

Company No. 6681463
Registered in England
and Wales

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2022

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2021

Directors and Trustees

Donald Franklin PhD
Fiyaz Mughal OBE
Rabbi Michael Pollak

Fiyaz Mughal resigned from his position with JIMF with effect on 31st May 2023 due to other pressures on his time.

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 2022

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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 2022.

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 2021/22

The year under report (2021-22) saw a continuation in JIMF's activity - with a similar number of businesswomen and students receiving loans (forty-four; cf.48 last year)

New loans were made to a value of over 637,000 shekels whilst repayments were 614,000 shekels. After provisions and write-offs, loans outstanding remain in excess of one million shekels (≈ 1,069,000).

The programme continues to operation in partnership with MATI Jerusalem, and with a separate partnership with KIVA. As reported previously, there had been an interruption in JIMF's support to the *charedi* community. There has now been a slow resumption, with the funding of a training post at MATI and the initiation of lending (two further loans at the end of the reporting year). Support continues for the Palestinian community in Jerusalem.

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES - Continued

Developments during 2021/22 - Continued

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.

2022 saw the completion of an evaluation of JIMF's work in East Jerusalem. A survey was held to examine and evaluate the impact of the program on the participants - women new entrepreneurs and women businesses owners in East Jerusalem. It was commissioned from EDU Station, which is a Bethlehem-based Skills Development Center, and consultancy agency that is directed by the co- founders - Mr. Tariq Al Bakri and Mr. Samer Awwad. The center offers coaching and consultancy services, market studies, and evaluation surveys for companies and cooperatives.

Four dimensions were examined: the effect of the loan on participants' business development, the effect of the loan on participants' personal and family well-being, the effect of the business management training courses provided by MATI, and finally, the effect on implementation of the business plan built for the loan recipients.

The survey was conducted among 60 participants who received JIMF interest-free loans to start or expand a business between 2015 and 2019. All 122 women who received loans in the last 6 years of the program were contacted via mail, asking them to fill out the questionnaire. A phone call followed the mail. Out of 122, 60 women responded and took part in the survey.

The survey was conducted during the Corona pandemic; therefore, the ongoing crisis influenced the answers given by the program's participants. The studies were carried out by EDU Station, supervised by MATI, and was funded by JIMF. The results of the evaluation are available on JIMF's website, www.jerusalemmicrofinance.com : they are encouraging.

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. As a consequence we have been able to remove provisions for bad debt. 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; however this facility for relatively small partners is being removed by Kiva, and no new loans will be issued under the KIVA facility during 2023. (See <http://www.kiva.org/partners> and linked pages for details, including a

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REPORT OF THE DIRECTORS AND TRUSTEES - Continued

Developments during 2021/22 - Continued

reference to JIMF's partnership. JIMF's credit limit remains at US\$ 50,000.)

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

The businesses and vocations that are being supported by JIMF are diverse. The 26 businesses supported by JIMF in 2021/2 comprised:

- a tourism office
- two event design services
- evening wear hire
- hair salon
- a photographic studio
- a study centre
- weight management
- home sewing and embroidery
- honey making (from bee hives)
- home sale:
 - household goods
 - household equipment gifts & toys
 - sports clothing
- retail outlets for, respectively:
 - women's clothing (two)
 - on-line clothing
 - accessories
 - cosmetics (two)
 - on-line cosmetics
- one creche
- provision of cosmetics and massage
- two home catering businesses.
- a taxi service
- IT consultancy service.

Vocational qualifications for 18 students were supported by training loans for the following courses:

- special needs teaching (four students)
- nursing,
- sociology and anthropology (
- education
- film production
- art therapy
- business management
- accountancy
- medical imaging
- Arabic
- finance and banking

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

REPORT OF THE DIRECTORS AND TRUSTEES - Continued

Developments during 2021/22 - Continued

- mathematics
- Hebrew literature
- sociology and psychology
- non-profit management.

JIMF with MATI appraises applicants for the viability of the businesses, 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 31st May 2023

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
2022 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 2022.

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

31st May 2023

Dated

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

	<u>Note</u>	£	
		-----	-----
		<u>2021</u>	<u>2022</u>
<u>Income</u>	-1-		
Donations received and total incoming resources		10,005	47,000
		-----	-----
Total income		10,005	47,000
		-----	-----
<u>Expenditure</u>			
Training services	-5-	-	7,342
Evaluation	-5-	-	4,828
Bank charges and similar administration charges		906	1,347
(Profit)/loss arising on the translation of foreign currency		(8,433)	(34,697)
Provision and write-off for non-recoverability of loans		692	(4,481)
		-----	-----
Total expenditure		(6,836)	(25,661)
		-----	-----
Surplus of income over expenditure for the year		16,841	72,661
Balance brought forward		287,779	304,620
		-----	-----
Balance carried forward		£ 304,620	£ 377,281
		=====	=====

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

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

BALANCE SHEET AS AT 31 AUGUST 2022

	<u>Note</u>	£	
		-----	-----
		<u>2021</u>	<u>2022</u>
<u>Current Assets</u>			
Balances at bank		110,713	127,146
Loans due from clients	-2-	232,855	275,722
		-----	-----
		343,567	402,868
 <u>Creditors: amounts falling</u>			
<u>due within one year</u>	-3-	(26,562)	(14,522)
		-----	-----
<u>Net Current assets</u>		317,005	388,346
 <u>Creditors: amounts falling</u>			
<u>after more than one year</u>	-4-	(12,385)	(11,065)
		-----	-----
<u>Net assets</u>		£304,620	£ 377,281
		=====	=====
<u>Represented by:-</u>			
Unrestricted funds	-6-	£304,620	£ 377,281
		=====	=====
 Average number of employees		0	0
		==	==

For the period 1 September 2021 to 31 August 2022, 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 31st May 2023 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 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Accounting 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>2021</u>	<u>2022</u>
2. <u>Loans due from clients</u>		
Loans due from clients repayable		
within 12 months	145,164	158,108
Provision made for non-recoverability	(4,481)	(0)
	-----	-----
	140,683	158,108
Loans due from clients repayable		
after more than 12 months	92,172	117,614
	-----	-----
	£ 232,855	£ 275,722
	=====	=====

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 £0 (2021: £0).

Loans disbursed during the year amounted to £153,772 (2021: £ 155,372). Loans repaid during the year amounted to £148,268 (2020: £136,690). 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	0
Loan due to KIVA	16,294	14,522
	-----	-----
	£ 26,562	£ 14,522
	=====	=====

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	£ 12,385	£ 11,065
	=====	=====

THE JERUSALEM INTEREST FREE MICROFINANCE FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

5. Related Party Transactions, and Training Services

The outstanding loan from Mr D Franklin of £ 10,268 was interest-free and repayable on demand; it has been repaid during the accounting period.

Donations received include £47,000 (2021: £10,000) from charities on which Donald Franklin is a trustee.

£

6. Unrestricted funds

Balance 31 August 2021 £ 304,620

Surplus income over expenditure for the year 72,661

Balance 31 August 2022 £ 377,281
=====

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.