		**365,383**	**(365,383)**	**-**	281,559	(281,559)	-
Net movement in funds		**319,992**	**(106,164)**	**213,828**	46,698	(43,168)	3,530
Reconciliation of funds:							
Total funds brought forward		**80,092**	**124,361**	**204,453**	33,394	167,529	200,923
Total funds carried forward		**400,084**	**18,197**	**418,281**	80,092	124,361	204,453

The Statement of Financial Activities includes all recognised gains and losses in both the current and prior year.
All amounts related to continuing operations.

The notes on pages 52 to 73 form part of these financial statements.

MicroLoan has witnessed the creation of thriving market centres when the women come together to work.

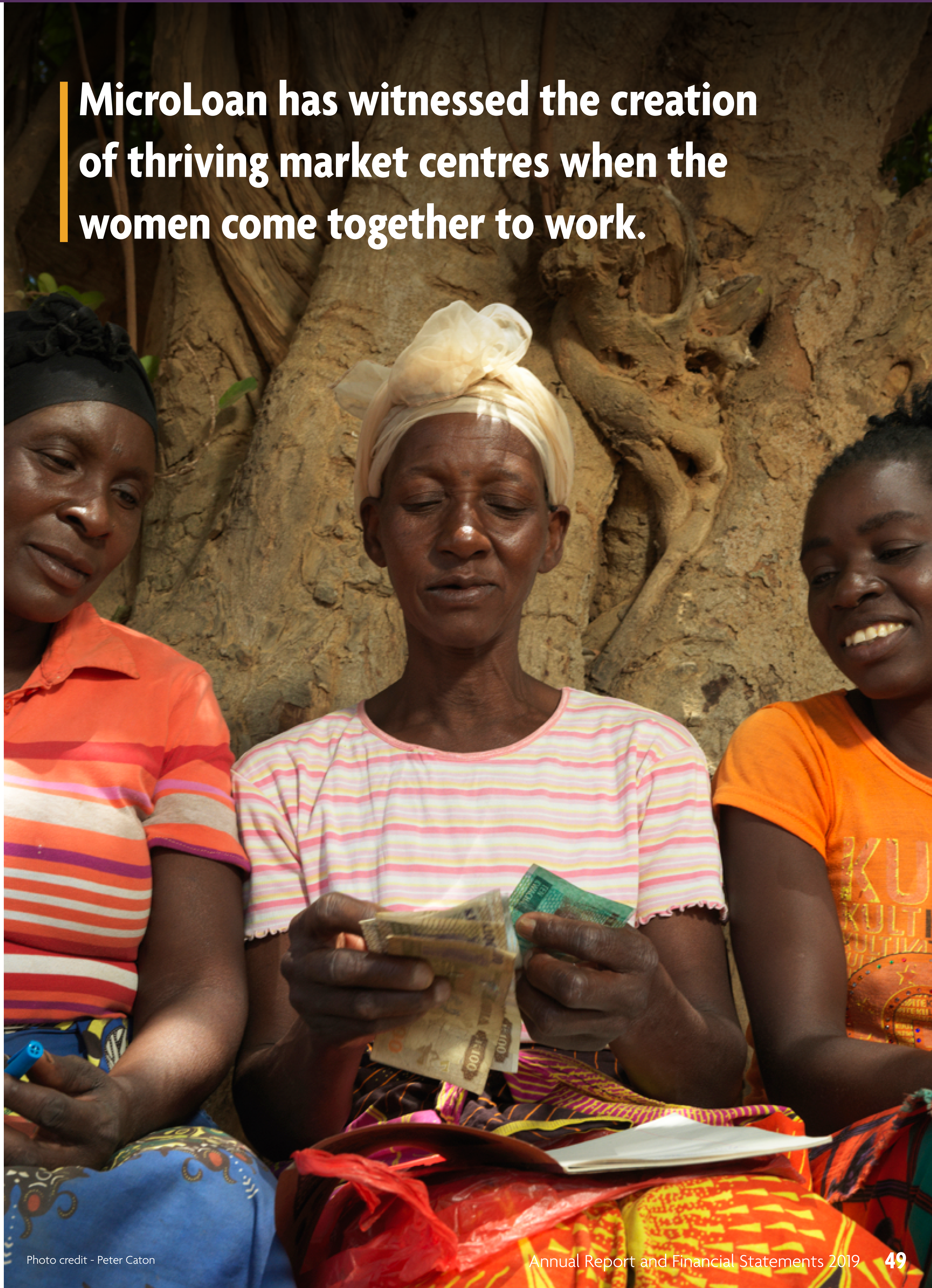


Photo credit - Peter Caton

Balance sheets as at 31 December 2019

Company registration number: 04828558

	Note	The group 2019 £	The group 2018 £	The charity 2019 £	The charity 2018 £
Fixed assets					
Tangible assets	8	**455,862**	507,312	**31,179**	54,808
Investments	9	**-**	-	**1,085,012**	628,166
		455,862	507,312	**1,116,191**	682,974
Current assets					
Stock	10	**13,299**	16,562	**-**	-
Debtors	11	**2,544,504**	2,102,027	**220,454**	272,684
Cash at bank and in hand		**505,029**	229,237	**255,089**	188,115
		3,062,832	2,347,826	**475,543**	460,799
Creditors: Amounts falling due within one year	12	**(996,051)**	(1,287,614)	**(23,453)**	(389,320)
Net current assets / (liabilities)		**2,066,781**	1,060,212	**452,090**	71,479
Total assets less current liabilities		**2,522,643**	1,567,524	**1,568,281**	754,453
Creditors: Amounts falling due after one year	13	**(1,529,026)**	(696,644)	**(1,150,000)**	(550,000)
Provisions for liabilities	14	**(6,316)**	(6,058)	**-**	-
Total net assets		**987,301**	864,822	**418,281**	204,453
Funds of the charity:					
Unrestricted funds	19	**969,104**	689,362	**400,084**	80,092
Restricted funds	19	**18,197**	175,460	**18,197**	124,361
Total funds		**987,301**	864,822	**418,281**	204,453

The financial statements were approved by the Board and authorised for issue on 9th September 2020 and signed on their behalf by:

Mick Jackson
Trustee

The notes on pages 52 to 73 form part of these financial statements.

Consolidated Statement of Cash Flows as at 31 December 2019

	The group 2019 £	The group 2019 £	The charity 2018 £	The charity 2018 £
Cash flows from operating activities				
Net income / (expenditure) per Statement of Financial Activities	**252,793**		(98,865)	
Depreciation charges	**126,615**		135,577	
Investment income receivable	**(8,595)**		(8,677)	
Interest on borrowings	**63,764**		72,552	
Gain on disposal of tangible fixed assets	**-**		(10,102)	
Decrease in deferred tax provision	**1,469**		25,991	
Decrease / (increase) in stock	**3,069**		(4,453)	
Increase in debtors	**(610,547)**		(678,729)	
Increase in creditors	**309,046**		120,623	
Net cash flows from operating activities		**137,614**		(446,083)
Cash flows from investing activities				
Interest receivable and similar income	**8,595**		8,677	
Purchase of tangible fixed assets	**(106,172)**		(193,475)	
Disposal of tangible fixed assets	**-**		10,102	
Net cash flows from investing activities		**(97,577)**		(174,696)
Cash flows from financing activities				
New loans obtained during the period	**1,571,583**		662,999	
Loans repaid during the period	**(1,250,225)**		(180,509)	
Interest paid on borrowings	**(63,764)**		(72,552)	
Net cash flows from financing activities		**257,594**		409,938
Net increase / (decrease) in cash and cash equivalents		**297,631**		(210,841)
Cash and cash equivalents at 1 January 2019		**229,237**		449,910
Exchange loss on cash and cash equivalents		**(21,839)**		(9,832)
Cash and cash equivalents at 31 December 2019		**505,029**		**229,237**

All of the cash flows are derived from continuing operations during the current and prior year.

The notes on pages 52 to 73 form part of these financial statements.

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation and statement of compliance

MicroLoan Foundation is a private company limited by guarantee (incorporated in England under the Companies Act) and a charity registered with the Charity Commission for England & Wales and the Office of the Scottish Charity Regulator. The charitable company's registered office address is 1-2 Paris Garden, London, SE1 8ND.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

MicroLoan Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries on a line by line basis. The subsidiaries are MicroLoan Foundation Malawi, MicroLoan Foundation Zambia, and, in Zimbabwe, MicroLoan Trust Zimbabwe and MicroLoan Foundation (Private) Limited. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes to the charitable company's balance sheet.

The presentational currency used in these financial statements is Pound Sterling. Amounts have been rounded to the nearest Pound.

Going concern

The financial statements have been prepared on a going concern basis.

As part of their assessment as to whether the use of the going concern basis is appropriate, the trustees assess whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this asseement in respect of a period of at least one year from the date of approval of the financial statements.

Key sources of estimation uncertainty

Estimation uncertainty exists in respect of the recoverable amount of the charity's microfinance loan portfolio. In determining whether impairment is required, the trustees consider factors such as the contractual terms of the underlying loan agreements, historic rates of loan default in the territory and applicable local macroeconomic factors that could impact the ability to recover amounts advanced. The carrying value of the loan portfolio at the year-end was £2,271,495 (2018: £1,846,987).

Summary of disclosure exemptions

The charity has taken advantage of the exemption conferred by Section 33.1A of FRS 102 not to separately disclose transactions between members of the charitable group headed by WildHearts Foundation.

Income

Income is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Income from donations and legacies is recognised on an accruals basis at the point at which the requirements of entitlement, probability and reliability of measurement are fully satisfied.

Where the donor specifies that the donation must be used in future accounting periods or imposes other conditions which must be fulfilled before the charity becomes entitled to use such income, the income is deferred and not recognised until the pre-conditions have been met.

Grants receivable

Grant income is also recognised on an accruals basis at the point at which the requirements of entitlement, probability and reliability of measurement are fully satisfied.

Where the grant agreement contains performance or other pre-conditions which must be met before the charity becomes entitled to the funding, the grant income is deferred and released to income in the reporting period in which the conditions limiting recognition are met.

Donated resources and services

The activities of MicroLoan Foundation are supported by resources and services provided on a pro bono or discounted basis. In accordance with the Charities SORP (FRS 102), an amount is recognised within the Statement of Financial Activities as income when received, with a corresponding expense, where the benefit of these services is reasonably quantifiable and measurable.

Each year, the trustees undertake a comprehensive exercise in order to calculate on a consistent and systematic basis the value of in kind support received in the form of donated services and facilities. This value is determined by calculating the gross open market cost of undertaking each activity and then deducting amounts directly incurred by the charity. For the purposes of this calculation, no allowance has been made for irrecoverable VAT that could potentially have been incurred in respect of donated amounts in the open market. The trustees do not consider it practical to accurately determine the latter figure due to uncertainty over when VAT would or would not be applied.

Income from charitable activities

Income from charitable activities is recognised on an accruals basis net of provision for bad debt.

Other trading activities

Income generated from fundraising events is recognised at the point of receipt.

Investment income

Investment income is included on an accruals basis and is stated gross of any taxation recoverable.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable that settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings, they have been allocated on a basis consistent with the use of the resources.

Raising funds

Costs of raising funds represent amounts incurred in undertaking fundraising events and in attracting other voluntary income.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature that are necessary to support them.

Grant expenditure

Grants and donations made are included in the Statement of Financial Activities at the point there is sufficient evidence that a contractual or constructive obligation exists. In practice, this is usually a legal agreement or formal written offer issued by the charity to the recipient.

In circumstances where the charity makes a grant award that contains performance conditions, expenditure is recognised in the period in which each performance milestone is met. Where there are other conditions associated with the grant, expenditure is recognised to the extent that the future payment is probable.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, as shown in Note 4.

Governance costs

Governance costs are those costs which are directly attributable to the governance arrangements of the charity and its strategic management.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Ch 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Trading subsidiaries are subject to corporation tax in the countries that they operate in. Tax is recognised in the Statement of Financial Activities.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits of a trading subsidiary; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible fixed assets

Items of equipment are capitalised at cost. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be included as a revaluation reserve within charitable funds.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value on a straight line basis over its expected useful life. The depreciation rates in use are as follows:

Buildings	2-8%
Office equipment	10-25%
Computer equipment	20-25%
Motor Vehicles	20%
Website costs	33%

Investments

Programme related investments, which includes investments in the Charity's subsidiaries, are made in furtherance of the Charity's objectives and any investment return is secondary to the charitable purpose supported by the investment. Such investments are included at their cost less provision for impairment except for listed investments which are included at fair value (bid price). Any loss or impairment arising from such investments is charged as part of charitable activities within the Statement of Financial Activities.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Trade and other debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

"Borrowings that are interest free or at a rate below prevailing market rates are treated as concessionary loans. Such loans are initially recorded at the amount received, with the carrying value subsequently adjusted to reflect repayments and any accrued interest.

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Such borrowings are subsequently carried at amortised cost, with the difference between the proceeds (net of transaction costs) and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing. The interest expense is recognised on the basis of the effective interest method.

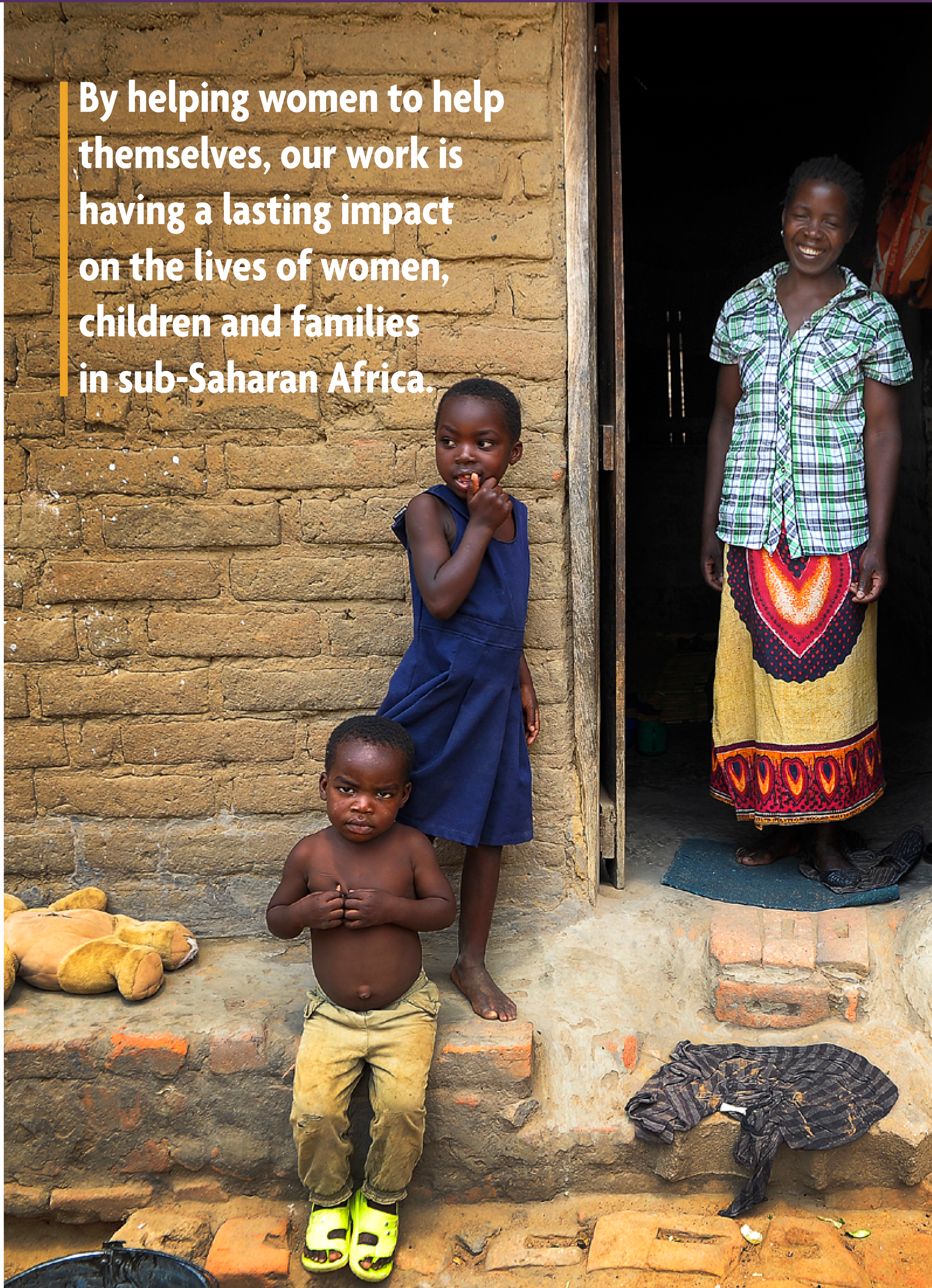
Borrowings are classified as current liabilities unless the Charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pension and other post retirement obligations

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities in the period in which they become payable.



Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date unless there is a matching forward currency contract in place. In such circumstances, the contracted rate of exchange is used.

Exchange differences are recognised in the Statement of Financial Activities in the period in which they arise.

The Charity's overseas subsidiaries have different functional currencies from that of their parent. On consolidation, assets and liabilities of these subsidiaries are translated using the applicable exchange rate as at the balance sheet date. Transactions included within the Statement of Financial Activities are translated using the average exchange rate across the period. Foreign currency gains or losses arising in respect of the translation of overseas subsidiaries are reflected in the Statement of Financial Activities as other operating gains or losses.

Fund accounting

Reserves which can be used at the discretion of the trustees are classified as unrestricted funds.

Designated funds, which are also unrestricted, represent amounts ringfenced or committed by the charity for specific charitable activities.

Restricted funds are to be used for specific purposes as laid down, either implicitly or explicitly, by the donor. Expenditure which meets the criteria is allocated to the appropriate fund, together with a fair allocation of overhead support cost.

Financial instruments

Classification

"Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Financial Activities. These are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements for the year ended 31 December 2019

Financial assets are derecognised when, and only when:

(a) the contractual rights to the cash flows from the financial asset expire or are settled

(b) the Charity transfers to another party substantially all the risks and rewards of ownership of the financial asset, or

(c) the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the contractual obligation is discharged, cancelled or expires.

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of concessionary loans and some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through the Statement of Financial Activities.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Derivative financial instruments

From time to time, the charity uses derivative financial instruments to reduce exposure to foreign exchange risk. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Statement of Financial Activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Financial Activities depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hedge accounting

The Charity designates certain derivatives as hedging instruments in fair value hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the charity determines and documents causes for hedge ineffectiveness.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Statement of Financial Activities immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line related to the hedged item.

Hedge accounting is discontinued when the charity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the Statement of Financial activities from that date.

Notes to the Financial Statements for the year ended 31 December 2019

2 Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Individuals and events	**273,805**	**97,627**	**371,432**	337,738	153,939	491,677
Trusts and institutions	**115,556**	**373,448**	**489,004**	172,955	292,636	465,591
Corporates	**28,164**	**1,940**	**30,104**	8,812	20,000	28,812
Donated services and facilities	**157,044**	-	**157,044**			
	574,569	**473,015**	**1,047,584**	519,505	466,575	986,080

3 Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Interest receivable	**8,595**	-	**8,595**	8,677	-	8,677

Notes to the Financial Statements for the year ended 31 December 2019

4 Expenditure analysis


Photo credit - Peter Caton

	Charitable activities									
	MLF Malawi 2019 £	MLF Zambia 2019 £	MLF Zimbabwe 2019 £	PSHF 2019 £	Subtotal 2019 £	Cost of raising funds 2019 £	Governance costs 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Staff costs	608,158	356,566	6,560	-	971,284	195,148	-	16,168	**1,182,600**	1,075,228
Travel and subsistence	156,383	68,076	18,321	-	242,780	1,386	173	343	**244,682**	242,892
Premises costs	142,179	-	3,162	-	145,341	32,844	-	594	**178,779**	180,465
Legal and professional fees	25,113	81,667	2,728	-	109,508	-	11,400	3,859	**124,767**	267,948
Interest costs	61,877	13,321	-	-	75,198	-	-	1,887	**77,085**	72,552
Grants	-	-	-	-	-	-	-	-	**-**	938
Other costs	507,596	289,060	185,712	-	982,368	27,453	1,194	6,095	**1,017,110**	935,284
	1,501,306	808,690	216,483	-	2,526,479	256,831	12,767	28,946	**2,825,023**	2,775,307
In kind support	54,950	32,534	3,110	-	90,594	42,112	5,911	18,427	**157,044**	-
Support costs	-	-	-	-	-	47,373	-	(47,373)	**-**	-
Governance costs	10,196	6,037	577	-	16,810	1,868	(18,678)	-	**-**	-
Total expenditure	**1,566,452**	**847,261**	**220,170**	**-**	**2,633,883**	**348,184**	**-**	**-**	**2,982,067**	2,775,307
2018 expenditure analysis	1,472,101	719,210	224,001	938	2,416,250	359,057	-	-	-	2,775,307

2018 expenditure on charitable activities includes allocation of governance costs totalling £129,312.

5 Net income/(expenditure) for the year

	2019 £	2018 £
This is stated after charging:		
Depreciation	**126,615**	135,577
Auditor's remuneration – audit	**11,400**	15,464
Auditor's remuneration – other services	**-**	3,120
Operating lease expenses – property	**99,547**	81,663

6 Staff costs

	2019 £	2018 £
The aggregate payroll costs were as follows:		
Wages and salaries	**1,116,957**	1,068,877
Social security costs	**29,165**	44,600
Pension costs	**70,674**	76,894
	1,216,796	1,190,371

Included in total wages and salaries were redundancy costs totalling £nil (2018: £38,152).

The number of employees receiving emoluments of more than £60,000 was as follows:

	2019 No.	2018 No.
£80,000 - £89,999	1	-
£70,000 - £79,999	1	-
£60,000 - £69,999	-	3

Pension contributions made on behalf of these employees totalled £5,350 (2018: £3,200).

The trustees consider key management personnel during 2019 to comprise the Board of Trustees, the Group's Chief Executive Officer, the Chief Executive Officers of the African subsidiaries and the UK Chief Financial Officer. None of the trustees were remunerated in the current year. Emoluments totalling £289,760 (2018: £316,793) were paid to these individuals inclusive of Employer's National Insurance and pension contributions.

The average number of persons employed by the charity during the year was as follows:

	2019 No.	2018 No.
Malawi	**99**	101
Zambia	**71**	49
Zimbabwe	**15**	8
Raising funds	**6**	5
Governance and administration	**3**	3
	194	166

7 Trustee remuneration and expenses

	2019 £	2018 £
Trustees' emoluments	-	44,658
Contributions to money purchase pension schemes	-	4,478
Trustees' emoluments	-	49,136

No expenses were reimbursed to trustees during the year (2018: £4,296).

8 Tangible Fixed Assets

						The group
	Buildings £	Office equipment £	Computer equipment £	Motor vehicles £	Website costs £	Total £
Cost						
At 1 January 2019	101,028	133,630	211,466	431,633	22,645	**900,402**
Forex adjustment	(1,302)	(11,536)	(1,204)	(32,352)	-	**(46,394)**
Additions	-	44,221	19,105	42,846	-	**106,172**
Disposals	-	-	-	-	-	**-**
At 31 December 2019	99,726	166,315	229,367	442,127	22,645	**960,180**
Depreciation						
At 1 January 2019	(12,518)	(52,575)	(110,959)	(194,393)	(22,645)	**(393,090)**
Forex adjustment	161	3,362	615	11,249	-	**15,387**
Charge for the year	(1,950)	(18,783)	(39,428)	(66,454)	-	**(126,615)**
On disposals	-	-	-	-	-	**-**
At 31 December 2019	(14,307)	(67,996)	(149,772)	(249,598)	(22,645)	**(504,318)**
Net book value						
At 31 December 2019	85,419	98,319	79,595	192,529	-	**455,862**
At 31 December 2018	88,510	81,055	100,507	237,240	-	**507,312**

			The charity
	Computer equipment £	Website costs £	Total £
Cost			
At 1 January 2019	118,066	22,645	**140,711**
Additions	-	-	**-**
Disposals	-	-	**-**
At 31 December 2019	118,066	22,645	**140,711**
Depreciation			
At 1 January 2019	(63,258)	(22,645)	**(85,903)**
Charge for the year	(23,629)	-	**(23,629)**
On disposals	-	-	**-**
At 31 December 2019	(86,887)	(22,645)	**(109,532)**
Net book value			
At 31 December 2019	31,179	-	**31,179**
At 31 December 2018	54,808	-	**54,808**

9 Investments

	The charity
	Investments in subsidiaries £
Cost	
At 1 January 2019	628,166
Additions	514,206
At 31 December 2019	1,142,372
Provision	
At 1 January 2019	-
Charge for the year	(57,360)
At 31 December 2019	(57,360)
Net book value	
At 31 December 2019	1,085,012
At 31 December 2018	628,166

Additions to investments represent new equity injected into the three wholly owned subsidiaries through a combination of cash advances and conversion of intercompany debt. This was done as part of the strategy to fund their expansion.

A summary of the results and the aggregate of share capital and reserves of the subsidiaries, converted into Pound Sterling, is shown below.

	Income £	Expenditure £	Result for the year £	Aggregate of share capital and reserves £
MLF Malawi	1,372,045	(1,382,762)	(10,717)	1,014,156
MLF Zambia	890,022	(834,813)	55,209	613,522
MLF Zimbabwe	122,142	(135,356)	(13,214)	9,130
	2,384,209	(2,352,931)	31,278	1,636,808

The activities of the above have been consolidated and therefore are included in the Group result. A description of their activities is included in the annual report.

10 Stock

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Consumables held	**13,299**	16,562	-	-

11 Debtors

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Amounts due from group undertakings	**-**	-	**206,725**	194,817
Microcredit loans (net of provisions)	**2,271,495**	1,846,987	**-**	-
Other debtors and prepayments	**273,009**	255,040	**13,729**	77,867
	2,544,504	2,102,027	**220,454**	272,684

12 Creditors: amounts falling due within one year

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	**22,200**	23,370	**5,167**	11,850
Taxation and social security	**36,584**	25,889	**3,897**	4,791
Other creditors and accruals	**275,885**	92,368	**14,389**	19,475
Loans	**661,382**	1,145,987	**-**	353,204
	996,051	1,287,614	**23,453**	389,320

Further information in respect of loans outstanding is provided at note 13.

13 Creditors: amounts falling due after one year

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Loan repayments due:				
In 1 - 2 years	**379,026**	91,796	**-**	-
In 2 - 5 years	**1,150,000**	604,848	**1,150,000**	550,000
	1,529,026	696,644	**1,150,000**	550,000

Loans represent amounts borrowed by various MLF entities to fund activities. Details of the loan providers, the entity the loan is with, the currency in which the loan is denominated and the applicable interest rate are set out below:

Loan provider	*Outstanding £*	*Borrower*	*Currency*	*Interest rate*
WildHearts Foundation (related party)	1,150,000	UK	GBP	Nil
Fonds European Financement Solidaire ('FEFISOL')	893	Malawi	MKW	27.0%
KIVA Microfunds	62,183	Malawi	USD	Nil
Whole Planet Foundation	68,294	Malawi	USD	Nil
Grameen	141,219	Malawi	MKW	18.0%
SIDI	74,901	Malawi	MKW	12.0%
FDH	226,892	Malawi	MKW	18.0%
Lend with Care	155,775	Malawi	USD	Nil
Lend with Care	81,119	Zambia	USD	Nil
Paul Foundation	229,132	Zambia	USD	3.0%
	2,190,408			

14 Provisions for liabilities

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Deferred Tax				
Amounts payable to the Zambian Revenue Authorities	**6,316**	6,058	-	-

At 31 December 2019, the group also had unrecognised deferred tax assets of £31,474 (2018: £19,456) in respect of Malawi and £21,485 (2018: £28,893) in respect of Zimbabwe.

15 Pension and other schemes

The charity makes contributions to various defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the charity to the schemes and amounted to £70,674 (2018: £76,894).

16 Charity status

The charity is a company limited by guarantee and consequently does not have share capital. The member is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

17 Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
In less than one year	**20,726**	35,040	**20,726**	20,648

18 Analysis of group net assets between funds

	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £
Tangible fixed assets	**455,862**	**-**	**455,862**	507,312	-	507,312
Net current assets	**2,048,584**	**18,197**	**2,066,781**	884,752	175,460	1,060,212
Long term liabilities	**(1,529,026)**	**-**	**(1,529,026)**	(696,644)	-	(696,644)
Deferred tax liability	**(6,316)**	**-**	**(6,316)**	(6,058)	-	(6,058)
	969,104	**18,197**	**987,301**	689,362	175,460	864,822

19 Funds

	Balance at 1 January 2019 £	Income £	Expenditure £	Foreign exchange gains/ (losses) £	Transfers £	Balance at 31 December 2019 £
Unrestricted funds						
General fund	689,362	2,761,844	(2,351,789)	(130,313)	-	**969,104**
	689,362	**2,761,844**	**(2,351,789)**	**(130,313)**	**-**	**969,104**
Restricted funds						
Malawi	-	213,810	(202,511)	-	-	**11,299**
Zambia	93,330	190,596	(280,633)	-	-	**3,293**
Zimbabwe	32,189	68,609	(100,798)	-	-	**-**
UK infrastructure	49,941	-	(46,336)	-	-	**3,605**
	175,460	**473,015**	**(630,278)**	**-**	**-**	**18,197**
Total funds	**864,822**	**3,234,859**	**(2,982,067)**	**(130,313)**	**-**	**987,301**

	Balance at 1 January 2019 £	Income £	Expenditure £	Foreign exchange gains/ (losses) £	Transfers £	Balance at 31 December 2019 £
Unrestricted funds						
General fund	785,135	2,209,867	(2,259,774)	(41,167)	(4,699)	**689,362**
Restricted funds						
Malawi	48,183	167,328	(215,511)	(1,083)	1,083	**-**
Zambia	160,736	100,862	(168,269)	(3,615)	3,616	**93,330**
Zimbabwe	-	134,713	(102,524)	-	-	**32,189**
PSHF	266	672	(938)	-	-	**-**
UK infrastructure	2,000	63,000	(15,059)	-	-	**49,941**
Group infrastructure	13,232	-	(13,232)	-	-	**-**
	224,417	**466,575**	**(515,533)**	**(4,698)**	**4,699**	**175,460**
Total funds	**1,009,552**	**2,676,442**	**(2,775,307)**	**(45,865)**	**-**	**864,822**

Restricted funds represent the total of individual fund balances received for activities within the charity's countries of operation. The trustees do not consider there to be any individually material amounts within each aggregated fund balance that would require separate disclosure.

20 Non adjusting events after the financial year

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of other countries including those in with the charity operates. COVID-19 has caused disruption to organisations and economic activity which has been reflected in recent fluctuations in global securities markets. At the date of this report, it is not practicable to fully determine the impact of COVID-19 on the charity or to provide a quantitative estimate of this impact. However, the trustees consider that the impact of coronavirus would not affect the ability of the charity to generate value such as to have a material impact on any of the balances in these financial statements or result in a material uncertainty over the going concern assumption. Please see the Trustees' Report and Note 1 for further details on the Board's assessment of going concern.

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Since 2002, MicroLoan Foundation has provided over 240,000 women with business loans and training to start their own businesses. As a result an estimated 960,000 children in their care have improved access to food, healthcare and education.

microloan foundation

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