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**Microfinance Ireland**

**(A private company limited by shares)**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2015**

**Microfinance Ireland**

**Directors' Report and Financial Statements**

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## **Microfinance Ireland**

### **DIRECTORS AND OTHER INFORMATION**

#### **Board of Directors**

Cyril Forbes (Chairperson)+  
Yvonne Barry\*  
Mary Brennan\*\*  
Gerard Cleary+  
Sheelagh Daly+  
Páraig Hennessy+  
John Irwin++  
Evanne Kilmurray\*  
Geraldine Kelly\*  
John Kelly\*  
Bobby Kerr\*  
Harry McDaid+  
Gerry O'Neill+  
Mary O'Shaughnessy+  
Felix O'Regan\*\*  
Anne Reilly+  
Norma Smurfit\*  
Michael Tunney\*  
Brendan Whelan+

+ Appointed 29 August 2015

++ Appointed 25 November 2015

\*Resigned 28 August 2015

\*\*Resigned 16 August 2015

#### **Secretary and Registered Office**

Bradwell Ltd  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2

**Registered Number:** 516555

**Registered Charity Number:** CHY 20447

**Charities Regulator Registered Number:** 20081102

**Date of Incorporation:** 17<sup>th</sup> August 2012

#### **Auditors**

Comptroller and Auditor General  
3A Mayor St. Upper  
Dublin 1

#### **Principal Bankers**

Bank of Ireland  
2 College Green  
Dublin 2

**Solicitors**

Mason Hayes and Curran  
South Bank House  
Barrow Street  
Dublin 4

**Contact Information**

Michael Johnson, Chief Executive Officer  
Patrick Kilbane, Head of Finance and Risk

Microfinance Ireland  
Jefferson House, Eglinton Road, Dublin 4

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Web: [www.microfinceireland.ie](http://www.microfinceireland.ie)

## **Microfinance Ireland**

### **CHAIRMAN'S STATEMENT**

On behalf of the Directors of Microfinance Ireland I am pleased to present the accounts for the 12 months ending 31st December 2015.

MFI supports microenterprises that have difficulty in accessing bank credit by providing them with loans up to a maximum of €25,000. In 2015 €5.4 million in funding was distributed to 357 small businesses throughout the country supporting an additional 930 jobs. The fund has supported 1,821 jobs in 770 micro enterprises with loans of €11.7 million since its launch in September 2012.

The microenterprises funded by MFI result from hard work, commitment and dedication by the promoters who create and retain jobs by delivering goods and services in cities, towns and villages throughout the whole country thereby enhancing the fabric of our society and the quality of their own and their communities lives. We are indebted to them.

Whilst the MFI loan scheme is demand lead, significant marketing promotion and business development activities continued throughout 2015 with a range of business support agencies and representative groups. This is to ensure that all viable, genuine and credit worthy projects or individuals are given a prompt, full and fair credit assessment and offered affordable lending through MFI, equally striving to ensure that no borrower takes on unsustainable debt.

I would like to thank all of my fellow board members who give generously of their time and range of extensive business experience and expertise to ensure the success of MFI. We are indebted to the previous Chair and Board members for their work since MFI's inception. They established a sound organisation and provided a strong platform for continued growth of the company.

I would like to express our appreciation and gratitude to our parent body The Social Finance Foundation (SFF), its Board and management for the ongoing assistance and support of MFI.

The Local Enterprise Offices (LEO's) support MFI by assisting microenterprises with their application preparation, business training, pre and post loan business mentoring support for which we are most grateful. This is vital to the viability and sustainability of our customers. We wish the LEO's continued success and look forward to working on further joint initiatives for job support and job creation with them.

The Minister and his officials at the Department of Jobs Enterprise and Innovation who provide not only funding but a suite of assistances, and with whom we have a close working relationship, are integral to the success of the Microenterprise Loan Fund Scheme. In 2015 the Department published a review endorsing the scheme, with recommendations for its further development which have been implemented. I would like to extend our appreciation to the Department for their support throughout 2015.

The European Investment Fund (EIF) is also a vital partner to MFI. Their assistance through the European Progress Microfinance Facility (EPMF) and the Employment and Social Innovation Facility (EASI) is appreciated by MFI in enabling us to lend money to microenterprises that do not meet the conventional lending criteria of the SME banks.

Also a note of thanks to the Banking and Payments Federation Ireland, AIB Bank, Bank of Ireland and Ulster Bank for their ongoing support.

Finally, on behalf of the Board may I thank each of the staff in the Microfinance Ireland Team and our external Loan Assessor Teams for their efforts throughout 2015 and in particular Michael Johnson for his contribution to MFI since he joined the organisation in May 2014. Michael has tendered his resignation for personal reasons with effect from 31 May 2016. I wish to thank him for his commitment to MFI and for the growth that he has driven over the last two years.



Cyril Forbes

Chair

11 May 2016

## Microfinance Ireland

### REPORT OF THE CHIEF EXECUTIVE

2015 Represented another solid year of progress for Microfinance Ireland (MFI) and its customers with significant growth in lending activity and most importantly the progress made by enterprises supported by Microfinance Ireland in their creation of sustainable jobs.

A range of very significant milestones were reached and key strategic developments took place.

#### Highlights

Positive Review by Department of Jobs Enterprise & Innovation (DJEI)

Bank lending secured for Working Capital

Successful Bid for European Investment Fund Support

Major improvement in the volume of applications referrals from Local Enterprise Offices (LEOs)

Growing the loan Portfolio to nearly €10M

Risk Management

Significant increase in jobs supported by MFI lending

Human Resources

#### Review by DJEI

The DJEI conducted a two year review of the Microenterprise Loan Fund delivered by Microfinance Ireland. The review concluded that Microfinance Ireland was fit for purpose and was now making progress in the delivery of Government objectives. The review also advocated a number of changes that should take place and in particular changing the statutory instrument to give more flexibility in the delivery of the mandate. A particular change of note was the elimination of the requirement for a bank rejection before applying for loan funding. A further change was the enhancement of the relationship between the Local Enterprise Offices and Microfinance Ireland which would build on the existing arrangements and strengthen and enhance them.

#### Funding

Microfinance Ireland also concluded two very important funding agreements in 2015. A syndicated loan provided by Bank of Ireland, AIB and Ulster Bank negotiated by our parent company the Social Finance Foundation, was concluded in April and this in effect provides the working capital which is needed to onlend to enterprises who generally do not meet conventional credit criteria. This funding in effect gives Microfinance Ireland financial resources which can meet its needs through to 2017. The role of Social Finance Foundation in using its financial strength is critical to the business model which underpins our ability to borrow through a leveraging approach.

#### European Investment Fund (EIF)

Under the new EIF programme, EaSI, a successful application was made to provide cover by way of a loan guarantee for Microfinance Ireland lending. This support will last for two years and should apply to some €13M of lending activity. This very significant support from the EIF allows us to consider risk profiles otherwise outside our capacity to fund. The focus of this loan guarantee is towards addressing social exclusion and economic disadvantage faced by various groups and individuals. The programme for the first time requires the provision of mentoring along with the loan support and provides an integrated approach to microenterprises.

#### Local Enterprise Offices

The partnership between Microfinance Ireland and the Local Enterprise Offices continues to develop and grow. The access to our loans is made easier for people in that they can engage at a local level and receive support and guidance as well as submitting an application. The advices received from the Local Enterprise Offices are a valuable input to the underwriting decision made by Microfinance Ireland. In 2015 some 53% of all applications came from the Local Enterprise Offices and this represents a major increase in activity levels.

## Growing Loan Portfolio

Significant increase in application levels, loan approvals and drawdowns took place in 2015. Loan applications were up by 48% and loan approvals by 30%. The loan portfolio now stands at €9.9M which represents an increase of 92% against 2014. Commensurate with the growing portfolio the level of risk MFI embraces in its lending has become clearer and greater investment of human resources have been allocated to the collections process to ensure that bad debts are managed effectively.

## Risk Management

As Microfinance Ireland evolves as an organisation and gets to know more about the outcomes of its underwriting practices through the collections process and the performance of its loans, modifications to lending practices and assessment of applications have taken place. Microfinance Ireland is mandated to take risks that commercial lenders cannot, however the balance between Risk orientation and the sustainability of the business model which underpins the long term sustainability of the organisation is critical. In late 2015 a number of measures were implemented which are focused on maintaining the balance. A significant reduction in approval levels which at the end of 2015 stand at 48% for the year by comparison with 57% in 2014 are designed to ensure the long term sustainability of lending practice. Our provisioning is prudent and although our bad debts have not yet manifested in terms of annual accounts, there is no doubt that this will be a rising figure and proportion over the short term horizon. The important message is that action has been taken and an active portfolio management strategy and credit policy is now in place to ensure that at all times we maintain an equilibrium between risk and sustainability.

## Jobs and Microfinance Ireland

The rationale for the investment made by Government and indeed by the European Institutions has always been that of Job creation. Microfinance Ireland lends to those who cannot raise finance from conventional sources and we measure our success not solely on the levels of loans underwritten or the value of our lending, but by measuring the outcomes in the context of the employment we have supported in the enterprises we have invested in.

The growth in employment levels in Microfinance Ireland supported enterprises increased by 104% during 2015 and employment levels now stand at 1,821 at the year end. We can see that on average a Microfinance loan supports 2.4 jobs and while we will never take credit for the jobs created by the entrepreneurs and business owners we can legitimately state that many of these jobs would not exist if the finance we provided was not present.

## Human Resources

Under the arrangements determined by Government, Microfinance Ireland has a control mechanism on its payroll costs. A ceiling is placed on the proportion of expenditure that can be expended on staffing. At the end of 2015 a business case presented by MFI through DJEI and onwards to DPER was approved and this allows for the recruitment of additional key skillsets that are required in what is a fast growth business. While at all times Microfinance Ireland is committed to achieving the lowest possible cost base, of which staffing is the biggest expense item, care must be taken to ensure that sufficient resources are available at the right time, to fulfil its objectives and ensure the appropriate governance of the business is maintained. In a labour market that is now strengthening and becoming more competitive, it is vital that Human Resources are recognised as the key driver of the delivery of results. A review of Human Resource policy will be undertaken in 2016 with a view to achieving a stability which will provide a future environment for the recruitment, retention and recognition of staff required to implement the Business objectives.

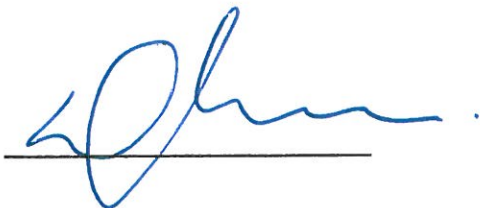


## Key Objectives 2016

The Year ahead provides further opportunities for Microfinance Ireland in supporting Enterprises and the jobs they create through its lending. A summary of the key objectives in 2016 are as follows:

- Maintenance of a balanced loan book portfolio within risk tolerances
- Maximise the Growth potential in lending which supports jobs
- Secure a second round of Government Equity Investment
- Consolidation of Channel Management with particular attention to:
  - Local Enterprise Offices
  - Bank referrals
  - Direct Business Lines

- Revised Business and Marketing Strategy
- Development and Implementation of a Human Resource strategy which supports the achievement of the Business Objectives



Michael Johnson

Chief Executive

11 May 2016

## Microfinance Ireland

### DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year ended 31st December 2015.

#### Principal Activities

Microfinance Ireland was incorporated by the Social Finance Foundation (SFF) on 17 August 2012 pursuant to the Microenterprise Loan Fund Act 2012 on the initiative of the Minister for Jobs, Enterprise and Innovation. This dedicated subsidiary of SFF was established to manage the Microenterprise Loan Fund. Following incorporation, the Minister for Jobs, Enterprise and Innovation made a grant of €10m into the Fund.

The main object of the company is to lend money to create the optimum number of jobs in the microenterprise sector. Applicants will be supported from all industry sectors with commercially viable proposals that do not meet the conventional risk criteria applied by commercial banks.

In recognition of the higher risk profile of the activities of Microfinance Ireland, the company secured support for its activities from the European Investment Fund (EIF). Under the European Progress Microfinance Facility (EPMF) for employment and social inclusion signed on 7 December 2012 and the Employment and Social Innovation Guarantee Facility (EASI) signed on 14 October 2015, EIF as Guarantor will partially cover the risk of the Microfinance Ireland loan portfolio subject to specific ceiling levels at both portfolio and individual client loan level and subject to specific terms and conditions.

#### Legal Status

Microfinance Ireland is a single-member private limited company. In accordance with the Microenterprise Loan Fund Act 2012, Part 3, sections 11 and 12 Microfinance Ireland is a subsidiary of the Social Finance Foundation. The authorised share capital of Microfinance Ireland is €1. Microfinance Ireland has issued the one share of €1 to the Social Finance Foundation who holds this share in accordance with sub sections 3 and 4 of Section 12 of the Act.

Microfinance Ireland has been granted charitable status (Registered Charity No. CHY 20447) and is registered with the Charities Regulatory Authority (Registration Number 20081102).

#### Accounting Records

The measures taken by the directors to secure compliance with the requirements of section 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Jefferson House, Eglinton Road, Dublin 4.

#### Results for the period

The Company's outturn for the financial year is set out on Page 19 to 22 and is considered satisfactory. The Deficit on ordinary activities was €1,724,000.

## Business Risks and Management

It is the company's policy to develop and implement a risk management process which:

- Enables identification and assessment of risks that could impact the achievement of the Business remit and objectives
- Establishes risk appetite by key risk category
- Ensures that appropriate mitigating measures and controls are adopted and implemented
- Ensures ownership, reporting and review of risk at Management, Board subcommittee and Board level on a regular and ongoing basis
- Ensures periodic review and approval of policies for managing risk

Overall, the Company has classified business risks over seven key headings, the most significant being:

- Managing credit risk within the agreed appetite under Credit Risks
- Liquidity and funding risks under Financial Risks
- Awareness, distribution and client mentoring support under Strategic Risks
- Loan administration under Operational Risks

## Directors

The names of the persons who were directors during the year to 31st December 2015 are set out below. The Board of Directors held seven meetings in the period of review;

		Number of meetings attended
Cyril Forbes	(appointed 29th August 2015)	4
Gerard Cleary	(appointed 29th August 2015)	2
Sheelagh Daly	(appointed 29th August 2015)	4
Páraig Hennessy	(appointed 29th August 2015)	2
John Irwin	(appointed 25 <sup>th</sup> November 2015)	1
Harry McDaid	(appointed 29th August 2015)	2
Gerry O'Neill	(appointed 29th August 2015)	3
Mary O'Shaughnessy	(appointed 29th August 2015)	4
Anne Reilly	(appointed 29th August 2015)	4
Brendan Whelan	(appointed 29th August 2015)	3
Geraldine Kelly	(resigned 28 <sup>th</sup> August 2015)	3
Yvonne Barry	(resigned 28 <sup>th</sup> August 2015)	3
Mary Brennan	(resigned 16th August 2015)	2
Bobby Kerr	(resigned 28 <sup>th</sup> August 2015)	2
John Kelly	(resigned 28 <sup>th</sup> August 2015)	3
Evanne Kilmurray	(resigned 28 <sup>th</sup> August 2015)	2
Felix O'Regan	(resigned 16 <sup>th</sup> August 2015)	2
Norma Smurfit	(resigned 28 <sup>th</sup> August 2015)	2
Michael Tunney	(resigned 28 <sup>th</sup> August 2015)	2

The Audit and Risk Committee met five times in the period under review. The Committee is chaired by Gerry O'Neill and membership is also made up of Páraig Hennessy and Brendan Whelan.

The Credit Committee met seven times in the period under review. The Committee is chaired by Harry McDaid and membership is also made up of Gerard Cleary and John Irwin.

In September 2015, the Board approved the establishment of a third Board subcommittee, the Business Development and Marketing Committee to consider the medium and long term business growth challenges. The Committee met two times, is chaired by Anne Reilly and is also made up of Sheelagh Daly and Mary O'Shaughnessy.

## Health and Safety

The wellbeing of the company's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 2005 imposes certain requirements on employers and Microfinance Ireland takes the necessary actions to ensure compliance with that Act.

## Confidential Disclosures

The Board has approved the Company's policy to ensure that employees have the opportunity to raise concerns about possible irregularities in financial reporting or other matters.

## Corporate Governance

Microfinance Ireland was incorporated pursuant to the Microenterprise Loan Fund Act 2012 ('Act 2012'). The company operates on an ongoing basis within the Act 2012, the Microenterprise Loan Fund Scheme (SI No 343 of 2012 and SI No 393 2015) and the Arrangement (pursuant to Section 19 of the Act 2012).

These legal requirements, together with the Combined Code, published in June 1998 and updated by the Committee on Corporate Governance, and all subsequent guidance on its application and the Code of Practice for the Governance of State Bodies are the foundations on which corporate governance is based. Maintaining high standards of corporate governance is a priority of the directors.

## Disclosure of Interests

As set down in Section 16 of the Microenterprise Loan Fund Act 2012, Microfinance Ireland has adopted procedures in relation to the disclosure of interests of directors and those procedures have been adhered to.

## Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and regulations. Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Financial Reporting Standard 102 ('FRS102') with the Accounting Standards issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland for periods beginning before 1 January 2015. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities, and financial position of the company as at the financial year end date and of the income and expenditure of the company for the financial year end and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with the relevant financial reporting framework, identify those standards, and note the effect and the reasons for any material departure from those standards;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and income and expenditure of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors report comply with the Companies Acts 2014 and enable the financial statements to be audited. 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.

Auditors

In accordance with Section 20 of the Microenterprise Loan Fund Act 2012, the Comptroller and Auditor General is the auditor of the company.

On behalf of the board



Cyril Forbes



Gerry O'Neill

11 May 2016

## **Microfinance Ireland**

### **Chair's Statement on the System of Internal Financial Control**

On behalf of the Board of Microfinance Ireland, I acknowledge the Board's responsibility for ensuring that an effective system of internal financial control is maintained and operated for the organisation.

The system can provide only reasonable assurance and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely manner. In considering the effectiveness of internal financial controls the Board has regard, among other things, to the requirements of the Code of Practice for the Governance of State Bodies bearing in mind the size and scale of the organisation.

#### **Key control procedures**

The Board has taken steps to ensure an appropriate control environment by:

- Clearly defining management's responsibilities
- Establishing reporting procedures to control significant failures and ensuring appropriate corrective action is taken
- Establishing a dedicated Audit and Risk Committee and Credit Committee
- Clear separation of Board and Management functions
- Engaging a professional internal audit service to assess, recommend and execute internal audit plans based on the risks in the business. These plans aim to cover the key controls on a rolling basis over a reasonable period.

The Board has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and possible implications of risks facing the Board including the extent and categories which it regards as acceptable
- Assessing the likelihood of identified risks occurring
- Assessing the Board's ability to manage and mitigate the risks that do occur having regard to the costs of operating controls relative to the benefits obtained

The framework of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability as evidenced by:

- Setting targets to measure financial and other performance
- Regular review by Credit Committee and Board of credit risk and credit management information
- Review by Audit and Risk Committee (ARC) and Board of all non-credit related risks
- Regular review by Board of financial performance versus Budget

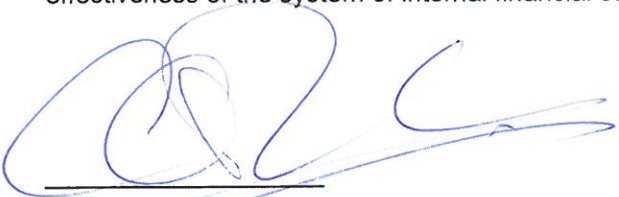
Correspondence with the Comptroller and Auditor General and any issues raised therein were addressed by Management and Audit and Risk Committee and subsequently brought to the Board.

**Microfinance Ireland**

**Chair's Statement on the System of Internal Financial Control - continued**

**Annual review of controls**

I confirm that in respect of the financial year ended 31 December 2015 the Board conducted a review of the effectiveness of the system of internal financial control.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Cyril Forbes

Chair

11 May 2016





## Microfinance Ireland

I have audited the financial statements of Microfinance Ireland for the year ended 31 December 2015 under the Microenterprise Loan Fund Act 2012. The financial statements comprise the statement of income and expenditure, the statement of financial position, the statement of changes in reserves and capital account, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and generally accepted accounting practice in Ireland.

### Responsibilities of the directors

The directors are responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and otherwise comply with the Companies Act 2014 and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the company's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2015 and of its income and expenditure for 2015;
- have been properly prepared in accordance with generally accepted accounting practice in Ireland; and
- have been properly prepared in accordance with the Companies Acts 2014.

### Matters on which I am required to report by the Companies Act 2014

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

In my opinion, the information given in the directors' report is consistent with the financial statements.

### Matters on which I report by exception

I report by exception if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the company's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on the system of internal financial control does not reflect the company's compliance with the Code of Practice for the Governance of State Bodies, or
- the disclosures of directors' remuneration and transactions as specified by the Companies Act 2014 are not made, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Patricia Sheehan  
For and on behalf of the  
Comptroller and Auditor General

31 May 2016

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## Microfinance Ireland


### STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 December 2015


		Financial Year Ended 31 December 2015 €'000	Financial Year Ended 31 December 2014 €'000
Income	Notes 3	315	282
Administrative expenses	5	(1,111)	(980)
Bad debt charge	9		
-Specific		(1,231)	(631)
-Collective		(409)	(446)
-Guarantee callable under EIF	10	712	491
Total		(928)	(586)
<b>Deficit for the financial year</b>		<b>(1,724)</b>	<b>(1,284)</b>

All income and expenditure for the year relates to continuing activities at the reporting date. The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year. The Statement of Changes in Reserves and Capital Account and Statement of Cash Flows and Notes 1 to 23 form part of these Financial Statements.

Approved by the board and authorised for issue on 11 May 2016.



Cyril Forbes  
Director



Gerry O'Neill  
Director

## Microfinance Ireland


### STATEMENT OF FINANCIAL POSITION

31st December 2015

		31 December 2015 €'000	31 December 2014 €'000
Tangible fixed assets	Notes 8	<u>16</u>	<u>23</u>
<b>Current assets</b>			
Loans and advances to customers net of provisions	9	4,017	2,594
Amounts recoverable from EIF	10	1,187	630
Accrued income		9	134
Short term deposits		5,054	4,151
Cash and cash equivalents		<u>64</u>	<u>27</u>
		10,331	7,536
<b>Creditors – (amounts falling due within one year)</b>	11	<u>(98)</u>	<u>(85)</u>
<b>Net current assets</b>		<u>10,233</u>	<u>7,451</u>
<b>Creditors – (amounts falling due after one year)</b>	12	(4,499)	-
<b>Net assets</b>		<u>5,750</u>	<u>7,474</u>
<b>Capital and reserves</b>			
Issued share capital	14	-	-
Microenterprise Loan Fund	15	<u>5,750</u>	<u>7,474</u>
		<u>5,750</u>	<u>7,474</u>

The Statement of Changes in Reserves and Capital Account, Statement of Cash Flows and Notes 1 to 23 form part of these Financial Statements.

On behalf of the board on 11 May 2016.



Cyril Forbes  
Director



Gerry O'Neill  
Director

**Microfinance Ireland**

**STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT FOR THE YEAR ENDED  
31 DECEMBER 2015**

	<b>Revenue Reserves €'000</b>	<b>Microfinance Loan Fund Account €'000</b>	<b>Total €'000</b>
<b>At 1 January 2014</b>	0	8,758	8,758
Deficit for the year	(1,284)	0	(1,284)
Transfer from Microfinance Loan Fund Account	1,284	(1,284)	0
<b>At 31 December 2014</b>	<b>0</b>	<b>7,474</b>	<b>7,474</b>

	<b>Revenue Reserves €'000</b>	<b>Microfinance Loan Fund Account €'000</b>	<b>Total €'000</b>
<b>At 1 January 2015</b>	0	7,474	7,474
Deficit for the year	(1,724)	0	(1,724)
Transfer from Microfinance Loan Fund Account	1,724	(1,724)	0
<b>At 31 December 2015</b>	<b>0</b>	<b>5,750</b>	<b>5,750</b>

## Microfinance Ireland

### STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

		Financial Year Ended 31 December 2015 €'000	Financial Year Ended 31 December 2014 €'000
<b>Net cash (outflow) from operating activities</b>	16	<b>(3,555)</b>	<b>(3,062)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	8	<u>(4)</u>	<u>(18)</u>
<b>Net cash flows from investing activities</b>		<u>(4)</u>	<u>(18)</u>
<b>Cash flows from financing activities</b>			
Increase in Borrowings	12	<u>4,499</u>	-
<b>Net cash flows from financing activities</b>		<u>4,499</u>	-
<b>Net (decrease) in cash and cash equivalents</b>		<b>940</b>	<b>(3,080)</b>
Cash and cash equivalents at the beginning of financial year	16	<u>4,178</u>	<u>7,258</u>
<b>Cash and cash equivalents at the end of financial year</b>		<u><b>5,118</b></u>	<u>4,178</u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		64	27
Short term deposits		<u>5,054</u>	<u>4,151</u>
<b>Cash and cash equivalents</b>	16	<u><b>5,118</b></u>	<u>4,178</u>

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

##### 1.1 General Information Ownership and operations

Microfinance Ireland was incorporated by the Social Finance Foundation on 17 August 2012 pursuant to the Microenterprise Loan Fund Act 2012 on the initiative of the Minister for Jobs, Enterprise and Innovation. The Social Finance Foundation (SFF) is a company, limited by guarantee, without a share capital whose members and Directors are nominated by the Minister for Finance. The authorised and issued share capital of Microfinance Ireland is €1 which is held by SFF. SFF may not transfer that share without Ministerial consent.

##### 1.2 Format of Accounting Statements

The company has not traded for the acquisition of gain by the members. In accordance with Section 291 of the Companies Act 2014, the company is required to prepare in respect of each financial year, entity financial statements which comply with the formats as set out in Schedule 3 of the Companies Act 2014. The company has availed of Section 291(5) of the Companies Act 2014 and prepared an income and expenditure account in place of a profit or loss account. The directors of the company believe that the information provided in the income and expenditure account reflect the nature of the operating activities of the company and provide a true and fair view of its income and expenditure for the financial year. This departure has no effect on the company's results for the financial year.

##### 1.3 Basis of preparation

These financial statements have been prepared in accordance with FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The financial statements are prepared on the historical cost basis. Microfinance Ireland is a Public Benefit Entity as defined by Section 34 of FRS102.

##### 1.4 First-time adoption of FRS 102

These are Microfinance Ireland's (MFI's) first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1 January 2014. The transition to FRS 102 has resulted in a small number of accounting policy changes compared to those applied previously which did not result in any transitional adjustments.

##### 1.5 Functional Currency

The financial statements are presented in Euro (€).

##### 1.6 Income and expenses

Interest on loans granted is recognised on a receipts basis which is collected monthly from customers. Bank interest income and interest expense is recognised on an accrual basis. All operating expenses are recognised on an accruals basis and are inclusive of irrecoverable VAT.

## **Microfinance Ireland**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1.7 Loans and advances to customers**

Concessionary loans are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They are made at a rate of interest below the risk adjusted market rate. They arise when Microfinance Ireland provides loan to customers which in all instances are financed with a view to holding to maturity.

In accordance with Section 34 of FRS102, Microfinance Ireland operates public benefit entity concessions loans. These concessionary loans are initially recorded at fair value and in subsequent years the concessionary loan is adjusted to reflect any accrued interest payable or receivable. Loans are assessed as to whether there is an indication of impairment and an impairment loss is recorded in the income and expenditure account (see Note 1.8 below).

#### **1.8 Impairment of concessionary loans**

MFI assesses, at each balance sheet date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific provision will be recognised.

Any bad debts/impairment losses are recognised in the Income and Expenditure account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

The company's policy is to provide for bad and doubtful debts to reflect the impairments inherent in the loan portfolio at the balance sheet date.

There are two types of bad debt provisions, specific and collective. Specific provisions are made for loans when the company considers that the credit-worthiness of a borrower has deteriorated such that the recovery of the whole or part of an outstanding loan is in serious doubt. The credit assessment is based on objective evidence that the loan is impaired. Objective evidence includes observable data that comes to the attention of Microfinance Ireland including:

- Delinquency in contractual payments
- Cash flow difficulties
- Granting a concession to a borrower
- Initiation of bankruptcy proceedings

The amount of the specific provision is equivalent to the amount to reduce the carrying value of the loan to its expected ultimate net realisable value.

For the purposes of the collective provision, evaluation is undertaken for loans not specifically impaired by combining with assets with similar characteristics. The impairment is then estimated based on the historical loss experience for assets with those similar characteristics.

The aggregate specific and collective provisions made during the period, less amounts released and net of recoveries of loans previously written off are charged against income for the period. Amounts recoverable from the EIF are recognised as an asset in the balance sheet and amounts actually recovered are recognised in the period received.

Loans in the balance sheet are stated net of the aggregate of specific and collective provisions.



## **Microfinance Ireland**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to 12 months.

#### **1.10 Tangible fixed assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis to write off the cost of the assets over their estimated useful lives at the following annual rates:

Computer equipment and software	3 years
Office Furniture & Equipment	5 years

#### **1.11 Microenterprise Loan Fund**

Section 4 (1) of the Microenterprise Loan Fund Act 2012 (the 'Act') prescribes that all grants made to the subsidiary and all gifts and other income shall be known collectively as the Microenterprise Loan Fund (the 'Fund'). The Fund is disclosed separately on the Balance Sheet under Capital and Reserves. Subsequent sections of the Act prescribe how moneys standing to the credit of the Fund can be utilised. The value of the Fund is adjusted in line with the reported Income and Expenditure Account of Microfinance Ireland and this is disclosed in the Microenterprise Loan Fund Account.

#### **1.12 Financial Instruments**

Financial assets and liabilities are recognised when the company becomes party to a contractual provision of the instrument.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like loans receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including concessionary are initially measured at the amount received or paid and recognised on the balance sheet, and subsequently the loans are then adjusted to reflect any accrued interest payable and receivable.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income and Expenditure Account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### 2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of estimates and judgements. As Management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates which could affect future reported amounts. The areas involving a higher degree of judgement in relation to these financial statements which are significant to the financial statements are described below.

##### **Impairment of Loans**

Microfinance Ireland's policy is to review its portfolio of loans for impairment monthly. In determining whether a provision for impairment is required, MFI makes judgements as to whether any observable data exists indicating that the loan may not be recoverable. MFI's accounting policy in relation to impairment of concessionary loans is set out in Accounting Policy 1.8.

Where there is objective evidence that an individual loan is impaired, a specific provision for that loan is recognised. The remaining loans are assessed collectively in groups that share similar risk characteristics. A collective provision which takes account of historical repayment performance is recognised in relation to these loans.

Management believe that the underlying assumptions used are appropriate and that MFI's financial statements therefore present the financial position fairly.

	Financial Year Ended 31 December 2015 €'000	Financial Year Ended 31 December 2014 €'000
<b>3 Income</b>		
Interest client loans	377	191
Interest bank deposits	33	91
Total income	410	282
Less interest on borrowings from Parent	(95)	(-)
<b>Interest Income</b>	<b>315</b>	<b>282</b>

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

	Financial Year Ended 31 December 2015 €'000	Financial Year Ended 31 December 2014 €'000
<b>4 Operating profit</b>		
Operating profit is stated after charging:		
Wages and salaries (excluding PRSI)	471	439
Employer PRSI costs	50	47
Depreciation	11	10
Auditors' remuneration (inclusive of VAT)	<u>9</u>	<u>8</u>
	Financial Year Ended 31 December 2015 €'000	Financial Year Ended 31 December 2014 €'000
<b>5 Administrative Expenses</b>		
Salaries and wages (excluding PRSI)	471	439
Employer PRSI	50	47
Travel and subsistence	20	25
Credit assessor fees	169	77
Marketing/advertising	167	230
Legal fees	9	20
Outsourcing/consultancy fees	119	58
Rent	13	13
Depreciation	11	10
Other	82	61
	<u>1,111</u>	<u>980</u>

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

6 Employee information		12 Months	12 Months
		December 2015	December 2014
The average number of persons employed during the year		9	8
<b>Range of employee benefits</b>			
From	To	Number of Employees	Number of Employees
		2015	2014
€60,000	- €69,999	1	-
€70,000	- €79,999	1	1
€80,000	- €89,999	1	-

#### Retirement Benefit Obligations

Microfinance Ireland does not operate an occupational scheme and has no retirement benefit obligations to employees.

#### Key management remuneration

The directors of Microfinance Ireland are all unpaid volunteers. The key management team includes the CEO, the Head of Finance and Risk and the Credit Operations Manager who have authority and responsibility for planning, directing and controlling activities.

	2015	2014
	€	€
Short term employee benefits paid to key management	226,000	203,000

#### CEO Remuneration

Remuneration for the period to 31 Dec 2015 is as follows:

Salary € 88,000

The Chief Executive is not entitled to any retirement benefits. Travel and subsistence costs of €7,478 (€4,457 in 2014) were reimbursed or reimbursable to the Chief Executive in relation to expenses incurred in the period to 31 December 2015.

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### 7 Taxation

The charitable status of the company has been approved by the Revenue Commissioners – CHY 20447.

#### 8 Tangible Assets

	Office Furniture & Equipment €'000	Computer Equipment & Software €'000	Total €'000
<b>Cost</b>			
At 1 January 2015	11	30	41
Additions	2	2	4
Disposals	-	-	-
At 31 December 2015	13	32	45
<b>Depreciation</b>			
At 1 January 2015	3	15	18
Charge for the year	2	9	11
On disposals	-	-	-
At 31 December 2015	5	24	29
<b>Net book value</b>			
At 31 December 2014	8	15	23
At 31 December 2015	8	8	16

	Office Furniture & Equipment €'000	Computer Equipment & Software €'000	Total €'000
<b>Cost</b>			
At 1 January 2014	6	17	23
Additions	5	13	18
Disposals	-	-	-
At 31 December 2014	11	30	41
<b>Depreciation</b>			
At 1 January 2014	1	7	8
Charge for the year	2	8	10
On disposals	-	-	-
At 31 December 2014	3	15	18
<b>Net book value</b>			
At 31 December 2013	5	10	15
At 31 December 2014	8	15	23

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

	31 December 2015	31 December 2014
	€'000	€'000
<b>9. (a) Loans and advances to customers</b>		
Loans outstanding at beginning of financial year	3,951	1,612
New loans advanced	4,745	3,275
Capital repaid	(1,682)	(770)
Amounts written off	(598)	(166)
	<hr/>	<hr/>
Loans outstanding at financial year end	6,416	3,951
Provision for bad and doubtful debts	(2,399)	(1,357)
	<hr/> <hr/>	<hr/> <hr/>
	4,017	2,594
	31 December 2015	31 December 2014
	€'000	€'000
<b>(b) Loans and advances by maturity</b>		
3 months or less	699	389
1 year or less but over 3 months	2,034	1,267
Over 1 year	3,683	2,295
	<hr/>	<hr/>
	6,416	3,951
	31 December 2015	31 December 2014
	€'000	€'000
<b>(c) Provisions</b>		
<b>Specific Provision</b>		
Opening Provisions	532	67
Allowance for losses made during the year	1,270	635
Allowance reversed during the year	(39)	(4)
Loans written off	(598)	(166)
At 31 December	<hr/>	<hr/>
	1,165	532
<b>Collective Provision</b>		
Opening Provisions	825	379
Allowance made during the financial year	409	446
At 31 December	<hr/>	<hr/>
	1,234	825

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### (d) Cumulative position at 31 December 2015

		<b>€'000</b>
Total loans advanced		9,920
Capital amounts repaid		(2,711)
Loans written off		(793)
Loans outstanding at 31 December 2015		<u>6,416</u>
Specific provision	(1,165)	
Collective provision	(1,234)	(2,399)
		<u><u>4,017</u></u>

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### 10. Amounts recoverable from EIF

	31 December 2015	31 December 2014
	€'000	€'000
At beginning of financial year	630	264
Guarantee callable against bad debts	712	491
Amounts received from EIF	(155)	(125)
<b>Balance at end of the financial year</b>	<b>1,187</b>	<b>630</b>

In recognition of the higher risk profile of the activities of Microfinance Ireland, the company secured support for its activities from the European Investment Fund (EIF). Under the European Progress Microfinance Facility (EPMF) for employment and social inclusion signed on 7 December 2012 and the Employment and Social Innovation Guarantee Facility (EASI) signed on 14 October 2015, EIF as Guarantor partially covers the risk of the Microfinance Ireland loan portfolio subject to specific ceiling levels at both portfolio and individual client loan level and subject to specific terms and conditions.

Microfinance Ireland called three payments under the European Progress Microfinance Facility during 2015, two of which have been received totaling €154,431. The third payment for €266,667 is due for payment in Quarter one 2016. Under the Facility, EPMF as Guarantor will partially cover the risk of the Microfinance Ireland loan portfolio subject to specific ceiling levels at both portfolio and individual client loan level and subject to specific terms and conditions.

#### 11. Creditors - amounts falling due within one year

	31 December 2015	31 December 2014
	€'000	€'000
PAYE & PRSI	18	17
Other Creditors	-	3
Accruals	80	65
	<b>98</b>	<b>85</b>

#### 12. Creditors - amounts falling due after more than one year

	31 December 2015	31 December 2014
	€'000	€'000
Borrowings from parent company	4,499	-

On 23rd February 2015, Microfinance Ireland executed a Loan Facility Agreement for a borrowing facility of up to €15m from its Parent company Social Finance Foundation. On 6th May 2015, Microfinance Ireland drew down the first tranche of €5 million. The two remaining tranches of €5 million each can be drawn by end June 2016 and end June 2017 respectively. The term of the loan is 7 years and the interest rate is 3 month Euribor plus a margin of 3%. The margin is subject to annual review by the banks.

As part of the facility terms, Microfinance Ireland has executed a Debenture in favour of Social Finance Foundation creating a floating charge over the property and assets of the company in favour of the lender in the event of default by the borrower.



## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### 13. (a) Financial risk management

Microfinance Ireland manages the Microenterprise Loan Fund so that it earns interest income from loans to customers and surplus cash on deposits with banks. The main financial risks arising from MFI's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Microfinance Ireland, resulting in financial loss to Microfinance Ireland. In order to manage this risk the Board approves Microfinance Ireland's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

MFI also monitors its banking arrangements closely and approves not less than annually the panel of banks with which it conducts banking business.

**Liquidity risk:** Microfinance Ireland policy is to ensure it had adequate committed lines of credit in place and also invest its surplus funds in liquid form, sufficient to meet its liabilities as they fall due. The profile of Microfinance Ireland's customer loan book is approximately half the duration of its Borrowing facilities, thus ensuring a positive cashflow. Microfinance Ireland reviews its cashflows at regular intervals to ensure that it is fully funded into the future for a period of not less than 12 months.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. Microfinance Ireland conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Microfinance Ireland is not exposed to any form of currency risk or other price risk.

Microfinance Ireland's main interest rate risk arises from differences between the interest rate charged on loans to customers which is fixed and the interest rate payable to the Parent relating to Borrowings which is currently variable and reprices quarterly. Based on the current loan portfolio, and assuming all loans to customers are backed by borrowings, a 1% increase in interest rates would cost the company €80k over the remaining life of the current loan portfolio. This risk is reviewed not less than annually. In the event, the company elects to close this risk, the Borrowing facility agreement permits the fixing of funding.

#### 13 (b) Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities

	2015		2014	
	Amount €'000	Average Interest Rate	Amount €'000	Average Interest Rate
<b>Financial Assets</b>				
Loans to customers	4,017	8.4%	2,594	8.7%
Short term deposits	5,054	0.4%	4,151	1.5%
<b>Financial Liabilities</b>				
Borrowings	4,499	3.0%	-	-

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### 13. (c) Credit Risk Disclosures

The carrying amount of the loans to customers represents Microfinance Ireland's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments.

	2015		2014	
	Amount €	Proportion %	Amount €	Proportion %
<b>Performing/Current Loans</b>	<b>4,714</b>	<b>73</b>	2,953	75
Up to 30 days past due	245	4	228	6
Between 31 and 60 days past due	291	5	161	4
Between 61 and 90 days past due	178	3	120	3
90+ days past due	860	13	378	9
Restructured loans	128	2	111	3
<b>Total Loans Past Due</b>	<b>1,702</b>	<b>27%</b>	998	25%
<b>Total Loans</b>	<b>6,416</b>	<b>100%</b>	3,951	100%
<b>Specific Provision</b>	<b>1,165</b>		532	
<b>Collective Provision</b>	<b>1,234</b>		825	
<b>Total Carrying Value</b>	<b>4,017</b>		2,594	

#### 13. (d) Liquidity risk disclosures

Loans are normally granted for terms from 3 months to 60 months and are repayable monthly. Typically loans are granted for 3 years. The average life of the loan book as at end Dec 2015 was 39 months.

Short terms deposits have a maximum life of 12 months and are frequently on demand. The average life of the deposit book at 31 Dec 2015 was 2 month.

Borrowings are repayable over 7 years in quarterly instalments from the date of drawdown

As at 31 December 2015, Microfinance Ireland had loan commitments of €820,615 (31 December 2014 €700,386).

Loan commitments refer to loans approved but not drawn down at financial year end.

## Microfinance Ireland

### NOTES TO THE FINANCIAL STATEMENTS – continued

#### 14. Share Capital

The authorised share capital of Microfinance Ireland is €1.

In accordance with the Microenterprise Loan Fund Act 2012, Part 3, sections 11 and 12 Microfinance Ireland is a subsidiary of The Social Finance Foundation.

Microfinance Ireland has issued the one share of €1 to the Social Finance Foundation who holds this share in accordance with sub sections 3 and 4 of section 12 of the Act.

#### 15. Micro Finance Loan Fund Account

In accordance with section 5(1) of The Microenterprise Loan Fund Act 2012, the Minister for Jobs, Enterprise and Innovation made a grant of €10 million (Subhead A. 12) to Microfinance Ireland. Under section 5(3), Microfinance Ireland is not liable to repay the Minister any moneys paid to it.

#### 16. (a) Reconciliation of operating deficit to net cash (outflow) from operating activities

	Year ended 31 December 2015 €'000	Year ended 31 December 2014 €'000
Operating deficit	(1,724)	(1,284)
Depreciation	11	10
Increase in loan advances to customers	(3,063)	(2,505)
Increase in creditors	13	26
Increase in debtors	125	(20)
Bad debt charge	1,640	1,077
Guarantee called/callable from EIF	(712)	(491)
Amount recoverable from EIF	155	125
<b>Total Cash and Cash equivalents</b>	<b>(3,555)</b>	<b>(3,062)</b>

#### (b) Reconciliation to net cash as at

	Year ended 31 December 2015 €'000	Year ended 31 December 2014 €'000
Cash in hand at the bank	64	27
Liquid resources	5,054	4,151
<b>Total Cash and Cash equivalents</b>	<b>5,118</b>	<b>4,178</b>

## **Microfinance Ireland**

### **NOTES TO THE FINANCIAL STATEMENTS – continued**

#### **17. Capital Commitments and contingent liabilities**

(a) Capital commitments

There were no capital commitments at 31December 2015 (Nil: 31 December 2014).

(b) Contingent Liabilities

There were no contingent liabilities at 31December 2015 (Nil: 31December 2014).

#### **18. Post Balance Sheet Events**

There has been no subsequent events post year end.

#### **19. Ultimate Parent Company**

The ultimate parent company is Social Finance Foundation, a company limited by shares.

#### **20. Directors' remuneration**

The Directors serve on the Board in a voluntary capacity and receive no fees or remuneration for time spent in carrying out these duties.

Travel and subsistence costs of €4,069 were reimbursed or reimbursable to Directors in relation to expenses incurred in the financial year ending 31st December 2015 (€3,984 31 Dec 2014).

There were no loans to or from Directors or other transactions involving Directors

#### **21. Related party disclosures**

Total compensation to key management personnel referred to at Note 6 amounted to €226,000. The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to interests by Board Members and these procedures have been adhered to in the year. There were no transactions in the financial year in relation to Board activities in which Board members knowingly had a material interest.

It should be noted that in the normal course of business the Board has delegated decision making authority for individual loan applications to Company Management and therefore the Directors cannot directly influence application outcomes or are they privy to the identity of individual applicants or borrowers.

#### **22. Reclassification of comparatives**

Comparative figures have been reclassified, where necessary, to conform to current year's presentation

#### **23. Approval**

The directors approved the financial statements and authorised their issue on 11 May 2016.