Annual Report and Financial Statements 2025

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

MicroLoan Foundation's vision is a world where all those living in poverty have the opportunity to build better lives for themselves and their families.

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itel
better life

Leadership introduction

2025 was a landmark year for MicroLoan Foundation. It reinforced a simple truth, when women can access finance backed by practical training and consistent support, they build stronger businesses, strengthen household stability, and help their communities thrive.

As Chairman and Group CEO, we're proud to reflect on a year of responsible growth across southern Africa.

> **In 2025, more than 155,000 women accessed loans, savings, training, mentoring, and other client-focused services through our programmes in Malawi, Zambia, Zimbabwe, and South Africa.**

Since we began, we have supported over 575,000 women entrepreneurs and positively impacted more than 3 million lives. These figures reflect everyday outcomes that matter most, food on the table, school fees paid, stock bought for a small business, and families better able to plan for the future.

Not only that, in 2025, we passed £158 million in cumulative loan disbursements since inception reaching women who are underserved by traditional financial institutions. Behind every loan is a woman investing in her goals and building a more reliable source of income for her household.

A major milestone in 2025 was launching our operation in South Africa. In its first year, the programme reached 2,975 women and achieved 88% Operational Self Sufficiency, an encouraging start as we scale an approach proven across multiple markets, while staying grounded in community relationships.

We continued investing in digital tools to strengthen delivery and improve safety for clients and staff, especially in remote communities, helping us serve women more quickly, securely, and reliably.

In Zambia and Malawi, we introduced a health and life insurance product built into our loan offerings to support clients' wellbeing in times of crisis. It covers hospitalisation, disability, life and funeral costs, and credit risk, helping to protect both clients and the stability of their businesses during unexpected shocks.

As climate shocks and economic pressures continue across the region, our focus is on helping women do more than cope. Through financial education, agricultural resilience training, and ongoing mentorship delivered by our trusted teams, we support women to strengthen their businesses and build more secure futures.

Delivering our long-term ambition to increase our impact tenfold over the next decade requires strong foundations, and this work is already underway. We are strengthening the systems needed for scale, developing more holistic solutions for our clients, and sharpening how we measure what works through a more rigorous approach to evidencing impact. At the same time, we are building new partnerships alongside existing funders to support sustainable growth, while reflecting on how our identity and positioning should evolve to match the breadth of our work and ambition.

> **None of this would be possible without the dedication of our staff, the trust of our clients, and the continued support of our donors, partners, investors, and volunteers. Thank you for helping make lasting change possible across southern Africa.**

Together, we're building a future where more women have the opportunity, resources, and confidence to create lasting change, for themselves, their families, and their communities.

With gratitude and determination,

Dr Mick Jackson
Chairman

Medha Wilson
Group Chief Executive Officer


L.F.C.
standard chartered

Model and methodology

MicroLoan Foundation is a financial inclusion institution committed to expanding access to responsible financial services, training and ongoing support for women living in rural communities across Malawi, Zambia, Zimbabwe, and South Africa.

For more than two decades, our methodology has evolved alongside the needs of the women and communities we serve. Our approach is designed for the last mile where financial exclusion, poverty, and limited economic opportunity remain significant barriers to progress. By listening closely to clients and community leaders, we continue adapting our services, improving digital solutions, and developing products that respond to changing realities and local needs.

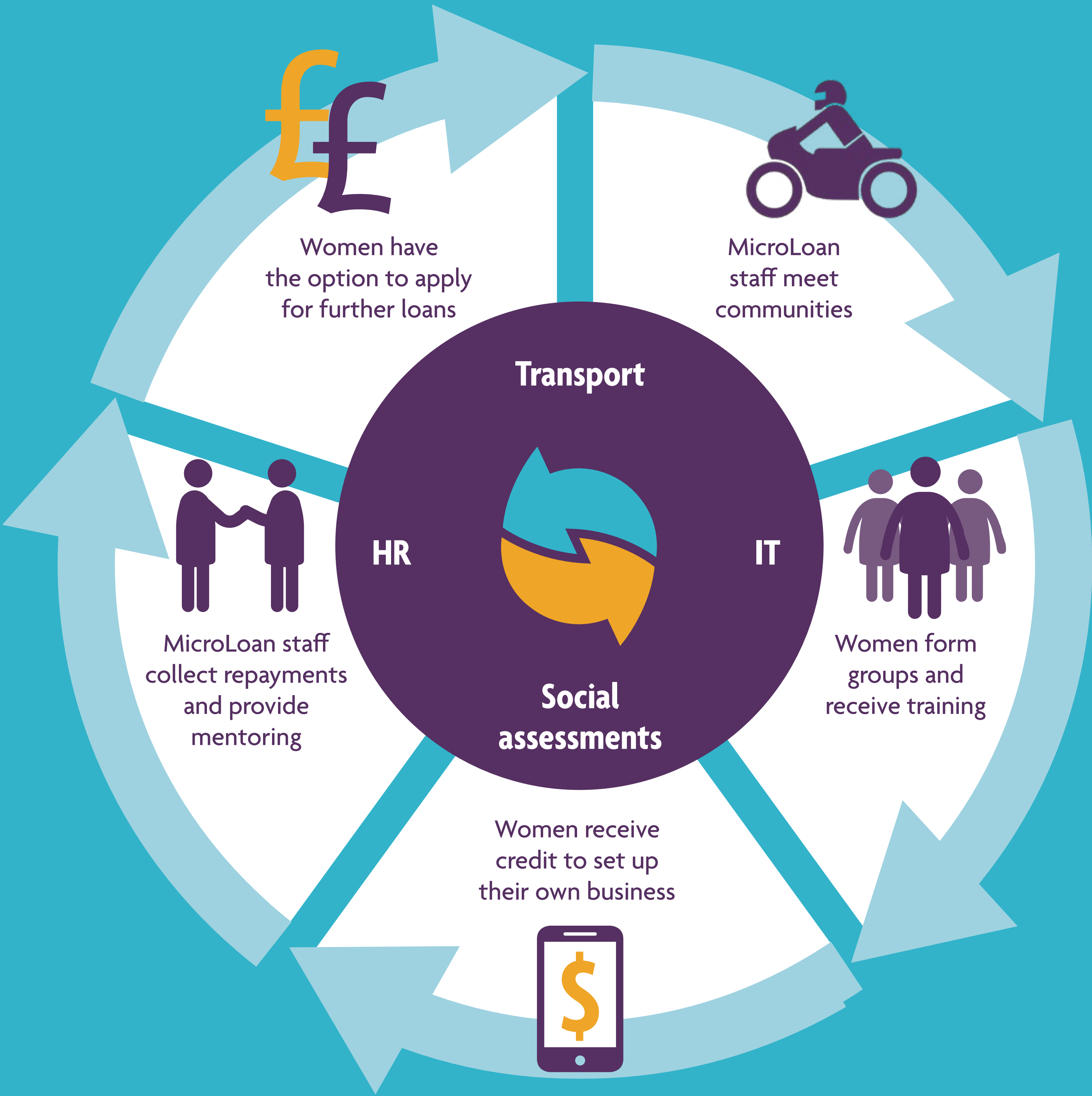
Our model is built on trusted relationships and consistent client engagement. Loan and Training Officers work directly within rural villages, partnering with traditional leaders and local communities to introduce MicroLoan Foundation's services and identify women interested in starting or growing businesses. Women form groups of five members, creating trusted networks where each woman receives an individual loan while the group shares collective responsibility and accountability.

The groups then join larger centres of up to 50 women from the same communities. Each centre elects three leaders who help coordinate activities, strengthen communication, and support women throughout their journey with MicroLoan Foundation. These centres create safe spaces where women exchange ideas, build confidence, improve financial literacy, and learn from one another's experiences.

Before receiving loans, clients complete onboarding focused on financial literacy, business planning, savings, goal setting, and personal development. Rather than traditional classroom learning, our methodology uses practical coaching, mentoring, visual learning tools, role play, and discussion-based facilitation to make information accessible and engaging for women with varying literacy levels.

Once loans are disbursed, through mobile money or cash, women invest in businesses such as farming, market trading, tailoring, restaurants, and hairdressing salons. Monthly centre meetings provide opportunities for repayments, mentoring, business coaching, peer learning, financial education, and ongoing relationship building.

Digital innovation continues strengthening our methodology through mobile money services, digital savings platforms, and enhanced internal systems that improve accessibility, communication, security, and operational efficiency. These investments are helping MicroLoan Foundation extend services more effectively while deepening financial inclusion in remote and underserved communities.



In 2025, 99% of loans were repaid in full.

Scaling inclusive futures

MicroLoan Foundation entered 2025 with a clear understanding that meaningful scale requires more than growth alone. It requires strong systems, trusted community relationships, relevant products, and digital innovation capable of responding to the evolving realities women face every day.

Since inception, MicroLoan Foundation has supported more than 575,000 women entrepreneurs, disbursed over £158 million in loans across southern Africa, and positively impacted more than 3 million lives. These figures reflect not only organisational growth, but also the increasing demand for inclusive financial services designed specifically for women living in rural and underserved communities.

As we look ahead, our ambition is to significantly expand outreach and deepen impact across the region, with the continued aspiration of reaching one million women annually by 2035. Achieving this will require sustained investment in operational systems, innovation, and client-centred solutions that build resilience and support long-term economic participation.

Throughout 2025, MicroLoan Foundation expanded its regional footprint through the launch of operations in South Africa alongside the opening of new branches in Zambia and Zimbabwe, extending services into communities where access to formal financial services remains limited. At the same time, the organisation continued investing in digital systems, mobile money services, and a digital savings platform to improve accessibility, strengthen communication, enhance transaction security, and increase operational efficiency across its operations.

Product diversification also remained a major focus during the year. In response to evolving client needs, MicroLoan Foundation continued expanding to provide new and improved services including savings, insurance, financial education, coaching, and ongoing mentoring designed to strengthen household resilience and support sustainable livelihoods.

By combining high-touch community engagement with scalable systems and client-centred innovation, MicroLoan Foundation has cemented its position as a leader in inclusive finance for women across southern Africa while building the foundations needed for sustainable and responsible future growth.

Our vision for 2035

Scale | Expanding opportunity across southern Africa

By 2035, we aspire to serve 1 million women annually, creating lasting impact for more than 5.2 million people each year through expanded access to financial services, knowledge, and opportunity.

Inclusion | Building accessible financial systems

We are committed to making financial services more accessible and affordable, helping remove barriers that continue to exclude women and low-income households from economic and opportunity.

Innovation | Strengthening resilience in a changing world

With more than 90% of our clients engaged in smallholder farming, we will continue investing in research, digital innovation, and client-centred solutions designed to help women adapt to climate change, economic uncertainty, and evolving local realities.

Social impact

For many women living in rural communities across southern Africa, financial exclusion continues to shape daily life, affecting access to food, healthcare, education, and economic opportunity. In 2025, more than 155,000 women across Malawi, Zambia, Zimbabwe, and South Africa accessed loans, savings, financial education, coaching, mentoring, and other services through MicroLoan Foundation.

Through the determination and resilience of these women, over 629,000 children and vulnerable adults in their care benefited from improved access to food, healthcare, education, and economic opportunity.

MicroLoan Foundation measures the long-term as well as the more immediate changes women experience within their households, businesses, and communities. Our Social Performance Management approach helps ensure we continue reaching women living in poverty while delivering services responsibly and sustainably. This includes monitoring social outcomes, strengthening client protection, and developing products and services that respond to evolving client needs.

Our methodology has received international recognition for its contribution to inclusive finance, poverty reduction, food security, and women's economic empowerment.

EUROPEAN MICROFINANCE AWARD

60 dB MFI Index: Africa TOP IMPACT 2023

.org IMPACT AWARDS CHAMPIONS FOR CHANGE

Poverty alleviation

The Poverty Probability Index® remains an important tool to assess whether we are effectively reaching women living below the poverty line and how household wellbeing changes over time. Since 2012, MicroLoan Foundation has collected data on poverty to better understand how women's lives change as businesses grow, incomes stabilise, and opportunities increase.

Creating economic opportunity for women traditionally excluded from formal financial systems remains central to MicroLoan Foundation's approach. In 2025, 88% of clients reported they had never previously accessed a formal loan, and an average 377% increase in business profits after accessing financial services, coaching, mentoring, and ongoing support.

These financial outcomes continue translating into broader long-term changes within households and communities. Overall, 98% of clients reported improved quality of life, while the same percentage reported feeling more self-confident. In Malawi, 80% of clients reported being able to send all their female children to school, compared to 54% before joining MicroLoan Foundation. Importantly, over 17% of clients are moving out of extreme poverty after one year, representing meaningful progress for families who have often experienced generational poverty and limited economic opportunity.

In 2025, most new clients joining MicroLoan Foundation were living below internationally recognised poverty lines, reinforcing the organisation's continued focus on reaching women and households facing the highest levels of financial exclusion and economic vulnerability. 88% of clients had never previously accessed a formal loan before joining MicroLoan Foundation.

100%

of all MicroLoan clients were saving in 2025

92%

of families have food security compared to **87%** before joining MicroLoan

7%

of women have one or more paid employees

49%

of clients have increased access to healthcare after joining MicroLoan

Women report a

377%

average increase in business profits after joining MicroLoan

80%

of clients in Malawi are able to send all of their female children to school compared to **54%** before

98% of clients reported improved quality of life after joining MicroLoan Foundation.

Resilience and climate change

Climate volatility continued affecting rural communities across southern Africa throughout 2025, placing increased pressure on household incomes, agricultural production, and food affordability. For many women, unpredictable weather patterns, rising input costs, and economic instability remain part of everyday life.

More than 90% of MicroLoan Foundation clients engage in smallholder farming, while many also operate small businesses that support local food systems and community livelihoods. Their ability to adapt, diversify income, and maintain financial stability remains essential for household and community resilience.

MicroLoan Foundation provides access to capital, savings, financial education, coaching, mentoring, and peer support. These services strengthen financial management skills, diversify income streams, and build greater resilience to economic and environmental shocks. In 2025, the organisation reinforced its client-centred approach through the introduction of insurance products designed to provide additional protection during periods of vulnerability.

Savings continue to play a critical role in helping women navigate uncertainty. In 2025, 100% of clients actively saved money, enabling households to respond to emergencies and unexpected expenses. Across operations, clients reported improved food security, increased access to healthcare, and greater confidence in supporting their families during difficult periods.

As climate and economic pressures reshape rural livelihoods, MicroLoan Foundation remains committed to developing practical solutions that build resilience and support more secure futures for women and their communities.

of clients in Zambia have improved resilience to face emergencies

of clients were able to save

of clients have improved food security

of clients report increased spending on housing and household assets

Gender equity

By working exclusively with women living in rural communities, MicroLoan Foundation continues expanding access to economic opportunity for those too often excluded from formal financial systems. Access to finance, combined with coaching, mentoring, and ongoing support, helps women grow independent income sources, build confidence, invest in the well-being of their families, and play a stronger role in financial decision-making within their households and communities.

As women strengthen their financial position, families are better able to meet everyday needs, children are more likely to remain in school, and households become more resilient during periods of uncertainty.

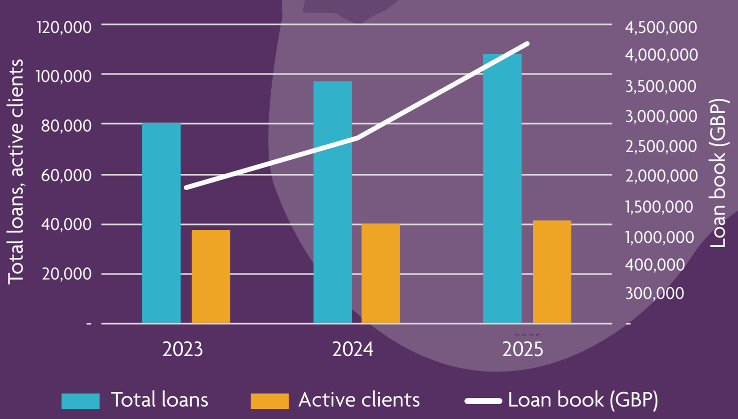
Women also report greater confidence, stronger social support networks, and increased ability to plan for the future.

The United Nations Sustainable Development Goals provide an important framework for building a more equitable and sustainable future. MicroLoan Foundation's work directly contributes to No Poverty, Zero Hunger, and Gender Equality, while also supporting Quality Education, Decent Work and Economic Growth, Climate Action, Life on Land and Partnerships for the Goals.

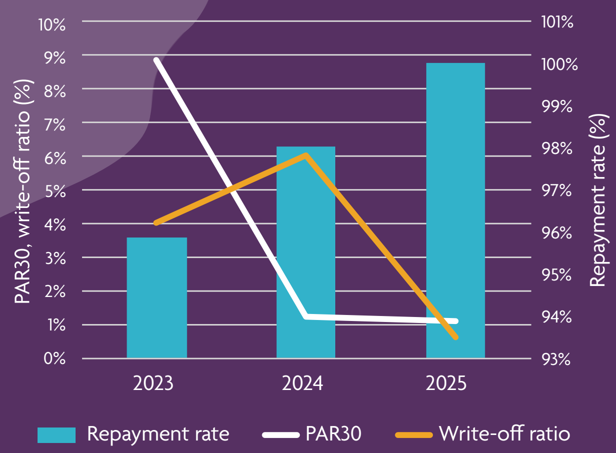
97% of clients reported increased business profits.

Operations in Malawi

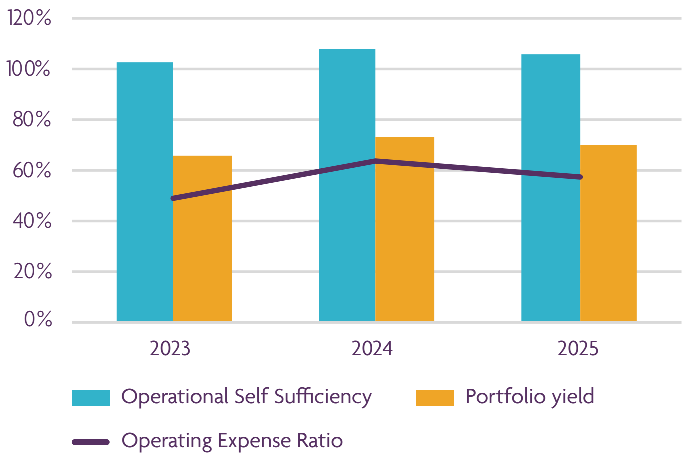
Total loans, active clients & outstanding loan book



Repayment rate, PAR30 & write-offs



Portfolio yield, Operating Expense Ratio & Operational Self Sufficiency



	2023	2024	2025
Total loans made	80,861	97,094	108,624
Active clients	37,177	39,820	41,263
Loan book (GBP)	2,051,243	2,768,258	4,220,659
Average loan size (GBP)	85	77	109
PAR30	8.8%	1.2%	1.1%
Repayment rate	96%	98%	99%
Operational Self Sufficiency	103%	108%	106%
Portfolio yield	66%	73%	70%

MicroLoan Foundation Malawi strengthened its position in 2025 as a leading provider of responsible financial services for women living in rural and underserved communities. Operating through 22 branches and three satellite offices across the country, the institution continued supporting women smallholder farmers and microentrepreneurs through our group lending methodology designed to strengthen household resilience, financial capability, and long-term economic stability.

The operating environment during the year remained challenging. Real GDP growth was modest at an estimated 2–3.2%, reflecting a gradual recovery from 2024, while average headline inflation remained high at 24.9% despite some moderation. Inflationary pressures, foreign exchange shortages, rising living costs, and the ongoing effects of climate related shocks continued affecting household incomes and small businesses nationwide. Despite these pressures, MicroLoan Malawi delivered strong operational performance while maintaining disciplined portfolio management and continuing to strengthen the quality of services delivered to clients.

Outreach grew steadily, with active clients increasing from 39,820 in 2024 to 41,263 in 2025. Total loans disbursed rose from 97,094 to 108,624, while the gross loan portfolio expanded significantly from MWK6.0 billion to MWK9.7 billion, reflecting sustained demand for financial services in a high-inflation environment.

Portfolio quality remained exceptionally strong. Portfolio at Risk over 30 days (PAR30)—a key measure of loan portfolio quality improved slightly from 1.2% in 2024 to 1.1% in 2025, while repayment rates remained at 99%. Operational Self Sufficiency was maintained at a healthy 106%, reflecting continued operational discipline, productivity improvements, and the institution's strong focus on financial sustainability.

Digital transformation remained a major strategic focus throughout the year. Building on increasing mobile money adoption across the country, MicroLoan Malawi expanded digital financial services to improve accessibility, transaction security, convenience, and operational efficiency for clients in remote communities. Continued client training and sensitisation programmes also helped build confidence in digital financial transactions among women previously excluded from formal financial systems.

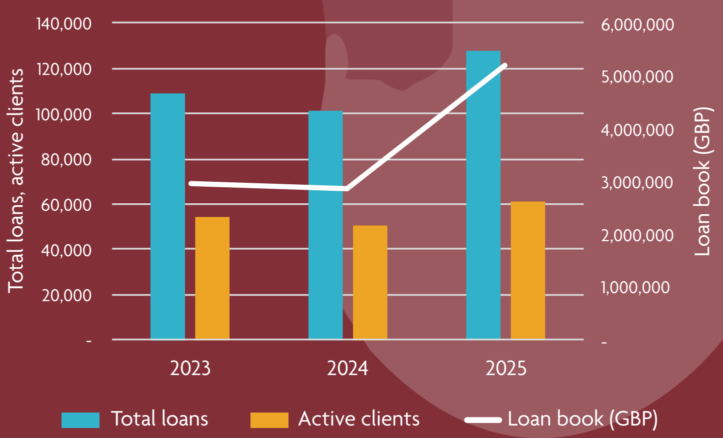
The institution also made significant progress in diversifying its product offering and client progression pathways. Individual lending was fully rolled out to more mature clients with established businesses and strong repayment histories, complementing the existing group lending model. Microinsurance products were introduced across the client base, enhancing resilience to shocks, while credit scoring was implemented to strengthen risk management, improve client segmentation, and support more tailored financial solutions.

During the year, MicroLoan Malawi experienced important changes within its governance structures as the institution continued strengthening leadership capacity to support long-term growth and sustainability. The organisation extends its sincere appreciation to outgoing board members Mr. Nick Hall and Mr. Charles Mandala for their dedicated service, leadership, and valuable contribution towards advancing MicroLoan Malawi's strategic and organisational objectives over the years. We also warmly welcomed three new members to the Board during 2025. Their appointments bring valuable experience and expertise that will further strengthen governance, strategic oversight, and the institution's continued commitment to responsible growth and social impact.

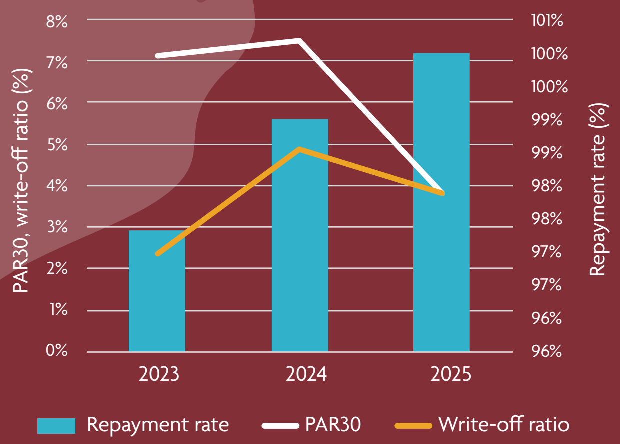
Looking ahead, MicroLoan Malawi remains focused on disciplined growth and deepening impact. In 2026, the institution will expand its physical footprint with an additional branch, while advancing product diversification, including the continued expansion of individual lending, the introduction of VSLA-linked lending, the scaling of microinsurance, and the rollout of digital savings solutions. These priorities will further enhance the organisation's ability to serve rural women effectively and support the resilience and growth of their businesses and households.

Operations in Zambia

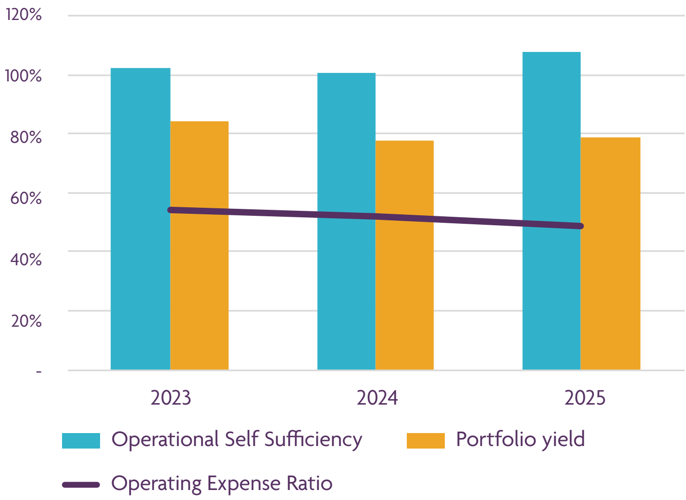
Total loans, active clients & outstanding loan book



Repayment rate, PAR30 & write-offs



Portfolio yield, Operating Expense Ratio & Operational Self Sufficiency



	2023	2024	2025
Total loans made	108,790	101,104	128,120
Active clients	54,526	50,280	61,347
Loan book (GBP)	2,956,743	2,847,911	5,202,932
Average loan size (GBP)	95	85	103
PAR30	7.1%	7.5%	3.8%
Repayment rate	97%	99%	100%
Operational Self Sufficiency	103%	101%	108%
Portfolio yield	84%	77%	79%

2025 was a year of strong recovery, growth, and operational progress for MicroLoan Foundation Zambia as the institution continued expanding financial inclusion for women in rural and underserved communities across the country.

Performance was underpinned by improved macroeconomic conditions, strengthened operations, and sustained demand for accessible financial services.

Following the severe economic and climate-related challenges experienced in 2024, Zambia's macroeconomic environment showed signs of gradual recovery during 2025. Improved rainfall during the 2024/2025 farming season contributed to higher agricultural output and food supply, increased foreign exchange inflows and the issuance of new currency directives helped stabilise the Zambian Kwacha and enhance business confidence. Inflation eased from 16.7% in December 2024 to 11.2% in December 2025.

MicroLoan Zambia delivered excellent growth in outreach, with active clients increasing by 22% from 50,280 in 2024 to 61,347 in 2025. The loan book expanded significantly from ZMW100.9 million to ZMW155.9 million, reflecting increased demand and expanding operational capacity.

Portfolio quality strengthened considerably during the year, with PAR30 reducing from 7.5% in 2024 to 3.8% in 2025. The improvement reflects more advanced portfolio monitoring, enhanced staff training, and closer client engagement following the operational pressures experienced during the drought period.

MicroLoan Zambia further strengthened its position as a leader in digital innovation and inclusive financial services during the year. Enhancements to internal digital systems and expanded integration of mobile money services improved transaction security, operational efficiency, and service delivery for clients in remote communities. The institution also expanded digital savings services, helping clients manage savings more securely and conveniently while reducing travel costs and operational risk.

An important development during the year was the introduction of the new voluntary Health and Life Insurance product in Zambia. Integrated within loan services, the product provides client protection covering hospitalisation, life and funeral costs, as well as credit risk. The introduction of this product reflects MicroLoan Zambia's growing focus on increasing household resilience and supporting clients to build financial health beyond access to credit. Climate resilience and financial education remained central to MicroLoan Zambia's work throughout 2025. Through mentoring, financial literacy training, and ongoing client support, the institution continued helping women grow businesses, diversify income sources, and improve long-term household stability in communities vulnerable to economic and environmental shocks.

As MicroLoan Zambia continued expanding its operations and improving regional coordination during 2025, the institution also advanced key leadership and governance developments to support its next phase of growth. A significant milestone during the year was the relocation of Group Chief Executive Officer Medha Wilson to Zambia, reflecting MicroLoan Foundation's commitment to deepening impact and supporting the next phase of sustainable growth. This aligns with the longer term strategy to establish Zambia as a regional hub of excellence to drive growth across its southern African operations. The institution also strengthened its governance structures through the appointment of a new Board Director during the year, further enhancing strategic oversight and leadership capacity as MicroLoan Zambia continues scaling its impact across rural communities.

As MicroLoan Zambia looks ahead, the institution remains focused on scaling responsibly while enhancing the systems, leadership capacity, and client-centred solutions needed to support long-term growth and resilience. Continued investment in digital innovation, operational efficiency, and integrated financial services will remain central to expanding access for women in underserved rural communities.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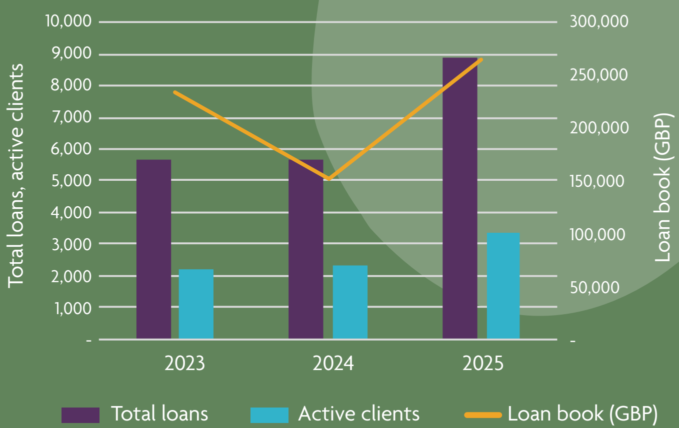
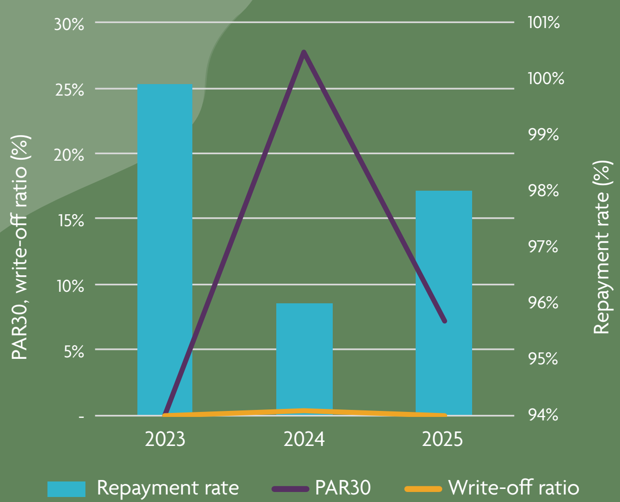
Operations in Zimbabwe

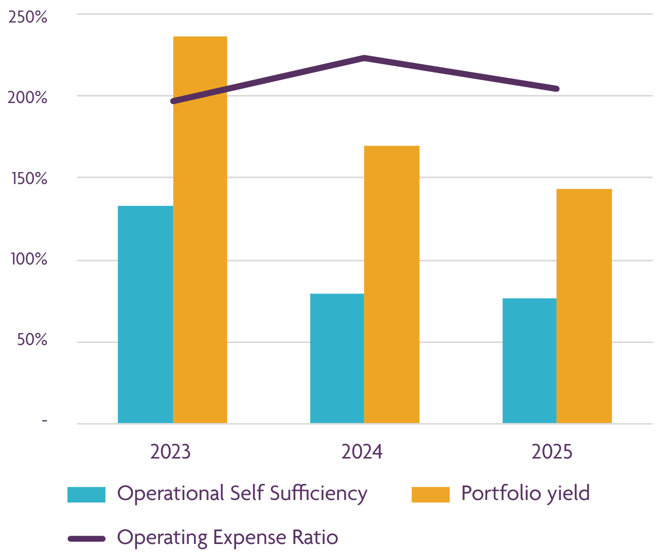
Total loans, active clients & outstanding loan book



Repayment rate, PAR30 & write-offs



Portfolio yield, Operating Expense Ratio & Operational Self Sufficiency



	2023	2024	2025
Total loans made	5,660	5,658	8,885
Active clients	2,205	2,350	3,388
Loan book (GBP)	233,891	151,733	265,613
Average loan size (GBP)	150	115	132
PAR30	0%	27.7%	7.2%
Repayment rate	100%	96%	98%
Operational Self Sufficiency	133%	79%	77%
Portfolio yield	236%	170%	144%

MicroLoan Foundation Zimbabwe strengthened its presence in 2025 as one of the few financial inclusion institutions in the country focused exclusively on serving women living in rural and underserved communities. Despite a highly constrained economic environment, the institution delivered meaningful operational recovery during the year while expanding access to responsible financial services for women smallholder farmers and microentrepreneurs.

Zimbabwe's operating environment remained complex throughout 2025. Currency volatility, inflationary pressures, and the lingering effects of the severe El Niño-induced drought continued affecting household incomes, informal trade, and agricultural activity across many rural communities. Although improved rainfall contributed to gradual recovery in some farming regions, economic vulnerability remained high for many households dependent on small-scale agriculture and informal businesses for income.

Within this environment, MicroLoan Zimbabwe continued operating primarily through US Dollar lending, helping protect clients and the institution from exchange rate instability while supporting more predictable business planning, trading activity, and portfolio management.

Against this backdrop, the institution recorded strong operational progress during the year. Active clients increased significantly from 2,350 in 2024 to 3,388 in 2025, while the total number of loans disbursed rose from 5,658 to 8,885. The gross loan portfolio also recovered strongly, growing from USD265,522 to USD394,287 as client confidence improved and demand for working capital increased across operations.

Portfolio quality improved substantially following the operational pressures experienced during the 2024 drought period. PAR30 reduced from 27.7% in 2024 to 7.2% in 2025, reflecting strengthened portfolio monitoring, disciplined risk management, and improving repayment capacity among clients.

Alongside operational growth, MicroLoan Zimbabwe reinforced its institutional foundations throughout the year through investments in financial oversight, leadership capacity, operational systems, and internal controls designed to support long-term sustainability and future scale. Total assets increased from USD421,441 in 2024 to USD562,941 in 2025 as the institution continued building momentum and strengthening operational resilience.

Beyond financial services, the institution supported women through financial education, mentoring, and high-touch community engagement delivered through the group lending model. These support structures remain central to helping women develop and grow businesses, diversify household income, and navigate periods of economic instability more effectively.

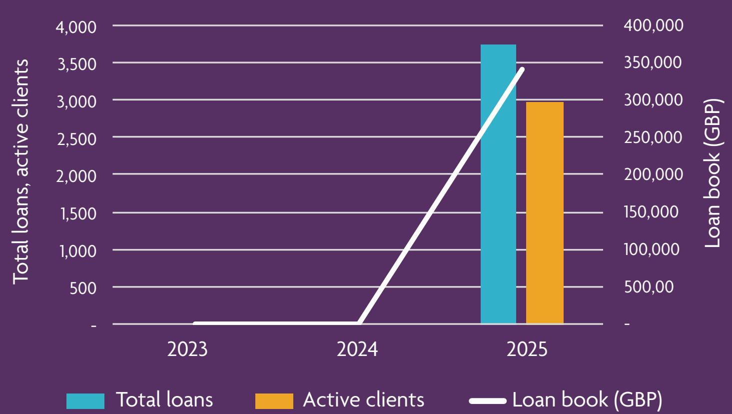
The recognition reflects the value of MicroLoan Zimbabwe's relationship-based operating model and the consistency with which team continues supporting clients through periods of economic uncertainty and recovery. It also highlights the institution's ability to combine operational discipline with deeply localised client engagement, helping women strengthen livelihoods and navigate challenging economic conditions with greater stability and confidence.

In 2025, MicroLoan Zimbabwe received recognition from Whole Foods Market Foundation through a Field Officer Appreciation Award acknowledging the organisation's exceptional service and dedication to the women and communities it serves.

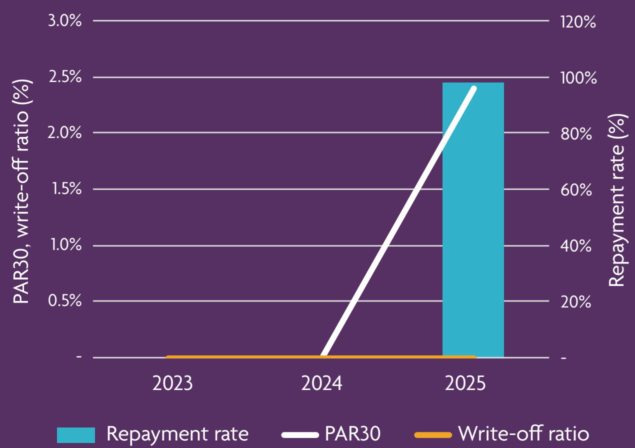
MicroLoan Zimbabwe's new 2026–2030 strategic plan places strong emphasis on strengthening institutional resilience and deepening support for women navigating economic and climate-related uncertainty across rural communities. The institution will continue investing in portfolio quality, operational systems, and client-centred financial services designed to support sustainable livelihoods and long-term resilience. In 2026, MicroLoan Zimbabwe will expand its footprint through the opening of new branches in two new geographic areas, extending reach into underserved communities. The institution will explore digital savings solutions through partnerships with regulated providers to complement its credit offering and strengthen client financial resilience. The year ahead will also see a stronger focus on evidencing social impact, including the introduction of the Food Insecurity Experience Scale (FIES) in 2026 to improve monitoring of food security outcomes and better understand how clients and households are adapting to ongoing external shocks.

Operations in South Africa

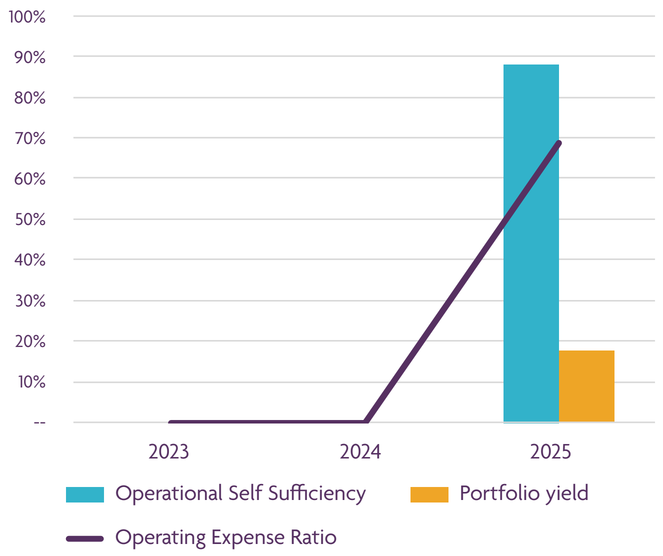
Total loans, active clients & outstanding loan book



Repayment rate, PAR30 & write-offs



Portfolio yield, Operating Expense Ratio & Operational Self Sufficiency



	2025
Total loans made	3,730
Active clients	2,975
Loan book (GBP)	339,664
Average loan size (GBP)	166
PAR30	2.4%
Repayment rate	98%
Operational Self Sufficiency	88%
Portfolio yield	17.6%

MicroLoan Foundation South Africa officially launched operations in 2025, marking a major milestone in the organisation's long-term ambition to expand financial inclusion for women across southern Africa. As MicroLoan Foundation's first geographic expansion beyond Malawi, Zambia, and Zimbabwe, the launch reflects an important step in extending the organisation's high-touch community-based methodology into new markets across the region.

Operations commenced in June 2025, with the first client training sessions taking place in July and August in Phuthaditjhaba in the Free State Province near the KwaZulu-Natal border. South Africa presents both significant opportunity and substantial need. Despite being one of sub-Saharan Africa's most developed economies, high levels of inequality and financial exclusion continue affecting many women living in rural and underserved communities.

Building on more than two decades of experience across southern Africa, MicroLoan Foundation adapted its proven group lending approach to the South African context, combining responsible financial services with financial education, coaching, mentoring, and ongoing community-based support designed to strengthen household resilience and sustainable livelihoods.

The programme experienced strong early growth during its first year of operations. There were 2,975 active clients by year-end and a loan portfolio of ZAR7.8 million, reflecting strong demand for accessible financial services among women traditionally excluded from formal financial systems. A total of 3,730 loans were disbursed during 2025, with an average loan size of ZAR3,818.

Performance was encouraging, with the organisation achieving 88% Operational Self Sufficiency in its first year of operation. Portfolio quality was strong, with PAR30 closing the year at 2.4% and repayment performance reaching 98%, reflecting positive repayment performance during the institution's establishment phase.

Alongside initial operational growth, significant investment was made in establishing internal systems, governance structures, financial oversight, staff capacity, and operational controls to support long-term sustainability and future scale. Continued support from MicroLoan Foundation UK enabled the institution to establish strong operational foundations while investing in future growth capacity.

Looking ahead, MicroLoan South Africa will focus on expanding its operational footprint within the Free State and KwaZulu-Natal regions to reach more women in underserved communities. The institution will also explore pilot partnerships with savings groups to broaden access to complementary financial services and strengthen client resilience. In parallel, efforts will be directed towards building partnerships with existing and new lenders to support access to capital and enable sustainable scale.

Fundraising overview

In 2025 MicroLoan Foundation raised £1,527,027 (2024: £1,138,503) in voluntary income. We benefit from generous support from a wide range of donors including trusts, foundations, institutions and corporate partners, as well as generous individuals who support us through personal donations, fundraising events or campaigns. The voluntary income also includes donated resources and gifts in kind to a total value of £47,129 (2024: £50,778).

The top donors in 2025 include WildHearts Group and Foundation, Whole Foods Market Foundation, The Paul Foundation, The Headley Trust, Halcrow Foundation and The MacDaibhidh Charitable Trust. We also secured significant grant funding through two of our trusted investors. Grameen Crédit Agricole Foundation provided grant funding through the Smallholder Sustainability Upscaling Programme (SSNUP), and the European Investment Bank. International Solidarity for Development and Investment (SIDI) provided funding through the Technical Assistance Facility FEFISOL II. During the year, we were granted legacy gifts to a total value of £349,025. In addition, we received generous donations from private individuals and organisations who wish to remain anonymous.

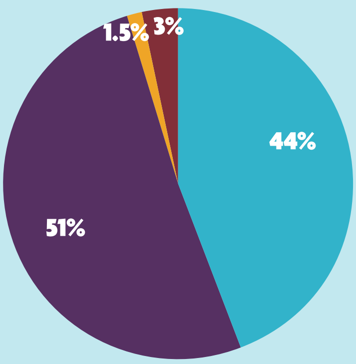
In 2025, MicroLoan Foundation secured investments in the form of debt facilities from the likes of Grameen Crédit Agricole Foundation, FEFISOL II, Global Partnerships, LendwithCare, MAIIC, ADA, The Paul Foundation, Oikocredit, SIDI, Symbiotics, and The World Bank via the Financial Inclusion and Entrepreneurship Scaling (FInES) project.

MicroLoan Foundation 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 develop innovative projects and ensure that our donors are regularly informed about the impact of their support. In 2025, MicroLoan Foundation conducted a feasibility study to inform the fundraising strategy to grow philanthropic income and increase our outreach and impact over the coming decade.

We are a member of the Fundraising Regulator and adhere to the UK Code of Fundraising Practice.

Fundraising income 2025

- Trusts and institutions
- Individuals and events
- Donated services and facilities
- Corporates



Registered with FUNDRAISING REGULATOR

Group financial review

The group's financial performance for 2025 is set out in the Consolidated and Charity Statement of Financial Activities, the Balance Sheets and the Consolidated Statement of Cash Flows. The group result includes that of MicroLoan Foundation and our subsidiaries in Malawi, South Africa, Zambia and Zimbabwe.

Most of the income and expenditure of the group is generated or incurred in local currency, and the majority of assets and liabilities are similarly denominated. Accordingly, the consolidated result of the group, which is presented in Sterling, is impacted by foreign exchange movements. Currency movements in 2025 were mixed: the Zambian Kwacha strengthened by 16% against Sterling and the South African Rand by 5%, partially offset by a 7% depreciation in both the Malawian Kwacha and the US Dollar, which is the functional currency of our Zimbabwe operation. On balance and reflecting the relative size of our individual country operations, these movements were slightly favourable for the group, and the figures presented are broadly representative of the strong underlying performance achieved across all four countries.

Results in overview

The Group delivered a strong financial performance in 2025, with significant growth in both income and charitable activity. £26.5 million of loans were disbursed during the year and the loan book at year end (net of provisions) was £10,047,207 (2024: £5,809,822), an increase of 73%, reflecting the substantial expansion of the portfolio across all four markets.

The Group reported an overall increase in funds of £1,162,696 (2024: increase of £412,777). Net income grew strongly to £1,023,728 (2024: £478,455), with favourable exchange rate movements contributing a further gain of £93,896 on the retranslation of opening reserves (2024: loss of £65,678), and a revaluation gain of £45,072 on a property in Malawi also included within recognised gains for the year.

At the year end, total group funds amounted to £3,369,264 (2024: £2,206,568), of which £131,611 (2024: £109,273) were restricted and £3,237,653 (2024: £2,097,295) were unrestricted. Of these, £2,774,691 (2024: £1,970,598) related to MicroLoan Foundation as the charitable parent, with £131,611 (2024: £109,273) restricted and £2,643,080 (2024: £1,861,325) unrestricted.

Income and expenditure

Total income grew 36% to £7,618,088 (2024: £5,609,337) and total expenditure increased by 29% to £6,594,360 (2024: £5,130,882), reflecting the significant scaling of our charitable activities across all four countries.

Income from our in-country operations grew 39% to £6,043,816 (2024: £4,363,632). In local currency terms, Malawi's income grew 38% and Zambia's 36%, reflecting strong portfolio growth and improved client numbers across both operations. Zimbabwe saw a 6% decline, reflecting management's deliberate decision to slow new lending activity in the first part of the year in order to focus on portfolio quality and the recovery of arrears following the challenges of 2024. South Africa contributed income for the first time following the launch of operations there in 2025. The Sterling growth rate is slightly flattered by the strengthening of the Zambian Kwacha against Sterling during the year, partially offset by the depreciation of the Malawian Kwacha and US Dollar.

Voluntary income was £1,527,027, an increase of 34% on the prior year (2024: £1,138,503). This included a lump sum grant received from WildHearts Foundation, the parent charity. Excluding this, externally generated voluntary income grew by 6% year on year. Investment income totalled £47,245 (2024: £107,202). The reduction from the prior year reflects a lower average rate of return on deposits held and, across the subsidiaries, the more efficient deployment of cash into the client loan book during 2025.

Staff costs remained the single largest expense of the group, accounting for 38% of total resources expended. The total charge grew to £2,535,940 (2024: £2,030,092), reflecting a combination of increased headcount, inflationary pay rises across our countries of operation and the net effect of currency movements. Average employee numbers across the group was 342 (2024: 327).

The group leveraged funding advanced to the subsidiaries with additional borrowings to fund the expansion of the loan book. As a result, interest paid on our borrowings grew by £342,527 (39%) to £1,222,916 (2024: £880,389) in 2025.

Loan provisions and write-offs decreased to £203,371 (2024: £265,781), reflecting continued improvement in portfolio quality in Malawi and Zambia. PAR 30 in Malawi improved further to 1.1% (2024: 1.2%) and Zambia's PAR 30 improved significantly from 7.5% to 3.8%. Zimbabwe's PAR 30 also recovered substantially to 7.2% (2024: 27.7%), reflecting the stabilisation of the economic environment and the impact of restructuring and recovery measures taken in the prior year.

Exchange gains of £93,260 were recognised in the year (2024: losses of £34,430), driven primarily by the strengthening of the Zambian Kwacha against Sterling during the year.

Use of funds

During 2025 the UK charity advanced just under £1 million of funding to its subsidiaries across all four countries of operation. This comprised a combination of equity, long-term loan funding and revenue grants. In addition, social investment borrowings increased by a net £4,769,999 as new facilities were secured and existing facilities refinanced. Together, these funding flows enabled the group to increase the carrying value of the year-end consolidated loan book by £4,237,385 (73%) to £10,047,207 (2024: £5,809,822).

At the year end, the parent charity held designated funds of £2,317,902 in respect of capital committed to its African subsidiaries

(2024: £1,405,060). Of this, £1,717,902 had already been advanced in the form of either equity or debt, with the remaining £600,000 ringfenced for future investment.

Key Financial Performance Indicators

The key financial performance indicators monitored by management are principally set out in the reviews of operations above. In addition, the efficiency of our fundraising function and the proportion of total income reinvested in fundraising activities are closely monitored, as are the operational performance and portfolio quality of each of our country operations.

Fundraising efficiency ratio

	2023	2024	2025
Donations and legacies received	£1,178,454	£1,138,503	£1,527,027
Cost of fundraising function	£344,318	£368,745	£356,095
Ratio	3.4	3.1	4.3

Fundraising expenditure

	2023	2024	2025
Total expenditure	£5,621,792	£5,130,882	£6,594,360
Expenditure on fundraising	£344,318	£368,745	£356,095
Percentage	6.1%	7.2%	5.4%

Reserves policy and management

In the UK

Reserves are maintained at a level that enables the charity to manage financial risk and ensure the charity can sustain its activities over the long term. As a fundraising charity, we are subject to the effects of short-term volatility in income whereas our cost base is relatively fixed and the demand for funds to support our loan book growth is ongoing.

The heightened geo-political risks across the territories in which the Group operates also necessitate a cautious outlook in terms of the Group's operating environment and reserves policy. The high levels of inflation and significant currency depreciation experienced across Malawi, Zambia and Zimbabwe in recent years are examples of the difficulties faced. The Board anticipates ongoing upward pressure on core costs such as salaries and fuel in these countries, as well as challenges accessing affordable social investment to support and scale our activities there.

We use a single reserve measure in respect of our UK operations. This measure mandates that MicroLoan Foundation should hold a minimum level of free reserves to ensure that the charity is able to meet its financial commitments as they fall due, with any excess then available to grow loan book.

'Free reserves' is defined by the Board as unrestricted and undesignated net current assets. It excludes tangible fixed assets (which are not readily convertible to cash), long-term borrowings and any funds that have already been committed or advanced to our projects in Africa through grants, investment or lending. Such advances do not represent an available source of funds to meet UK financial commitments.

The Board has agreed that 'free reserves' should exceed a minimum of six months but are not expected to exceed nine months' forecast cash outflows, calculated on an annualised basis. At 31 December 2025, the free reserves position was £414,334, equivalent to 8.8 months. This is within the Board's target range and reflects the strong financial performance of the year.

MicroLoan Foundation has continued to invest in strengthening its management team across all countries and in building its reputation within the sector as a responsible, well-managed and mission-focused financial inclusion organisation. This has enabled it to develop strong relationships with mission-aligned social investors and maintain a healthy pipeline of available loan capital to complement donor-funded investment from the UK.

Management recognises the importance of ensuring a responsible approach to the level of debt taken on relative to reserves. Accordingly, it is vital that the charity continues to manage and grow its reserves as part of ensuring sufficient funds are available to support and scale activities in line with the Group's strategic plan.

In Africa

As regulated microfinance institutions, our subsidiaries in Malawi, South Africa, Zambia and Zimbabwe must meet stringent capital adequacy rules mandated by the local Reserve Banks. In addition, the environments in which they operate make these entities more susceptible to macroeconomic 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 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 can 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. In 2025, two of our four country operations achieved this position, with South Africa reaching OSS of 88% in its first year of operation.

As the parent charitable organisation, MicroLoan Foundation makes targeted cash advances to our operations in each country to fund sustainable, responsible growth in the loan books and thereby increase the number of clients served. This forms part of the Board's strategy to manage investment risk over the long term through geographical expansion and diversification.

Funds held pending deployment are invested in the COIF Charities Deposit Fund. This fund is categorised as a short-term, Low Volatility Net Asset Value Money Market Fund and is designed to provide a high level of capital security whilst providing a competitive yield.

Going concern

The Group continues to make strong progress against its strategic plan, building resilience within its subsidiaries through sustained, responsible growth and ensuring liquidity by developing a robust network of engaged and mission-aligned investors that supplement fundraising activities undertaken by the UK. Our two largest country operations are now operationally self-sufficient, and South Africa and Zimbabwe have made meaningful progress towards that position.

In the UK, the parent charity's borrowings are limited to a long-term interest-free loan from WildHearts Foundation, its parent charity, and it has no external debt commitments to service.

The Board continues to rigorously manage its cost base and maintain a prudent approach to reserves, with free reserves at 31 December 2025 comfortably within the Board's target range. The donor pipeline remains stable and management anticipates generating sufficient income to fund further investment into the subsidiaries.

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.

Risk management

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

- Fundraising and income concentration risk
- Sustainability risk
- Liquidity and funding risk
- Credit risk
- Foreign exchange risk
- Climate and environmental risk
- Operational risk (including fraud)
- Cyber security and data protection
- Safeguarding risk
- Reputational risk

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

Fundraising and income concentration 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, or that over-reliance on a small number of funders creates financial fragility if donor priorities change or relationships are lost.

MicroLoan Foundation manages its fundraising risk through a combination of voluntary income and income generated from its financial inclusion activities in-country. The voluntary income stream comprising donations from individuals, trusts and institutions and corporate partners is actively managed by a dedicated UK fundraising team and is supplemented by grant funding secured for specific programmes and geographies. Our two largest country operations are now fully operationally self-sufficient, meaning they cover their operating costs entirely from in-country income without reliance on grant funding. However, philanthropic capital remains essential to fund the growth of the loan book and deepen the range of services we offer to clients.

The Board monitors income concentration closely, including pipeline strength and donor retention trends, and the Reserves Policy is designed to provide sufficient time to respond to income shocks should a significant funder reduce or withdraw support. In 2025, the charity completed a strategic review of its fundraising function, including a feasibility study exploring alternative approaches to income generation and new sources of philanthropic capital. The conclusions of this review underpin an ambitious ten-year campaign, through which the charity aims to dramatically scale its voluntary income in order to support its goal of reaching one million women every year by 2035.

Sustainability risk

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

Our objective remains that all our operations in Africa are operationally self-sufficient. In 2025, Malawi and Zambia achieved this goal, with South Africa reaching 88% Operational Self Sufficiency in its first year of operation, a strong indicator of the robustness of our model. Zimbabwe continues to receive targeted support as it recovers from the severe external shocks of 2024 and works towards sustainability. The increasing scale and diversification of our portfolio of country operations provides greater resilience to the effects of short-term volatility and macroeconomic shocks.

Our strategy will continue to be one of responsible investment into each country through a combination of donations and social investment. Alongside this, we see increased use of technology as crucial to implementing more efficient ways to operate and improving working practices. We aspire to be a high-tech organisation whilst maintaining the core principles of our high-touch service model for clients.

Liquidity and funding risk

Gross income streams can be volatile whereas the underlying UK cost base is relatively stable and recurring. The Board seeks to maintain a prudent level of free reserves 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 group's exposure to liquidity risk at subsidiary level is managed through regular monitoring of subsidiary liquidity ratios and gearing against agreed targets, with escalation arrangements in place where headroom is at risk. Borrowing arrangements across the subsidiaries are subject to covenant compliance reporting, and group reserves and liquidity planning takes account of potential subsidiary funding pressures.

Credit risk

This is the risk of significant levels of default across our lending 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.

Foreign exchange risk

This risk arises on conversion of receipts or payments from one currency to another, or on revaluation and translation of local currency loans, borrowings or investments into Sterling. We operate where currency rates are volatile and can fluctuate significantly. Beyond short-term transactional exposures, the group also faces a structural risk: over time, sustained depreciation of local currencies erodes the Sterling value of capital invested in subsidiaries, reducing balance sheet value and long-term financial sustainability. This exposure is inherent to our operating model and cannot be fully eliminated.

To mitigate currency risks, we fund subsidiaries in hard currency where practicable and delay conversion to local currency until funds are operationally required. We match assets and liabilities by currency wherever possible, use foreign currency hedging where it is cost effective and feasible to do so, and encourage social investors to lend to us in local currencies. The structural erosion risk is explicitly recognised within the group's risk appetite and is kept under periodic review by the Board.

Climate and environmental risk

This is the risk that climatic events and longer-term environmental change including drought, flooding, erratic rainfall and harvest failure materially reduce client repayment capacity, damage portfolio quality and disrupt subsidiary operations. Given the predominantly rural, agriculture-linked nature of our client base, the financial sustainability of subsidiaries and the credibility of our programme model are structurally exposed to climate variability.

The severe El Niño-induced drought of 2024 demonstrated the material impact this risk can have across all three of our longer-established country operations, and its effects continued to influence performance in Zimbabwe into 2025. Credit policies incorporate seasonal repayment scheduling and grace periods, and subsidiaries maintain portfolio diversification to reduce concentration in any single region or crop cycle. Client training includes climate-related resilience content, and savings and insurance products are being developed to further strengthen clients' ability to withstand environmental shocks. Portfolio at Risk and write-off data are reported monthly to group management and reviewed by local boards.

Operational risk (including fraud)

The charitable group has over 340 staff working across five countries and therefore we face 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, bribery and corruption, as well as external disruption.

To manage this risk, operational performance is monitored closely on an ongoing basis at both local and group levels through well-established daily, weekly and monthly reporting routines that include variance analysis against budgets and Key Performance Indicators. Segregation of duties, a local internal audit function and staff training including culture and ethics training are in place across the group. We continually seek ways to improve our operational framework, including upskilling our people and local Boards and investing in our internal audit function.

Whistleblowing mechanisms are in place across all countries of operation, with defined escalation routes for serious concerns at both subsidiary and group level. The Group Chief Executive Officer maintains direct oversight of subsidiary leadership, and serious incident reporting to the parent is a defined obligation. The Board recognises that the effectiveness of speak-up culture particularly at subsidiary level, where cultural norms may discourage staff from raising concerns requires ongoing attention, and this is kept under active review.

Cyber security and data protection

This is the risk that a cyber security incident, data loss or data protection breach whether malicious, accidental or via third-party systems disrupts operations, compromises donor or beneficiary data, results in financial loss or regulatory sanctions, or damages trust among donors, partners and clients. The group's increasing use of digital platforms, mobile money and management information systems across all four countries of operation increases the importance of maintaining robust controls in this area.

The charity utilises a specialist outsourced IT provider to deliver and support its UK core systems, with responsibility for maintaining appropriate security controls, resilience and system availability. Across our African subsidiaries, a dedicated internal IT team provides pooled support across all four countries of operation, ensuring local operational oversight of systems and data. Group-wide data protection and information security policies are in place, supported by defined access controls, data handling requirements and incident escalation procedures.

Safeguarding risk

MicroLoan Foundation works with communities and individuals who are vulnerable. We have a responsibility to ensure that our employees, volunteers, partners and programmes do no harm to children and vulnerable adults. Any concerns the organisation has about the safety of children and vulnerable adults within the communities in which we work are dealt with and reported to the appropriate authorities.

Our operations in Africa have strong client protection and safeguarding policies in place. All staff undergo a rigorous interview and assessment process prior to appointment and receive comprehensive training on client protection and ethical conduct. We maintain whistleblowing hotlines and provide multiple feedback mechanisms for both clients and staff. Our Social Performance Management department regularly conducts client interviews, serving as a direct link to local head offices.

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. MicroLoan Foundation mitigates reputational risk by maintaining transparency, ethical lending practices, careful social impact monitoring and a robust governance framework. There are a variety of measures embedded across our group to ensure that the charity operates to the highest professional standards, including a rigorous recruitment process, robust HR procedures, whistleblowing hotlines and an effective Social Performance Management system. The Board recognises that reputational risk cannot be fully eliminated, particularly given the charity's international footprint and operating sector, and maintains ongoing awareness of sector-wide and regulatory developments.

Governance

Nature of governing document

The charity is governed by its Memorandum and Articles of Association (last amended 10 December 2018).

Organisation structure

The directors of the UK charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. The appointment, removal, powers and duties of the trustees are set out in the charity's Memorandum and Articles of Association, which is currently under review and is expected to be updated during 2026.

The Board of Trustees meets at least quarterly and presently consists of four individuals, all of whom act in a non-executive capacity. The trustees that served during the year and since the year end were as follows:

- Bernice Dunsmuir
- Michael Jackson
- Steven Marshall
- Steve Stolliday

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 serves as the link between the UK parent charity and the African subsidiaries. Together, the UK and Africa Boards implement the group strategy in a way that is appropriate to local conditions. Each local Board has directors with a variety of local and international experience and includes both executive and non-executive members.

During 2025, the Board undertook a review of its governance framework, resulting in a number of revisions to strengthen oversight and accountability across the group. The most significant of these was the establishment of a Finance, Audit and Risk Committee, which became operational from January 2026. The Committee operates under formal terms of reference approved by the Board and has the authority to co-opt individuals with relevant specialist expertise as non-trustee members, enabling the Board to draw on a broader range of skills and experience in discharging its oversight responsibilities. The organisational structure and Board composition continue to be reviewed on an ongoing 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.

Induction and training of trustees

Board members are provided with a detailed induction on appointment to ensure that their knowledge of the charity's activities and regulatory environment remains current.

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.

In 2025, the full UK Board made visits to our country operations to enhance their knowledge and understanding of the charity's activities. These trips encompassed a mixture of head office, branch and field-based activities as well as meetings with local Board members, employees and clients.

Alongside structured learning and development activities, the charity is also fortunate to have attracted several experienced professionals from a variety of backgrounds who provide ongoing informal 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

The charitable group includes 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 and retain 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.

The trustees consider key management personnel during 2025 to comprise the Board of Trustees, the Group's Chief Executive Officer, the Chief Executive Officers of the African subsidiaries, the UK Director of Fundraising and the UK Chief Financial Officer. Emoluments totalling £530,001 (2024: £480,110) were paid to these individuals, inclusive of employer's National Insurance and pension contributions.

None of the trustees were remunerated by the charity during 2025.

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.

Signed on behalf of the Board

Dr Mick Jackson
Chairman
Date: 8 July 2026

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 2025 which comprise the consolidated 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2025 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.
- 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 Accounts (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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on MicroLoan Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 statements are prepared is consistent with the financial statements.
- The trustees' annual report, including the strategic 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 directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the Board of trustees, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:

  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;

  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;

  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our auditor's report.

We want to create a sustainable institution that is not reliant on charitable donations for its day to day running costs.

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.

Sayer Vincent LLP

Jonathan Orchard
Senior Statutory Auditor
11 August 2026

For and on behalf of:
Sayer Vincent LLP, Statutory Auditor

110 Golden Lane,
London, EC1Y 0TG

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 2025

	Note	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Income from:							
Charitable activities							
• Malawi		**2,439,159**	**-**	**2,439,159**	1,766,699	-	1,766,699
• Zambia		**3,174,253**	**-**	**3,174,253**	2,253,050	-	2,253,050
• Zimbabwe		**328,974**	**-**	**328,974**	343,883	-	343,883
• South Africa		**101,430**	**-**	**101,430**	-	-	-
		6,043,816	**-**	**6,043,816**	4,363,632	-	4,363,632
Donations and legacies	2	**1,131,369**	**395,658**	**1,527,027**	798,831	339,672	1,138,503
Investment income	3	**47,245**	**-**	**47,245**	107,202	-	107,202
Total income		**7,222,430**	**395,658**	**7,618,088**	5,269,665	339,672	5,609,337
Expenditure on:							
Charitable activities							
• Malawi	5	**(2,394,612)**	**(129,508)**	**(2,524,120**	(1,789,063)	(105,670)	(1,894,733)
• Zambia	5	**(2,996,309)**	**(153,951)**	**(3,150,260)**	(2,302,211)	(116,618)	(2,418,829)
• Zimbabwe	5	**(373,228)**	**(73,169)**	**(446,397)**	(408,111)	(40,151)	(448,262)
• South Africa	5	**(113,940)**	**(3,548)**	**(117,488)**	(313)	-	(313)
		(5,878,089)	**(360,176)**	**(6,238,265)**	(4,499,698)	(262,439)	(4,762,137)
Raising funds	5	**(342,951)**	**(13,144)**	**(356,095)**	(358,981)	(9,764)	(368,745)
Total expenditure		**(6,221,040)**	**(373,320)**	**(6,594,360)**	(4,858,679)	(272,203)	(5,130,882)
Net income		**1,001,390**	**22,338**	**1,023,728**	410,986	67,469	478,455
Other recognised gains / (losses):							
Gain on revalued fixed assets	8	**45,072**	**-**	**45,072**	-	-	-
Exchange gains/ (losses)		**93,896**	**-**	**93,895**	(65,678)	-	(65,678)
Net movement in funds		**1,140,357**	**22,338**	**1,162,695**	345,308	67,469	412,777
Reconciliation of funds:							
Total funds brought forward	18	**2,097,295**	**109,273**	**2,206,569**	1,751,987	41,804	1,793,791
Total funds carried forward		**3,237,653**	**131,611**	**3,369,264**	2,097,295	109,273	2,206,568

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 63 to 90 form part of these financial statements.

Charity Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 December 2025

	Note	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Income from:							
Charitable activities		**122,947**	**-**	**122,947**	118,043	-	118,043
Donations and legacies		**1,131,369**	**276,334**	**1,407,703**	798,831	211,063	1,009,894
Investment income		**28,086**	**-**	**28,086**	19,572	-	19,572
Total income		**1,282,402**	**276,334**	**1,558,736**	936,446	211,063	1,147,509
Expenditure on:							
Charitable activities		**(257,696)**	**(140,852)**	**(398,548)**	(232,426)	(133,830)	(366,256)
Raising funds		**(342,951)**	**(13,144)**	**(356,095)**	(358,981)	(9,764)	(368,745)
Total expenditure		**(600,647)**	**(153,996)**	**(754,643)**	(591,407)	(143,594)	(735,001)
Net income		**681,755**	**122,338**	**804,093**	345,039	67,469	412,508
Transfers between funds		**100,000**	**(100,000)**	**-**	-	-	-
Net movement in funds		**781,755**	**22,338**	**804,093**	345,039	67,469	412,508
Reconciliation of funds:							
Total funds brought forward		**1,861,325**	**109,273**	**1,970,598**	1,516,286	41,804	1,558,090
Total funds carried forward		**2,643,080**	**131,611**	**2,774,691**	1,861,325	109,273	1,970,598

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 63 to 90 form part of these financial statements.


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Balance sheets as at 31 December 2025

Company registration number: 04828558

	Note	The group 2025 £	The group 2024 £	The charity 2025 £	The charity 2024 £
Fixed assets					
Tangible assets	8	**1,110,015**	830,313	**5,035**	-
Investments	9	**-**	-	**2,532,870**	1,825,060
		1,110,015	830,313	**2,537,905**	1,825,060
Current assets					
Stock	10	**6,390**	6,698	**-**	-
Debtors	11	**10,344,642**	6,226,579	**313,636**	680,393
Investments	12	**796,216**	468,404	**796,216**	468,404
Cash at bank and in hand		**1,952,864**	399,240	**168,005**	169,531
		13,100,112	7,100,921	**1,277,857**	1,318,328
Creditors: Amounts falling due within one year	13	**(3,711,302)**	(2,066,311)	**(66,071)**	(72,790)
Net current assets / (liabilities)		**9,388,810**	5,034,610	**1,211,786**	1,245,538
Total assets less current liabilities		**10,498,825**	5,864,923	**3,749,691**	3,070,598
Creditors: Amounts falling due after one year	14	**(7,069,490)**	(3,636,313)	**(975,000)**	(1,100,000)
Provisions for liabilities	15	**(60,071)**	(22,042)	**-**	-
Total net assets		**3,369,264**	2,206,568	**2,774,691**	1,970,598
Funds of the charity:					
Unrestricted funds	18	**325,178**	456,265	**325,178**	456,265
Designated funds	18	**2,912,475**	1,641,030	**2,317,902**	1,405,060
Restricted funds	18	**131,611**	109,273	**131,611**	109,273
Total funds		**3,369,264**	2,206,568	**2,774,691**	1,970,598

The financial statements were approved by the Board and authorised for issue on 8th July 2026 and signed on their behalf by:

Mick Jackson
Trustee

The notes on pages 63 to 90 form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2025

	2025 £	2025 £	2024 £	2024 £
Cash flows from operating activities				
Net income per Statement of Financial Activities	**1,023,728**		478,455	
Depreciation charges	**241,098**		196,323	
Investment income receivable	**(47,245)**		(107,202)	
Interest on borrowings	**1,222,916**		880,278	
Gain / (loss) on disposal of tangible fixed assets	**(23,053)**		6,312	
Increase in stock	**(153)**		(495)	
Increase in debtors	**(3,800,318)**		(814,843)	
Increase / (decrease) in creditors	**304,232**		(55,449)	
Increase in deferred tax provision	**38,029**		21,483	
Net cash flows from operating activities		**(1,040,766)**		604,862
Cash flows from investing activities				
Interest receivable and similar income	**31,061**		27,038	
Other investment income	**16,184**		80,164	
Purchase of tangible fixed assets	**(479,972)**		(466,317)	
Proceeds from sale of tangible fixed assets	**61,457**		3,386	
Net cash flows from investing activities		**(371,270)**		(355,729)
Cash flows from financing activities				
New loans obtained during the period	**6,438,995**		1,692,724	
Loans repaid during the period	**(1,876,888)**		(1,822,378)	
Interest paid on borrowings	**(1,222,916)**		(879,293)	
Net cash flows from financing activities		**3,339,191**		(1,008,947)
Net (decrease) / increase in cash and cash equivalents		**1,927,155**		(759,814)
Cash and cash equivalents at 1 January 2025		**867,644**		1,641,187
Exchange loss on cash and cash equivalents		**(45,719)**		(13,729)
Cash and cash equivalents at 31 December 2025		**2,749,080**		867,644

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

The notes on pages 63 to 90 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) - (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 (Registration Number 12509), MicroLoan Foundation Zambia (Registration Number 70587), MicroLoan Foundation South Africa (PTY) Limited (Registration Number 2024/544071/07) and, in Zimbabwe, MicroLoan Trust Zimbabwe (Registration Number MA0000738/2016) and MicroLoan Foundation (Private) Limited (Registration Number 851/2016). All are incorporated locally in their respective country of operation.

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 assessment 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 £10,047,207 (2024: £5,809,822).

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 entitiled 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 comprises of interest charged in respect of the microloans that we provide to our beneficiaries in order to make our lending activities sustainable. It 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 5.

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 Chapter 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

Tangible fixed assets are initially capitalised at cost and depreciated from the point at which they come into use. 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%
Work in progress	nil

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.

Investments made by the charity which represent concessionary loans are measured at cost less provision for impairment.

Other investments are measured at fair value through income and expenditure unless fair value cannot be measured reliably. In such circumstances, investments are measured at cost less impairment.

Stocks

Stock is held at fair value. In respect of donated items held for distribution or resale, this is the amount the charity would have been willing to pay for the items on the open market.

Microcredit loans

Microcredit loans that we advance to our beneficiaries are typically short term and carry a fixed, market rate of interest. They are therefore treated as basic financial instruments and initially measured at transaction cost then subsequently assessed for potential impairment. The balance is reported net of impairment provisions made.

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.


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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 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.

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.

2 Income from donations and legacies

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Individuals and events	**648,591**	**29,681**	**678,272**	678,402	29,696	708,098
Trusts and institutions	**412,382**	**365,977**	**778,359**	46,128	309,976	356,104
Corporates	**23,267**	**-**	**23,267**	23,523	-	23,523
Donated services and facilities	**47,129**	**-**	**47,129**	50,778	-	50,778
	1,131,369	**395,658**	**1,527,027**	798,831	339,672	1,138,503

3 Investment income

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Interest receivable	**31,061**	**-**	**31,061**	27,038	-	27,038
Other investment income	**16,184**	**-**	**16,184**	80,164	-	80,164
	47,245	**-**	**47,245**	107,202	-	107,202

4 Net income / (expenditure) for the year

	2025 £	2024 £
This is stated after charging:		
Depreciation	**241,098**	196,323
Auditor's remuneration - audit	**16,100**	15,500
Operating lease expenses - property	**146,624**	119,240

Notes to the Financial Statements for the year ended 31 December 2025

5 Expenditure analysis

	Charitable activities									
	Malawi 2025 £	**Zambia 2025 £**	**Zimbabwe 2025 £**	**South Africa 2025 £**	**Subtotal 2025 £**	**Cost of raising funds 2025 £**	**Governance costs 2025 £**	**Support costs 2025 £**	**Total 2025 £**	Total 2024 £
Staff costs	973,714	1,048,701	252,929	61,172	2,336,516	199,424	-	-	**2,535,940**	2,030,092
Travel and subsistence	169,901	187,112	75,021	11,260	443,294	7,822	17,383	639	**469,138**	421,195
Premises costs	123,134	72,724	14,572	2,342	212,772	21,637	-	-	**234,409**	177,563
Legal and professional fees	77,128	70,110	24,977	8,340	180,555	26,160	25,494	3,703	**235,912**	104,843
Interest costs	360,840	860,256	1,820	-	1,222,916	-	-	-	**1,222,916**	880,389
Bank charges	208,602	177,301	19,714	13,649	419,266	3,648	-	361	**423,275**	246,535
Depreciation	102,277	125,773	12,244	184	240,478	620	-	-	**241,098**	196,323
Exchange (gains) / losses	(14,103)	99,736	(5,820)	(552)	79,261	(3)	(21)	14,023	**93,260**	34,430
Loan provisions and write-off	73,987	115,300	(1,183)	15,267	203,371	-	-	-	**203,371**	265,781
IT and telecomm-unications	24,233	34,405	7,751	1,923	68,312	10,693	468	1	**79,474**	73,461
Other costs	403,975	333,655	42,887	3,399	783,916	24,191	-	331	**808,438**	649,492
	2,503,688	3,125,073	444,912	116,984	6,190,657	294,192	43,324	19,058	**6,547,231**	5,080,104
In kind support	224	277	16	-	517	10,095	9,000	27,517	**47,129**	50,778
Support costs	-	-	-	-	-	46,575	-	(46,575)	**-**	-
Governance costs	20,208	24,910	1,469	504	47,091	5,233	(52,324)	-	**-**	-
Total expenditure	**2,524,120**	**3,150,260**	**446,397**	**117,488**	**6,238,265**	**356,095**	**-**	**-**	**6,594,360**	5,130,882
2024 expenditure analysis	1,894,733	2,418,829	448,262	313	4,762,137	368,745	-	-	-	-

5 Expenditure analysis (continued)

	Charitable activities								
	Malawi 2024 £	Zambia 2024 £	Zimbabwe 2024 £	South Africa 2024 £	Subtotal 2024 £	Cost of raising funds 2024 £	Governance costs 2024 £	Support costs 2024 £	Total 2024 £
Staff costs	762,032	840,932	194,835	-	1,797,799	232,221	-	72	**2,030,092**
Travel and subsistence	159,610	170,275	86,707	-	416,592	2,824	1,478	301	**421,195**
Premises costs	95,815	48,494	5,671	-	149,980	27,583	-	-	**177,563**
Legal and professional fees	21,259	23,649	32,665	-	77,573	-	18,600	8,670	**104,843**
Interest costs	172,725	705,688	1,976	-	880,389	-	-	-	**880,389**
Bank charges	124,623	98,760	19,469	-	242,852	3,104	-	579	**246,535**
Depreciation	91,515	95,714	9,094	-	196,323	-	-	-	**196,323**
Exchange (gains) / losses	7,913	25,990	1,156	-	35,059	-	-	(629)	**34,430**
Loan provisions and write-off	45,590	161,776	58,415	-	265,781	-	-	-	**265,781**
IT and telecommunications	21,999	33,196	4,935	-	60,130	12,765	-	566	**73,461**
Other costs	380,215	199,914	32,664	313	613,106	36,238	144	4	**649,492**
	1,883,296	2,404,388	447,587	313	4,735,584	314,735	20,222	9,563	**5,080,104**
In kind support	393	496	23	-	912	16,051	8,268	25,547	**50,778**
Support costs	-	-	-	-	-	35,110	-	(35,110)	**-**
Governance costs	11,044	13,945	652	-	25,641	2,849	(28,490)	-	**-**
Total expenditure	**1,894,733**	**2,418,829**	**448,262**	**313**	**4,762,137**	**368,745**	**-**	**-**	**5,130,882**


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6 Staff costs

	2025 £	2024 £
The aggregate payroll costs were as follows:		
Wages and salaries	**2,188,389**	1,724,478
Social security costs	**41,131**	41,881
Pension costs	**115,499**	100,394
	2,345,019	1,866,753

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

	2025 £	2024 £
£150,000 - £159,999	**1**	1
£90,000 - £99,999	**1**	1
£70,000 - £79,999	**1**	1
£60,000 - £69,999	**1**	-
	4	3

Pension contributions made on behalf of these employees totalled £14,800 (2024: £15,100).

The trustees consider key management personnel during 2025 to comprise the Board of Trustees, the Group's Chief Executive Officer, the Chief Executive Officers of the African subsidiaries, the UK Director of Fundraising and the UK Chief Financial Officer. Emoluments totalling £530,001 (2024: £480,110) were paid to these individuals inclusive of Employer's National Insurance and pension contributions. None of the trustees were remunerated in the current year.

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

	2025 No.	2024 No.
Malawi	**146**	145
Zambia	**161**	152
Zimbabwe	**23**	23
South Africa	**5**	-
Raising funds	**6**	6
Governance and administration	**1**	1
	342	327

7 Trustee remuneration and expenses

Trustees' emoluments

No trustees, nor any persons connected with them, received any remuneration from the charity during the current or prior year. Expenses totalling £4,481 (2024: £1,327) were reimbursed to three (2024: two) trustees during the year.

8 Tangible Fixed Assets

						The group
	Buildings £	Office equipment £	Computer equipment £	Motor vehicles £	Work in progress £	Total £
Cost or valuation						
At 1 January 2025	124,597	198,731	65,294	886,025	75,267	**1,349,914**
Forex adjustment	(8,483)	21,025	(4,446)	27,096	11,385	**46,577**
Additions	-	61,161	31,667	382,277	4,867	**479,972**
Disposals	-	(6,022)	(81)	(89,514)	-	**(95,617)**
Revaluations	60,740	-	-	-	-	**60,740**
At 31 December 2025	176,854	274,895	92,434	1,205,884	91,519	**1,841,586**
Depreciation						
At 1 January 2025	(1,958)	(106,788)	(25,392)	(385,463)	-	**(519,601)**
Forex adjustment	134	(11,853)	1,729	(21,744)	-	**(31,734)**
Charge for the year	(1,825)	(39,959)	(17,691)	(181,623)	-	**(241,098)**
On disposals	-	2,783	64	54,366	-	**57,213**
Revaluations	3,649	-	-	-	-	**3,649**
At 31 December 2025	-	(155,817)	(41,290)	(534,464)	-	**(731,571)**
Net book value						
At 31 December 2025	176,854	119,078	51,144	671,420	91,519	**1,110,015**
At 31 December 2024	122,639	91,943	39,902	500,562	75,267	**830,313**

The revaluation of buildings is reflected in the Statement of Financial Activities as an other recognised gain. Realisation of the gain would result in local taxation being payable and, accordingly, the gain is reported in the Statement of Financial Activities net of associated deferred tax of £19,317.

8 Tangible Fixed Assets (continued)

	The charity	
	Computer equipment £	**Total £**
Cost		
At 1 January 2025	-	**-**
Additions	5,747	**5,747**
Disposals	-	**-**
At 31 December 2025	5,747	**5,747**
Depreciation		
At 1 January 2025	-	**-**
Charge for the year	(712)	**(712)**
On disposals	-	**-**
At 31 December 2025	(712)	**(712)**
Net book value		
At 31 December 2025	5,035	**5,035**
At 31 December 2024	-	**-**

9 Investments

	The charity
	Investments in subsidiaries £
Cost	
At 1 January 2025	2,197,420
Forex adjustment	-
Additions	707,810
Disposals	-
At 31 December 2025	2,905,230
Provision	
At 1 January 2025	(372,360)
Charge for the year	-
At 31 December 2025	(372,360)
Net book value	
At 31 December 2025	2,532,870
At 31 December 2024	1,825,060

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 £
Malawi	2,554,976	(2,440,416)	114,560	1,303,285
Zambia	3,178,738	(3,032,724)	146,014	1,319,551
Zimbabwe	404,321	(446,595)	(42,274)	(7,160)
South Africa	106,173	(113,318)	(7,145)	362,594
	6,244,208	(6,033,053)	211,155	2,978,270

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	
	2025 £	2024 £	2025 £	2024 £
Consumables held	**6,390**	6,698	**-**	-

11 Debtors

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Trade debtors	**6,300**	-	**6,300**	524,994
Amounts due from group undertakings	**-**	-	**301,387**	524,994
Microcredit loans	**10,047,207**	5,809,822	**-**	-
Other debtors and prepayments	**291,135**	416,757	**5,949**	155,399
	10,344,642	6,226,579	**313,636**	680,393

12 Current asset investments

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Short term deposits	**796,216**	468,404	**796,216**	468,404

Investments in short term deposits represent amounts held in the COIF Charities Deposit Fund which comprises a diversified portfolio of sterling denominated money market deposits and other instruments. The fund is instant access. The annualised yield on the fund in 2025 was 3.7% (2024: 4.6%).

13 Creditors: amounts falling due within one year

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Trade creditors	**149,695**	44,329	**11**	1,269
Taxation and social security	**125,632**	37,974	**28,140**	27,471
Other creditors and accruals	**265,436**	150,291	**37,920**	44,050
Loans	**3,170,539**	1,833,717	**-**	-
	3,711,302	2,066,311	**66,071**	72,790

Further information in respect of loans outstanding is provided at note 14.

14 Creditors: amounts falling due after one year

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Loan repayments due:				
In 1 - 2 years	**4,663,765**	1,782,377	**-**	-
In 2 - 5 years	**2,405,725**	1,462,411	**975,000**	1,100,000
In more than 5 years	**-**	391,525	**-**	-
	7,069,490	3,636,313	**975,000**	1,100,000

Loans represent amounts borrowed by various MicroLoan 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	975,000	UK	GBP	Nil
Grameen Credit Agricole Microfinance Foundation	950,632	Malawi	MWK	31.53%
Grameen Credit Agricole Microfinance Foundation	142,638	Zambia	ZMW	26.00%
Grameen Credit Agricole Microfinance Foundation	793,127	Zambia	ZMW	23.00%
Grameen Credit Agricole Microfinance Foundation	296,518	Zambia	ZMW	23.00%
Lend with Care	184,282	Malawi	MWK	Nil
Lend with Care	198,790	Zambia	ZMW	Nil
Paul Foundation	74,268	Zimbabwe	USD	2.00%
ADA Microfinance	531,941	Zambia	ZMW	30.00%
Global Partnerships	385,227	Zambia	ZMW	22.93%
Global Partnerships	435,330	Zambia	ZMW	22.39%
Symbiotics	69,351	Zambia	ZMW	26.50%
Symbiotics	67,055	Zambia	ZMW	25.00%
Symbiotics	460,092	Zambia	ZMW	20.00%
Oikocredit	953,793	Zambia	ZMW	21.00%
FEFISOL	194,174	Zambia	ZMW	28.63%
FEFISOL	274,830	Malawi	MWK	32.40%
MAIIC	98,463	Malawi	MWK	29.80%
MAIIC	171,703	Malawi	MWK	10.00%
SIDI	221,275	Malawi	MWK	27.77%
Luxembourg Microfinance Development Fund	451,745	Malawi	MWK	40.00%
Centenary Bank Limited	862,072	Malawi	MWK	27.30%
FDH Bank	214,628	Malawi	MWK	29.30%
Reserve Bank of Malawi FinES	1,233,095	Malawi	MWK	3.00%
	10,240,029			

During the year, WildHearts Foundation provided additional long term loan capital of £200,000 to support expansion into South Africa. This increased total borrowings owed to the charitable parent to £1,300,000. £325,000 of this balance was then converted into a grant prior to the year end.

15 Provisions for liabilities

	The group		The charity	
	2025 £	2024 £	2025 £	2024 £
Deferred Tax				
Amounts payable to the Malawi Revenue Authorities	**56,678**	15,983	-	-
Amounts payable to the Zimbabwean Revenue Authorities	**3,393**	6,059	-	-
	60,071	22,042	-	-

At 31 December 2025, the group also had an unrecognised deferred tax assets of £32,129 (2024: £44,034) in respect of Zambia and £3,364 (2024: £nil) in respect of South Africa.

16 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 £115,499 (2024: £100,394).

17 Analysis of group net assets between funds

	Unrestricted	Restricted		Unrestricted	Restricted	
	2025 £	2025 £	Total 2025 £	2024 £	2024 £	Total 2024 £
Tangible fixed assets	**1,110,015**	**-**	**1,110,015**	830,313	-	830,313
Net current assets	**9,257,199**	**131,611**	**9,388,810**	4,925,337	109,273	5,034,610
Long term liabilities	**(7,069,490)**	**-**	**(7,069,490)**	(3,636,313)	-	(3,636,313)
Deferred tax liability	**(60,071)**	**-**	**(60,071)**	(22,042)	-	(22,042)
	3,237,653	**131,611**	**3,369,264**	2,097,295	109,273	2,206,568

18 Funds

2025 movements

	Balance at 1 January 2025	Income	Expenditure	Other recognised gains/ (losses)	Transfers	Balance at 31 December 2025
	£	£	£	£	£	£
Unrestricted funds						
General fund	456,265	7,222,430	(6,221,040)	138,968	(1,271,445)	**325,178**
Designated funds:						
- Africa Investment	961,030	-	-	-	1,191,413	**2,152,443**
- Africa Expansion	680,000	-	-	-	80,032	**760,032**
	2,097,295	**7,222,430**	**(6,221,040)**	**138,968**	**-**	**3,237,653**
Restricted funds						
Malawi	20,060	87,880	(107,940)	-	-	**-**
Zambia	57,465	88,835	(146,300)	-	-	**-**
Zimbabwe	12,053	186,116	(73,169)	-	-	**125,000**
Africa general	19,695	19,682	(32,766)	-	-	**6,611**
UK infrastructure	-	13,145	(13,145)	-	-	**-**
	109,273	**395,658**	**(373,320)**	**-**	**-**	**131,611**
Total funds	**2,206,568**	**7,618,088**	**(6,594,360)**	**138,968**	**-**	**3,369,264**

2024 movements

	Balance at 1 January 2024	Income	Expenditure	Other recognised gains/ (losses)	Transfers	Balance at 31 December 2024
	£	£	£	£	£	£
Unrestricted funds						
General fund	407,349	5,269,665	(5,090,298)	(65,678)	(296,392)	**456,265**
Designated funds - Africa Investment	944,638	-	-	-	16,392	**961,030**
- Africa Expansion	400,000	-	-	-	280,000	**680,000**
	1,751,987	**5,269,665**	**(5,090,298)**	**(65,678)**	**-**	**2,097,295**
Restricted funds						
Malawi	600	115,130	(105,670)	-	-	**20,060**
Zambia	-	174,455	(116,990)	-	-	**57,465**
Zimbabwe	41,204	11,000	(40,151)	-	-	**12,053**
Africa general	-	19,695	-	-	-	**19,695**
UK infrastructure	-	9,392	(9,392)	-	-	**-**
	41,804	**339,672**	**(272,203)**	**-**	**-**	**109,273**
Total funds	**1,793,791**	**5,609,337**	**(5,130,882)**	**(65,678)**	**-**	**2,206,568**

The designated 'Africa investment' fund reflects the book value of UK assets that have been committed or already advanced to our projects in Africa through either grants, equity or intergroup loans, It is calculated net of any long term borrowings that have been used to finance this investment. This fund is shown separately from the General fund because it does not represent liquid resources that are available to meet UK financial commitments as they fall due. The fund balance includes a total of £139,365 (2024: £101,181) relating to a revaluation reserve created in respect of land and buildings owned in Malawi.

The designated 'Africa expansion' fund represents unrestricted funding pledged to support growth of the existing subsidiaries.

Restricted funds represent the total of individual fund balances received for activities within the charity's countries of operation, as indicated by the fund name. The 'Africa general' fund comprises of amounts where the donors have stipulated that the funds should be applied directly to our projects within Africa but have not specified a particular country. The trustees do not consider there to be any individually material amounts within each aggregated fund balance that would require separate disclosure.

19 Financial Instruments

	2025 £	2024 £
Categorisation of financial instruments		
Financial assets measured at fair value through income and expenditure	-	-
Financial assets that are debt instruments measured at amortised costs	**13,093,722**	7,094,223
	13,093,722	7,094,223
Financial liabilities measured at amortised cost	**265,436**	150,291
Loan commitments measured at cost less impairment	**10,240,029**	5,470,030
	10,505,465	5,620,321

Financial assets measured at fair value

There are no financial assets measured at fair value.

Financial assets that are debt instruments measured at amortised cost

This comprises of microcredit loans, trade debtors, other debtors, cash and cash equivalents (as applicable).

Financial liabilities measured at historic cost

This comprises of trade creditors, other creditors and accruals.

Loan commitments measured at cost less impairment

This comprises of loans.

	Income £	Expense £	Net gains £	Net losses £
Items of income, expense, gains or losses				
2025				
Financial assets measured at fair value through income and expenditure	-	-	-	-
Financial assets that are debt instruments measured at amortised cost	5,989,631	(203,371)	-	(93,260)
Financial liabilities measured at fair value through income and expenditure	-	-	-	-
Financial liabilities that are debt instruments measured at amortised cost	-	(1,222,916)	-	-
	5,989,631	**(1,426,287)**	**-**	**(93,260)**
2024				
Financial assets measured at fair value through income and expenditure	-	-	-	-
Financial assets that are debt instruments measured at amortised cost	4,470,834	(265,781)	-	(34,430)
Financial liabilities measured at fair value through income and expenditure	-	-	-	-
Financial liabilities that are debt instruments measured at amortised cost	-	(880,389)	-	-
	4,470,834	**(1,146,170)**	**-**	**(34,430)**

The total interest income for financial assets not measured at fair value through income and expenditure is £6,087,202 (2024: £4,470,834)

Impairment

Microcredit loans

The amount of the impairment loss during the year is £203,371 (2024: £265,781). Impairment loss is included in expenditure on charitable activities. The amount of reversal of impairment recognised in the current year and prior period, which is also included in expenditure on charitable activities, is £nil. The overall net impairment loss during the year is £203,371 (2024: £265,781).

Fair Value Hedges

Currency forwards - contracts to buy

The group is exposed to foreign currency risk when it borrows in currencies other than the functional currency. The Charity's policy is to seek to hedge this risk wherever it is practical and affordable using forward foreign currency contracts.

Interest rate swaps
From time to time, the group may also enter into interest rate swaps in respect of foreign currency borrowings in order to reduce exposure to foreign currency risk in respect of scheduled interest payments.

There were no financial instruments designated as hedging instruments at the end of either the current or prior financial year and therefore their fair value was £nil (31 December 2024: £nil).

The amount of the change in fair value of hedged items recognised in income and expenditure for the year is £nil (2024: £nil).

20 Analysis of cash and cash equivalents and of net debt

	At 1 January 2025 £	Cash flows £	Other non-cash changes £	At 31 December 2025 £
Cash at bank and in hand	399,240	1,599,342	(45,718)	**1,952,864**
Short term investments	468,404	327,812	-	**796,216**
Total cash and cash equivalents	**867,644**	**1,927,154**	**(45,718)**	**2,749,080**
Loans falling due within one year	(1,833,717)	1,668,996	(3,005,818)	**(3,170,539)**
Loans falling due after more than one year	(3,636,313)	(6,231,102)	2,797,925	**(7,069,490)**
Total	**(4,602,386)**	**(2,634,952)**	**(253,611)**	**(7,490,949)**

21 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.

22 Ultimate controlling party

The company's ultimate parent undertaking and controlling party is WildHearts Foundation Limited, a registered Scottish charity (SC037072) and a company limited by guarantee (SC290665). Copies of its consolidated financial statements are available from Companies House.

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Peter Caton: Pgs.3, 16 and 71.
GCAF & Didier Gentilhomme: Pg 74.

MicroLoan Foundation's companies and advisors

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