



MicroLoan Foundation
Annual Report & Financial Statements
2014

MICROLOAN FOUNDATION
(A company limited by guarantee)
Annual report and financial statements for the year ended 31 December 2014
Charity number 1104287
OSCR number SC041941
Company number 0428558

Our Purpose

To help the poorest women in rural Africa transform their lives by lifting themselves and their families out of poverty.



Our Mission

We strive to be the leading charity providing business training, unsecured loans and ongoing mentoring to a growing number of women clients developing village-based micro businesses.

Our clients are poor women without access to education, capital, business training or financial services - but are the bedrock of a healthy society.

We listen to our clients and measure “social performance” to enhance our services and social purpose.

Our donors, staff and volunteers enable our work, and are central to our success; they are only second in importance to our clients.

Our long-term aim is ambitious: to be sustainable and make over 100,000 loans per year across a growing number of African countries.

Geographic expansion will be measured and determined based on objective market criteria, with the aim that each country’s operations become self-sufficient over time.

The micro-finance “virtuous circle” - recycling loan repayments to fund an expanding number of clients - requires a vigilant commercial approach. MicroLoan focuses on operational controls, efficiency, oversight and governance.

We must distinguish MicroLoan in the minds of clients, donors and the development community to raise future start-up funds and to retain and expand our client base.

*"After joining Microloan, I am now able to send my children to school, able to buy school uniform, books and writing pens."
(Enala - above left)*

Our Values

Far-reaching: Many women are stuck in poverty, struggling to support themselves and their families – we find and help them so they can build a sustainable life, irrespective of background and belief.

Attentive: We respect and listen to all, especially the individuals we help, they know what they need.

Small: We discover the point where a small intervention can make the biggest impact – we can take a chance with someone if it is small.

Consistent: We do what is right with conviction, sensitivity, enthusiasm and inventiveness.

Open: We are open and honest about success and failure, use time and funds effectively, value teamwork and accept there is always a better way.



Chairman's Introduction

“I am delighted to introduce this Trustees' Report on the activities of MicroLoan Foundation for the financial year 2014. The MicroLoan Foundation (MicroLoan) is a London-based charity providing microfinance services in sub-Saharan Africa. Our vision is to help millions of people help themselves out of poverty by providing them with the opportunity to start small, self-sustainable businesses. The principal and legal activity of the Charity is the provision of grants and support to microfinance operations, predominantly established by MicroLoan (UK).

Our main operation is in Malawi and is called the MicroLoan Foundation Malawi (MLF Malawi) with a second operation MicroLoan Zambia (MLF Zambia) now in its fifth year of operation. Both are registered as companies limited by shares to satisfy the requirements of the local reserve banks.

A smaller operation – the Philippines Self Help Foundation (PSHF), the inspiration behind the founding of MicroLoan – is supported by way of small grants.

The micro-finance programmes within the MicroLoan group provide small loans, basic business training and on-going guidance to groups of women. This enables the recipients to develop self-sustainable livelihoods, to feed, clothe and educate their families, and to work their way out of the poverty trap.

Full details of the activities, including case studies involving some of the Charity's clients, can be found on the website www.microLoanfoundation.org.uk

In general, we believe that we are building an effective model that promotes social change and addresses poverty in Africa. Social Performance Management is the way we make sure we're achieving this.

In tandem we plan to increase our fundraising efforts and to raise the MicroLoan Foundation profile in donor communities in the UK and elsewhere. This will allow us to spread our work deeper into existing rural communities in Southern Africa and enable as many poor women as possible to develop businesses so that ultimately they become small and medium-sized enterprises and employ others.

In support of this strategy, MicroLoan UK will continue to seek geographic expansion at the right time and also be prepared to offer certain technical expertise to other microfinance organisations and international NGO's.

I would like to thank sincerely all the supporters, volunteers and our dedicated staff who share our vision to help millions of people help themselves out of poverty.

Thank you.”



David Young
Chairman

CEO Report

Fundraising

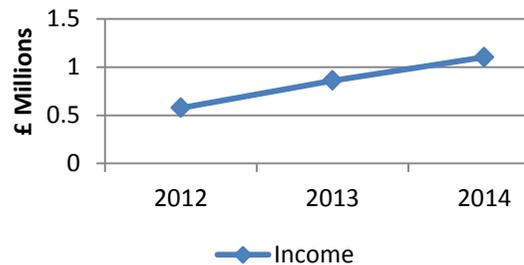
2014 was another thriving year for MicroLoan's fundraising team. Thanks to some fantastic support from individuals, trusts and corporate partners, the team's hard work and commitment paid off and our original income target was exceeded. Overall, we achieved a 26% increase in our income compared to the previous year. This year we introduce a standing item for future Annual Reports, our **Roll of Donors** where at the end of this report we list and recognise all our supporters who have donated over £500 in the year 2014. Our sincere thanks to all those listed.

Institutions, Trusts and Foundations

We continued to receive great support from Institutions, Trusts and Foundations – all crucial to

MicroLoan's development. Support from Trusts and Foundations was valued at £595,000 in 2014. £200,000 over budget thanks to some strong, detailed reporting work and an increase of applications. All in addition to the ongoing support from the three year grants from the Department for International Development (DFID) and the Scottish Government.

UK Fundraising Income



Highlights of the year included:

- Genesis Charitable Trust gave £93,000 to fund a new MIS (Management Information System) across Malawi and Zambia.

- The Headley Trust committed to £50,000 for two years support of our agri-loans programme in Malawi.
- SDL Foundation gave £50,000 for consultancy and infrastructure.
- The Egmont Trust continued to fund our work in Dowa, Malawi, with a £44,000 two-year grant.

MicroLoan's relationship with the Whole Planet Foundation also flourished. Whole Planet Foundation agreed to support MicroLoan Malawi with US\$740,000 for 2013-16. Whole Planet Foundation's support consists of an interest-free loan in 2013 and a grant in 2014 and 2015. This will enable us to reach an additional 8,000 clients in Central and Southern Malawi. We are most grateful for this generous support.

Corporate Support

During 2014 MicroLoan pitched and won support from numerous companies.

Highlights were:

- £12,000 from Capital Group
- £5,000 from Barclays
- The Association of Corporate Treasurers invited us to their annual dinner raising over £75,000 and securing over 200 new supporters for MicroLoan.

The Language Factory continued its longstanding support with a donation of £25,000 to support our training programme plans in Malawi.

We again took part in the Big Give Christmas Appeal and raised £11,000 in 2014 towards an overall total of £32,000. This appeal enabled us to match donations during a specific period in December. It raised vital funds as well as awareness of MicroLoan among potential new donors.

Individuals

Very special thanks must go to all our individual donors and supporters. Continued support from John Lapish provided £13,000 for Malawi.



MicroLoan Malawi

MicroLoan Malawi ended the year with 29,763 clients (26,371 in 2013); a 95% repayment rate for the period and a loan book value of £933,839 (2013 £707,053). This represented a growth of 32% against 2013 in GBP and a 35% increase in local currency.

Set against the floods and restructuring, it is encouraging to see that we have grown against the background of a more focused branch network – 17 instead of the 21 – and we believe this benefit will continue to show through in the years ahead.

People remain an important part of the Malawi plan and we strengthened the operations by the recruitment of a new Finance Manager in the early part of the year, a new management accountant and a new internal audit department. Following a successful away day, the Malawi Board also added three new Board members, two

resident internationals and the MLF Regional Director whilst also recruiting a lawyer as company secretary. We anticipate further strengthening in 2015 at all levels in the organisation.

There are a number of other positive factors to report:

- The internal audit department, control and its management is restructured and performing well.
- There is significant focus and cooperation on reduction of risk and fraud.
- A Management Information (MI) consultant is now based in country. We are preparing the local operation for a new MIS and selecting the best options given that, in spite of extensive 'due diligence,' the original chosen supplier has opted to withdraw from the market place.

- Our Social Performance programme is being strengthened by the recruitment of an additional manager. This will help support the finalisation and implementation of the new pre-disbursement training to clients.
- We have continued to roll out and develop our 'Tilime' farming programme, which enables the provision of training and inputs to increase the yields of maize. The effectiveness of which is researched annually. Subject to grant funding, we hope to be in a position to significantly roll it out in the years ahead. We have also assisted with the management of loans to support a Scottish Government-funded 'fish farming' project.



MicroLoan group in Malawi

MicroLoan Zambia

Zambia continues to offer a comparatively stable environment and growth opportunity for us. As a result MLF Zambia in 2014 built on the solid foundations already established and increased client numbers by 29% to 4,782 (2013 - 3,711).

Growth would have been higher had we not decided to hold back on expansion until new staff were recruited and the local team given time to resolve the repayment issues in two branches.

Repayment rates for the period hence fell to 94% while the loan book value grew to £417,312 (2013 - £308,533). We continued to focus our activities in the Eastern province of Zambia whilst finally opening one branch in the Southern Province at Mazabuka

There are a number of positive aspects to report:

- The recruitment of a Regional Supervisor has significantly strengthened the control of the

local operations on the ground and a further one will be hired in 2015. This eradicated the repayment issues with PAR 30 now reduced to a highly respectable 2%.

- A core loan product, Nkunzi, was adapted to better suit client’s needs. It will also help towards sustainability.
- A poverty measurement tool has been implemented with data suggesting that we are reaching high poverty levels.
- We successfully installed the new MIS on a test basis in the Head Office running it in parallel with the current system – MicroLoan Manager.
- We strengthened the Board with the recruitment of a Company Secretary and the addition of a Regional Director.

Summary of MicroLoan African Programmes

	Malawi			Zambia			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Loan Book									
Number of loans made (000s)	67	63	61	9	7	7	76	70	68
Number of clients (000's)	30	27	23	5	4	3	35	31	26
Average value of loans made (GBP)	54	62	67	133	131	107	94	97	87
Repayment rate (%)	95	99	99	94	97	99	94	98	99

Operations

Number of branches	17	17	21	6	5	5	23	22	26
Number of client groups	1,857	1,673	1,535	300	234	220	2,157	1,907	1,755
Number of staff as at 31 December 2014	95	102	134	26	17	17	126	119	152



Volunteers

Women's Development Board

Members of our dynamic Women's Development Board volunteer their time and energy to raise funds and open networks for us.

For example, they organise events and bring their contacts to them, and also ask their companies to support us.

In 2014 the WDB comprised:

- (Chair) Ida Levine – Director at Capital International and Trustee at MicroLoan
- Lucy Brown – Managing Director – Christie's, South Kensington
- Elizabeth Corley – CEO of Allianz Global Investors Europe
- Geraldine Gallacher Executive - Coach
- Lynne Turner – Global Finance Director at Christie's
- Pam Waring – Charity Fundraising Consultant

Communications

MicroLoan is fortunate to receive pro-bono support from two communications agencies.

The London-based multi-award winning creative agency **DLKW Lowe** works with us on a number of key creative projects. In 2014 they included:

- 'Start Something' Campaign concept
- 'Big Give' design

The global technology PR firm **AxiCom** (part of WPP) donated 30 hours every month during 2014.

More generally, MicroLoan continued to communicate regularly with supporters in 2014 to raise awareness of our work. Work began on our website redesign. In addition our social media activity increased substantially during the year.

Charity links and activities

In 2013 we launched a partnership with CARE International's lendwithcare.org initiative. This scheme allows individuals in the UK to lend small amounts of money to entrepreneurs in poor communities around the world. The link with MicroLoan means that, for the first

time, lendwithcare.org lenders can support individuals and groups in Zambia and Malawi who are starting or growing their own businesses.

A relationship was also established with Kiva to support our work in Malawi.

Future Plans

2015 is a year of 'step change' for MicroLoan as we gear up to deliver our planned growth for the next three years. Its importance should not be underestimated.

Overall we plan to:

- Invest in our core UK fundraising team in order to capitalise on the great interest in our work from Individuals, Companies, Institutions, Trusts & Foundations and the media.
- Increase our client base by 2017 to 56,000 clients with 23% of the total coming from Zambia, here we will open four new branches.
- Strengthen our African team at all levels, gradually building a regional office in Africa to include our Regional Director, Director of Finance, HR and Social Performance Team.

- Achieve sustainability in both countries no later than 2016, through increased operational efficiency in Africa and greater control over risk and fraud.
- Select a new MIS system in the coming months, install in both countries in 2016 and invest over time in hand-held tablets to speed up the collection of data.
- Open up in one new country with a relatively solid economy and exchange rate, in order to strengthen our financial base and to leverage our skill and knowledge base.
- Roll out a pilot project which will make sure that loan sizes and controls over the branches and staff are optimised to fulfil our social objectives.



Peter Ryan
CEO &
Founder



Financial Review

A summary of our financial performance for 2014 is set out in the statement of financial activities and on the balance sheet on pages 16 and 17.

We have consolidated all activities of MLF Zambia and MLF Malawi fully on a line-by-line basis in the statement of financial activities. A summary of the results of the subsidiaries converted into GBP is shown in note 10 of the accounts. This is in line with day-to-day operations and the level of control which MLF UK's management has over the two overseas subsidiaries.

Income

Total incoming resources increased from £1,831,351 in 2013 to £2,031,805 in 2014. The main contributors to income growth are that (a) Interest income generated from the Malawi and Zambian operations increased by 15%, a significant achievement given the currency devaluation in both countries and that (b) UK voluntary income increased by 31% as a result of the larger restricted grants from DFID and the Scottish

Government being in place for a full financial year. In addition there were other successful fundraising activities such as winning charity of the year with the Association of Corporate Treasurers. Restricted income continues to grow in 2014 and now represents 70% of the total voluntary income.

Voluntary Income

We received £1,115,722 (2013 - £1,020,773) in consolidated voluntary income during 2014, with income growth levelling out at 9% following a 54% increase in 2013. The 2014 growth followed the good work started the year before and allowed the fundraising team the time to build and generate a new fundraising pipeline for 2015. See note 15 to the financial statements for a breakdown of income by source.

Income from charitable activities

This represents loan interest income from our operations in Malawi and Zambia.

Interest income in Zambia increased to £238,476 (2013 £214,090). MLF Zambia continued

to expand its outreach by increasing both client numbers to 4,782 (2013 - 3,711) and the number of loans disbursed from 7,295 in 2013 to 8,888.

Interest income in Malawi increased to £660,509 (2013 £569,927), the 16% increase in hard currency is a significant achievement following on the decline reported last year. As reflected in the data table above client numbers increased to 29,763 (2013 - 26,371) and the number of loans disbursed increased to 66,907 from 63,034 in 2013. The level of disbursements made during the year and active clients are the key performance drivers.

Expenditure

Costs of generating voluntary income

Fundraising expenditure declined to £235,660 (2013 £248,720) in 2014 due to a realignment of staff duties. The fundraising cost ratio decreased from 27% in 2012 to 24% in 2013 and 21% this year. The ratios are in line with the industry standard return on investment.

Expenditure on charitable activities

Expenditure of £1,303,655 (2013 £1,331,796) on charitable activities is made up principally operational costs of MLF Malawi and MLF Zambia as well as loan capital grants to the Group.

Expenditure in Africa

Excluding negative tax charges, expenditure in Africa, increased by 15% which is largely inflation related offset by pound sterling currency gains. Expenditure in MLF Zambia increased by 33% to £357,321 (2013 £269,167) due to the planned expansion of the branch network. MLF Malawi expenditure increased by 8% to £935,115 (2013 £1,020,030) due to negative income tax and a deferred tax charge of £142,698. Inflation in Malawi averaged 25% throughout the year whereas the Malawi Kwacha exchange rate moved from MKW676 in December 2013 to MKW735 at the end of 2014.

Governance Costs

Expenditure on governance-related activities increased to £66,982 (2013 £59,462). 2014 Governance expenditure was in line with the budget and expected costs.

Exchange rate differences

As a result of the ongoing currency fluctuations in both Malawi and Zambia during 2014 we ended the year with an exchange rate loss of £105,734 (2013 £325,331). This is a significant improvement which in part indicates less exchange rate volatility but also the fact that a large part of last year's loss related to the revaluation of the opening balances.

Reserves and reserves policy

The overall group reserves position improved, we ended the year with total charity funds of £1,692,647 (2013 £1,372,873). The group reserves position at the end of the 2014 financial year is as follows:

- Unrestricted reserves £387,530 (2013 £198,954)
- Restricted reserves £1,305,117 (2013 £1,173,919)

Restricted reserves are funds which can only be used for purposes specified by the donors, most of which are secured to fund the ongoing growth of our Africa operations in Malawi and Zambia.

Unrestricted reserves represent funds held pending their application for use towards the general activities and purposes of the Charity.

It is the view of the Trustees that the Charity should hold adequate financial reserves to meet the identified risks. The Trustees assess the level of risk on an ongoing basis by looking at the UK charity sector as a whole and drawing from its experiences working in Africa.

In assessing the level of risk the Trustees have agreed to retain the criteria followed in 2013 as outlined below for 2014.

- Six months' operating costs for the Charity's UK office excluding costs covered by any restricted funding held in the Charity's year end restricted reserves.

- Six months operating shortfall as calculated by the difference between projected interest income and operating costs on the Malawian and Zambian microfinance programmes – but excluding any costs covered by a restricted donation held in the Charity's year end reserves.
- The Charity's fundraising strategy including the objective of increasing the level of unrestricted income raised.

The Malawian and Zambian subsidiaries are required to prepare cash flow forecasts and retain sufficient cash on hand to cover their operational expenses and new loan disbursements. When additional funds are required this is funded by the UK Charity from restricted reserves.

The targeted level of unrestricted reserves as of 31 December 2014 was in the range of £270,000 to £280,000 compared to actual unrestricted reserves of £313,867 at the close of the year.

The reserves position continues to be monitored and discussed on an

ongoing basis at the Trustee meetings. Management are tasked with closely monitoring the situation and providing regular reports to the Trustees as a means of ensuring full attention is given to this important issue.

Social Investment

After extensive due diligence, the Board agreed in late 2013 to trial a limited amount of social investment primarily to support the additional loan book in Africa. Such investment now stands at £509,500, loan terms include both with and without interest.



Esnart is able to send her children to school with the help of MLF

Governance

Directors and Trustees

The Directors of the charitable company (the Charity) are its trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year, and since the year end, are as follows:

David Young (Chairman)
Greg Delaney (resigned 1.12.14)
Peter Ryan
Caroline Ryan
Alex Tweedie (resigned 3.4.14)
Ida Levine
Alan Penson
Caroline Beck
Anton Simanowitz

Governing Document

MicroLoan Foundation (the "Charity") is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 10 July 2003 as amended and updated on the Companies House Register. It is also registered as a charity with the Charity Commission of England and

Wales and Office of the Scottish Charity Regulator.

Appointment of Trustees

The Charity appoints new trustees by carefully selecting the functional skills that are required for the development and governance of the MicroLoan Foundation. The appointment of trustees is governed by the Memorandum and Articles of Association. A new trustee is proposed, seconded and voted in at a trustee meeting.

A rotational appointment of trustees has been put in place with terms of three years, with a maximum period of service of two terms. All trustees are required to visit the work in Africa, meet the management teams and read and sign the Conflict of Interest documents.

The Charity was sad to bid farewell to Greg Delaney. Greg offered significant support on marketing which will continue albeit outside the formal role of Trustee. Alex Tweedie's retirement was highlighted in the 2013 report. Alex retires in line with a general

reduction of his charity involvements but will continue to serve as a Director of MicroLoan Zambia. The charity has put in place a formal search to recruit more trustees who will be able to support both governance and fundraising.

Organisation

The Board of Trustees, which must have at least three members, provides governance and oversight of the Charity. It meets every two months (more frequently if required).

In addition, a Remuneration & Appointments Committee and an Audit Committee were formed in 2008. In 2014 the Remuneration & Appointments Committee comprised Alan Penson, Caroline Beck and David Young. The Audit Committee comprised David Young, Alan Penson, Caroline Beck and Ida Levine. Both committees report to the Board of Trustees.

Peter Ryan acts both as a Trustee and as the CEO of the organisation. The Charity Commission has given its consent to Peter being employed in

the role of CEO and to his continuing to serve as a Trustee.

Related parties

The MicroLoan Foundation, USA ("MicroLoan USA") is a tax-exempt non-profit organisation under section 501(c) (3), and is an affiliate of MicroLoan Foundation. The principal activity of MicroLoan USA is creating a base in the USA to raise funds and awareness of the MicroLoan Foundation activities and developing operational capacity to establish further MicroLoan programmes.

The MicroLoan Foundation, Australia ("MLF Aus") operates with the same purpose as MicroLoan USA.

"We are proud of our honey - and the help that got us started. Now I do not fear how I will feed my family" (Daphne)

Risk Management

The CEO is responsible for the day-to-day management of risk. This is also a standing agenda item at the Risk and Audit Committee which raises essential issues at Trustee Board Meetings. The CEO is responsible for presenting an updated risk management assessment for review by the Risk and Audit Committee. It includes:

- Identifying the risks the Charity may face.
- The implementation of systems, controls and procedures to manage identified risks.

To reflect the risks commensurate with the growth of the Charity, the Trustees have trustee indemnity insurance.

The Trustees are satisfied that systems are in place to monitor, manage and mitigate major risks that MicroLoan Foundation is exposed to and that appropriate steps are in place to improve these systems.

Public Benefit Statement

The Trustees ensure that the activities of the charity are consistent with its charitable objects and aims. In agreeing our annual plans, the Trustees take into account public benefit as set out in the Charity Commission's general guidance on public benefit.

The Trustees believe there is clear public benefit derived from the objectives and activities of the MicroLoan Foundation as set out above.



Catherine, MLF client for over 10 years

Investment policy and powers

The Trustees have powers of investment, as determined by our Memorandum and Articles.

Due to the Charity's reserve requirement and the nature of its charitable activities (see above), funds are held that exceed short term spending requirements and forecast programme costs, but are available to access at short notice. These "excess" funds are placed in liquid fixed deposit accounts with a basket of UK retail banks. The maturity of these funds is designed to correspond with forecast expenditure and reserve requirements. The nature of these investments ensures that no unnecessary risks are taken with donor funds.

Funds required to meet liquidity and short term expenditure requirements are retained in an interest bearing current account with the charity's bankers.

Registered Office and Operational HQ

1 Canal Court
152-154 Brentford High Street
TW8 8JA

Bank

CAF Bank Limited
25 Kings Hill Avenue
West Malling
Kent
ME19 4J

Auditors

Invicta House,
108-114 Golden Lane,
LONDON,
EC1Y 0TL

Sayer Vincent LLP was re-appointed as the charitable company's auditors during the year and has expressed its willingness to continue in that capacity.

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of MicroLoan Foundation for the purposes of company law) are responsible for preparing the report of the Trustees 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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;

- 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; and
- Prepare financial statements on a 'going concern' basis unless it is inappropriate to assume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, 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 the group and hence for taking reasonable steps for the prevention and

detection of fraud and other irregularities.

In so far as the Trustees 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.

Finally, 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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2014 was 7 (2013 - 9).

The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the group or the charity.

The report of the Trustees has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Signed on behalf of the Board



Alan Penson
Trustee and Treasurer



David Young
Trustee and Chairman

Roll of Donors

Thanks to all of our supporters who made a financial donation of £500 and more in 2014:

Adrian Perry
Alchemy Foundation
Alison Rose
Alison Stevens
Alquity Investment Management Ltd
Anne Hurn
Ashurst LLP
Austin Bailey Foundation
Axicom
Becky Worthington
Bill Adams
Bliss Family Charity
Bobby Jackson
Brian Mercer Charitable Trust
Brillig Charitable Trust
Bryan Guinness Charitable Trust
Capital Group
Ceri Richards
Cole Charitable Trust
Danny Witter
David Rudd
David Tilston
David Young
Department for International Development
Derek Caldwell
Dischma Charitable Trust
Downe House School
Edith M Ellis 1985 Charitable Trust

Enid Slater Charitable Settlement
Father O'Mahony Memorial Trust
Genesis Charitable Trust
Geoffrey Westmore
Gill McDonnell
Gordon Beck
Goyder Family Trust
Guy Davison
HDH Wills 1965 Charitable Trust
Hugh Goyder
Ida Levine
J A Clark Charitable Trust
J T Morgan
Jane Penson
Jane Thurnell-Read
Jiameng Yu
John Bason
John Bleahey
John H. Wilson
John Lapish
John Welshman
Jon Morris
Julian Dolman
Justin Lo
Kathleen Hughes
Keith Gilmour
Lady Yuen Peng McNeice Charitable Foundation
Leah Dembitzer
Lebus Charitable Trust
Lend With Care
Lynne Turner
Malcolm Pennyquick

Mark Roche
Matthew Bettison
Michael and Elizabeth Corley
Miss Mary Millyard Charitable Trust
Monica Fisher
Morel Charitable Trust
Mrs M A Lascelles Charitable Trust
Nancy Bateman Charitable Trust
Nicola Jolley
Nina Womack
Noubi Ben Hamida
Paterson Logan Charitable Trust
Pearson Education Ltd
Peter Calnan
Philip Bates
Rachel Scanlon
Reggie Goldsmith
Richard Gibson
Richard Miles
Rita & David Slow Charitable Trust
Robert Burns
Rowse Family Trust
Scottish Government
SDL Foundation
Sebastian and Flora Lyon
Shervin Sharghy
Sita Noble
SMB Charitable Trust
Spear-Stutz Charitable Trust
Stefan Ionescu
Stephen Clark 1957 Charitable Trust
Stephen Martus
Stuart Hitchcock
Tanner Trust

The Abbey School
The Boltini Trust
The De Brye Charitable Trust
The Egmont Trust
The Estelle Trust
The Evan Cornish Foundation
The Executive Coaching Consultancy
The Fulmer Charitable Trust
The Gledswood Charitable Trust
The Headley Trust
The Language Factory
The Marr-Munning Trust
The Mr and Mrs JT Morgan Foundation
The Open Gate Trust
The Persula Foundation
The Rhiannon Trust
The Tory Family Foundation
The Waterloo Foundation
The World Traders' Charitable Trust
The Wyn and Ken Lo Memorial Foundation
Thomas Wortley
Tony Wilkinson
Tracy Stevens
Turner Kirk Charitable Trust
Violet Mauray Charitable Trust
W F Southall Trust
Westerham Evangelical Congregational Church
Whole Planet Foundation
Wyndham Charitable Trust

Independent Auditor's Report to the members of Microloan Foundation

We have audited the financial statements of Microloan Foundation for the year ended 31 December 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 company's members those

matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees (who are also the directors of the 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.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the

trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2014, and of the group'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; and
- Have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended)

requires us to report to you if, in our opinion:

- The parent charitable company has not kept adequate and sufficient accounting records, 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' exemption in preparing the report of the trustees and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Signed for and on behalf of Sayer Vincent LLP, Statutory Auditors

Catherine Sayer
Senior statutory auditor

Date

Invicta House, 108-114 Golden Lane,
LONDON, EC1Y 0TL

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



Consolidated Statement of Financial Activities (Incorporating an income and expenditure account)

MicroLoan Foundation - For the year ended 31 December 2014

	Note	Unrestricted £	Restricted £	2014 Total £	2013 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	328,786	786,936	1,115,722	1,020,773
Investment income	3	1,065	-	1,065	2,892
<i>Incoming resources from charitable activities</i>					
MLF Malawi - Loan interest income	10	660,509	-	660,509	569,927
MLF Zambia - Loan interest income	10	238,476	-	238,476	214,090
<i>Other incoming resources</i>		16,033	-	16,033	23,669
Total incoming resources		1,244,869	786,936	2,031,805	1,831,351
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income	4	235,660	-	235,660	248,720
<i>Charitable activities</i>					
MLF					
Malawi		457,615	477,500	935,115	1,020,030
MLF					
Zambia		278,832	78,489	357,321	269,167
PSHF		(12,522)	21,473	8,951	37,337
MLF USA		-	2,268	2,268	5,262
<i>Governance costs</i>		66,982	-	66,982	59,463
Total resources expended		1,026,567	579,730	1,606,297	1,639,979
Net (outgoing)/incoming resources before transfers	5	218,302	207,206	425,508	191,372
Gross transfers between funds		15,771	(15,771)	-	-
Net incoming resources before other recognised gains and losses		234,073	191,435	425,508	191,372
<i>Exchange differences</i>					
On opening funds		(10,317)	(60,237)	(70,554)	(259,192)
On results for the year		(35,180)	-	(35,180)	(66,139)
Net movement in funds		188,576	131,198	319,774	(133,959)
Reconciliation of funds					
Total funds brought forward		198,954	1,173,919	1,372,873	1,506,832
Total funds carried forward	15	387,530	1,305,117	1,692,647	1,372,873

All of the results shown on the left are derived from continuing activities. There were no other recognised gains or losses other than those stated here. Movements in funds are disclosed in the accounts on the left and in note to the financial statements.

Statement of Financial Activities (Incorporating an income and expenditure account)

MicroLoan Foundation - For the year ended 31 December 2014

MICROLOAN FOUNDATION - UK Charity only

	Note	Unrestricted £	Restricted £	2014 Total £	2013 Total £
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Voluntary Income		328,786	769,976	1,098,762	835,012
Investment Income		124	-	124	531
<i>Other incoming resources</i>		141,576	-	141,576	27,217
Total Incoming Resources		470,486	769,976	1,240,462	862,760
Resources Expended					
<i>Costs of generating funds</i>					
Charitable activities		275,955	-	275,955	254,135
Governance costs		80,466	562,771	643,237	648,010
		76,274	-	76,274	59,464
Total resources expended		432,695	562,771	995,466	961,609
Net outgoing resources		37,791	207,205	244,996	(98,849)
Gross transfers between funds		76,397	(76,397)	-	-
Net movement in funds		114,188	130,808	244,996	(98,849)
Reconciliation of funds					
Total funds brought forward		34,480	198,215	232,695	331,544
Total funds carried forward		148,668	329,023	477,691	232,695

Balance Sheets

MicroLoan Foundation - As at 31 December 2014

	Note	The Group		The Charity	
		2014 £	2013 £	2014 £	2013 £
Fixed assets					
Tangible fixed assets	8	314,105	237,481	76,679	2,160
Investments	9	-	-	3,230	3,230
Deferred tax asset	7	163,057	-	-	-
		<u>477,162</u>	<u>237,481</u>	<u>79,909</u>	<u>5,390</u>
Current assets					
Stock		-	4,856	-	-
Debtors	11	1,387,968	1,071,364	197,940	44,437
Cash at bank and in hand		598,061	459,794	373,147	235,758
		<u>1,986,029</u>	<u>1,536,014</u>	<u>571,087</u>	<u>280,195</u>
Liabilities					
Creditors: amounts falling due within one year	12	393,135	207,325	83,804	52,890
Net current assets		<u>1,592,894</u>	<u>1,328,689</u>	<u>487,283</u>	<u>227,305</u>
Total assets less current liabilities		<u>2,070,056</u>	<u>1,566,170</u>	<u>567,192</u>	<u>232,695</u>
Creditors due after more than one year	13	377,409	193,297	89,501	-
Net assets	14	<u>1,692,647</u>	<u>1,372,873</u>	<u>477,691</u>	<u>232,695</u>
Funds					
Restricted funds	15	1,305,117	1,173,919	329,023	198,215
Unrestricted funds					
General funds		313,867	198,954	75,005	34,480
Designated funds		73,663	-	73,663	-
Total charity funds		<u>1,692,647</u>	<u>1,372,873</u>	<u>477,691</u>	<u>232,695</u>

Approved by the Trustees on 6 May 2015 and signed on their behalf by:

Alan Penson



Trustee and Treasurer

David Young



Trustee and Chairman







Giving hope not hand outs

For any enquiries you can contact MicroLoan Foundation at:

contact@microloanfoundation.org.uk

or on

Tel: +44 (0)20 8827 1688

www.microloanfoundation.org.uk

1 Canal Court, 152 – 154 High Street, Brentford, TW8 8JA

#StartSomething



Registered Charity number 1104287

