

Company No. 6681463
Registered in England
and Wales

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2020

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

FINANCIAL STATEMENTS

FOR THE FOR THE YEAR ENDED 31ST AUGUST 2020

Directors and Trustees

Donald Franklin PhD
Fiyaz Mughal OBE
Rabbi Michael Pollak

Secretary

Rabbi Michael Pollak

Charity No.

1127436

Registered Office

19 The Park
London NW11 7ST

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2020

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THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES

The directors and trustees have pleasure in presenting their report and financial statements for the year ended 31st August 2020.

The accounts have been prepared in accordance with the accounting policies as set out in Note 1 of the accounts and comply with the Charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005.

Status

The Charity is a Company limited by guarantee and was incorporated on 26 August 2008 and registered as a charity on 8 January 2009. The Charity operates from 19 The Park, London NW11 7ST. The Company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed by its Articles of Association.

Directors and Trustees

Donald Franklin PhD

Fiyaz Mughal OBE

Rabbi Michael Pollak

Aims and Organisation

The relief of financial hardship amongst people in poor communities in Jerusalem by enabling them to establish and grow their own businesses through the provision of micro finance and technical assistance.

(Microfinance includes loans and/or equity funding for small enterprises and or their proprietors as appropriate for the individuals and firms seeking assistance.)

Investment and Reserves Policy

Risk Factors

The trustees have taken advantage of the exemption available to charities with incoming resources of less than £ 500,000 per year, from carrying out a risk assessment of the charity, a requirement under SORP 2005.

Developments During 2019/20

The year under report (2019-20) saw a continuation in JIMF's activity - with a similar number of businesswomen (thirtysix) receiving new funding for their businesses. Growth in the programme has been interrupted by lock-downs associated with coronavirus. This has both led to a hiatus in the assessment of business proposals, and to a drop in repayments; the net result was an accumulation of cash for disbursement as lending activity gets fully under way again. (It had initially been expected that there would be a call for emergency loans, but the process of application proved too difficult to organise in the circumstances for loans of this size, and the best support that JIMF could offer distressed businesses was simply to allow repayment schedules to slip by a few months.)

New loans were made to a value of over £113,000 whilst repayments were £106,000. After provisions and write-offs, loans outstanding exceed £210,000.

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES - Continued

Developments During 2019/20 - Continued

The programme continues to operation in partnership with MATI Jerusalem, and with a separate partnership with KIVA. As reported previously, there has been an interruption in JIMF's support to the *charedi* community; all loans made in the period under report were to the Palestinian community in Jerusalem. To fulfil its objective to offer support also to the Charedi community, JIMF has agreed to support a parallel partnership with MATI to offer loans to *charedi* women to whom MATI has provided business training. This programme also has been interrupted by coronavirus restrictions, but should revive shortly.

MATI continues to emphasise the importance of the loan programme to motivate and to build upon their business-training in East Jerusalem for disadvantaged women. MATI continues to run a branch in East Jerusalem; they confirm that they have funding for training and post loan support. (Some ear-marked support for this training programme has this year been donated to JIMF and passed onto MATI.)

JIMF and MATI continue to be supported in this work by Rehaam Jaber, a Palestinian lawyer, who runs the East Jerusalem office. Rehaam has built a relationship of trust for JIMF with our Palestinian clients, manifest in a strong repayment record for loans issued since Rehaam was involved (2011). When payments are missed, Rehaam follows up to understand the nature of the problem, and in all cases has secured a recognition of obligation and (with few exceptions) a resumption of repayment. We have agreed policies for moving from persuasion to stronger interventions, in particular to refer the obligation to the guarantors, but our strong preference is to avoid this step, which embarrasses the women, but rather to work with the women so that they themselves can take pride in being able to repay their loans.

JIMF continues to be designated an Experimental Field Partner with Kiva, an NGO that sources funding from hundreds of thousands of individual donors for microfinance organisations. See <http://www.kiva.org/partners> and linked pages for details, including a reference to JIMF's partnership. JIMF's credit limit remains at US\$ 50,000. An expansion is under consideration. Four of the new loans issued during 2019/20 have been funded through KIVA.

JIMF continued to be supported by donations from several regular funders.

The businesses and vocations that are being supported by JIMF are diverse. The businesses supported by JIMF in 2019/20 comprised:

- Creche (three
- Birthday and party products
- Bee hives and honey-making
- Conditorei
- Cosmetics distribution
- Clothing imports
- Home cooking (two
- Home cosmetics and nailbar
- Cosmetics centre

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES - Continued

Developments During 2019/20 - Continued

- Infant clothing home sales
- Events design
- Employment agency
- Evening clothes for hire
- Cafeteria
- Beauty salon
- Complementary therapy
- Clothes outlet
- Home cleaning service
- Take-away drinks
- Household goods.

With MATI's support, the student loan programme is now firmly under way; 13 of the 36 loans were for student loans on the Palestinian side. These loans enable young women to obtain degrees and to build the expertise needed for profitable work, in a variety of fields:

- speech therapy,
- law (two students),
- finance and banking,
- nursing,
- film production,
- nursery education (two students),
- dentistry,
- accountancy (two students),
- psychology
- dietetics.

JIMF with MATI evaluates businesses for their viability, for the neediness of the applicants, and for the value added to the local community (as JIMF wishes to avoid supporting one business merely to displace others). We are seeking accordingly to support creation of innovative businesses that fill clear gaps in the local economy. Vocational loans are similarly assessed against criteria of the credibility of the course and the expectation that it will support profitable employment, against the neediness of the applicants and the worthiness of the vocation sought.

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES - Continued

Statement of directors' and trustees' responsibilities

The directors and trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. The financial statements are required to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors and trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to state whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the financial statements;
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors and trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and that enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The provisions within Part 15 of the Companies Act 2006 relating to small companies.

Signed on behalf of the board of directors and the trustees

D. Franklin

.....

D. Franklin

Director and trustee

Approved by the board on 17th May 2021

19 The Park,
London NW11 7ST

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

Independent Examiner's Report on the accounts for the year ended 31st August
2020 as set out on pages 3-5

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31st August 2020.

As the charity's trustees of the Company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination, I have followed the Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act).

I have completed my examination. I confirm that no material matters have come to my attention which gives me cause to believe that: a. accounting records were not kept in accordance with section 386 of the Companies Act 2006; or b. the accounts do not accord with such records; or c. the accounts do not comply with relevant accounting requirements under section 386 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or d. the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connexion with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

M. S. Emanuel

Signed

M. S. Emanuel,
Chartered Accountants,
5, Lexham Gardens Mews,
Kensington,
London W8 5JQ

12th May 2021

Dated

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	<u>Note</u>	<u>£</u>	
		-----	-----
		<u>2020</u>	<u>2019</u>
<u>Income</u>	-1-		
Donations received and total incoming resources		31,670	24,998
Tax reclaim		-	5,495
		-----	-----
Total income		31,670	30,493
		-----	-----
<u>Expenditure</u>			
Expenses	-5-	-	1,086
Training services	-5-	10,000	-
Legal fees		-	-
Bank charges and similar			
administration charges		1,078	1,213
(Profit)/loss arising on the			
translation of foreign currency		10,979	(20,000)
Provision and write-off for non-recoverability of loans			
	- 2 -	8,603	(537)
		-----	-----
Total expenditure		30,660	(18,238)
		-----	-----
Surplus of income over			
expenditure for the year		1,010	48,731
Balance brought forward		286,769	238,038
		-----	-----
Balance carried forward		£ 287,779	£ 286,769
		=====	=====

The notes on page 5 form part of these financial statements.

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

BALANCE SHEET AS AT 31 AUGUST 2020

	<u>Note</u>	<u>£</u>	
		<u>2020</u>	<u>2019</u>
<u>Current Assets</u>			
Balances at bank		120,177	113,928
Loans due from clients	-2-	210,861	221,874
		-----	-----
		331,038	335,802
<u>Creditors: amounts falling</u>			
<u>due within one year</u>	-3-	(29,769)	(31,805)
		-----	-----
<u>Net Current assets</u>		301,269	303,997
<u>Creditors: amounts falling</u>			
<u>after more than one year</u>	-4-	(13,490)	(17,229)
		-----	-----
<u>Net assets</u>		£ 287,779	£ 286,768
		=====	=====
<u>Represented by:-</u>			
Unrestricted funds	-6-	£ 287,779	£ 286,768
		=====	=====
Average number of employees		0	0
		==	==

For the period 1 September 2019 to 31 August 2020, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and no notice has been deposited under section 476 requiring the Company to obtain an audit of the accounts for the period in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

These accounts have been prepared under the historical cost convention in accordance with FRS 105, the Financial Reporting Standard applicable to the micro-entity regime and the provisions of the Companies Act 2006. The company has decided not to file a profit and loss account with the Registrar of Companies.

The Company is a private company limited by guarantee, registered in England, Company No. 6681463 and its registered office is 19 The Park, London NW11 7ST.

These accounts were approved by the board of directors on 17th May 2021 and were signed on its behalf by:

D. Franklin
 Director
 D. Franklin

The notes on page 5 form part of these financial statements.

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITEDNOTES TO THE FINANCIAL STATEMENTS1. Accounting PoliciesAccounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out below.

These financial statements have been prepared in compliance with FRS 105 – The Financial Reporting Standard applicable in UK and Republic of Ireland and the Companies Act 2006.

Compliance with SORP and legislation

The accounts have been prepared in accordance with the accounting policies and comply with the Charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005.

Incoming resources and expenses

Incoming resources represent donations and fees receivable. Resources expended are recognised in the year in which they are incurred.

Fund accounting

Funds are donations received or generated for the charity without further specified purpose. These are funds that can be used in accordance with the charitable objects at the discretion of the directors (Trustees).

Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of a winding up is limited to one pound.

Statement of cash flows

The charity's financial statements do not include a statement of cash flows, since, in the opinion of the directors and trustees, such a statement would not add significant information to that already contained in the financial statements, including the note on loan disbursements and repayments.

Exchange rates

Major transactions during the period were converted at rates prevailing at the time of the transaction, minor transactions were converted using an average of the rates prevailing at start and end of the year. Assets and liabilities which existed at the balance sheet date were converted at the rate prevailing at the year end. Any differences were transferred to the profit and loss account.

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

	£	
	<u>2020</u>	<u>2019</u>
2. <u>Loans due from clients</u>		
Loans due from clients repayable		
within 12 months	127,744	120,188
Provision made for non-recoverability	3,789	(642)
	-----	-----
	123,956	119,546
Loans due from clients repayable		
after more than 12 months	86,906	102,328
	-----	-----
	£ 210,861	£ 221,874
	=====	=====

Loans provided to clients are shown in the balance sheet after deducting repayments made during the year, and after deducting write-offs of bad debt for extended delinquency of £5,456 (2019: £5,790).

Loans disbursed during the year amounted to £113,280 (2019: £ 129,552). Loans repaid during the year amounted to £ 106,022 (2019: £ 104,828). The remaining difference in the amount outstanding, after allowing for write-offs and provisions, is attributable to the rate of exchange prevailing at the year ends.

3. Creditors: amounts falling due within one year

Loan due to D. Franklin (See Note 5)	10,268	10,268
Loan due to KIVA	19,502	21,537
	-----	-----
	£ 29,770	£ 31,805
	=====	=====

The US Dollar loans from Kiva are interest-free and repayable by instalments linked to specific client loan repayments made in Israeli Shekels, or may be used to fund new loans to clients, by agreement between the Company and KIVA. The Company's exposure to any exchange difference is limited to 15% and is calculated at the time of repayment to KIVA. For the purpose of preparing the annual accounts, provisions for losses on exchange are charged in the Company's profit and loss account at the balance sheet date.

4. Creditors: amounts falling after more than one year

Loan due to KIVA	£ 13,490	£ 17,229
	=====	=====

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITEDNOTES TO THE FINANCIAL STATEMENTS - Continued5. Related Party Transactions, and Training Services

The outstanding loan from Mr D Franklin of £ 10,268 (2019: £ 10,268), is interest-free and repayable on demand, but remains available to the fund.

Donations received include £7,000 (2019: £13,000) from charities of whom the trustees include relatives of Donald Franklin, and £14,658 (2019: £11,993) from another charity on which Donald Franklin is a trustee.

A donation of £10,000 was received for the specific purpose of contributing to MATI's training programme (onto which loan applicants are invited to prepare them for starting or expanding their businesses).

£

6. Unrestricted funds

Balance 1 September 2017	221,539
Surplus income over expenditure for the year	16,499

Balance 31 August 2018	£ 238,038
Surplus income over expenditure for the year	48,730

Balance 31 August 2019	£ 286,768
Surplus income over expenditure for the year	1,010

Balance 31 August 2020	£ 287,779
	=====

7. Share Capital

The Company has no issued share capital but the Company is limited by guarantee.

8. Ultimate Controlling Party

The Company is controlled by its directors.