
DB MICROCREDIT DEVELOPMENT FUND
(limited by guarantee)

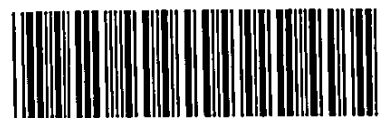
Company Number 4358311

Charity Number 1091366

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2010

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DB Microcredit Development Fund
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Legal and administrative information

Company No 4358311
Charity No 1091366

Council of Management

FJ Fitzherbert-Brockholes
GS Hattem
SA Mahmood
MT Tuffy
PG Twidale

Principal office and Registered Office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Auditors

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Bankers

Deutsche Bank AG, London branch
Winchester House
1 Great Winchester Street
London
EC2N 2DB

Solicitors

White & Case
5 Old Broad Street
London
EC2N 1DW

DB Microcredit Development Fund (limited by guarantee)

Report of the Members of Council of Management

The Council of Management, whose members are also directors for the purposes of company law, presents its report together with the audited financial statements of the charity for the year ended 31 December 2010. The Members of Council of Management have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 in preparing the annual report and financial statements of the charity.

The charity is a charitable company limited by guarantee and was incorporated on 22 January 2002. It is governed by a Memorandum and Articles of Association which were last amended on 23 December 2008. The public benefit of the charity is to promote by all charitable means the relief of poverty and unemployment anywhere in the world by, among other things:

- the provision of financial and other support (by grant, loan or otherwise) to individuals, small businesses and organisations which may have difficulty in obtaining credit at a reasonable cost by reason of their poor financial position or by reason of their location, race, gender or any other non-financial criterion (these individuals, businesses and organisations being referred to as "Microcredit Borrowers") provided that any private benefit resulting from such support is purely incidental to the public benefit in the relief of poverty and /or relief of unemployment,
- the provision of financial and other support at below market rates to entities ("Eligible Intermediaries") which (by grant, loan or otherwise) provide financial and other support to Microcredit Borrowers at a reasonable cost or on a not-for-profit basis where the primary purpose of such support by the relevant Eligible Intermediary is determined by the Fund to be one of the Primary Objects and where the support by the Fund assists the relevant Eligible Intermediary in achieving that primary purpose, and
- the promotion, establishment and support of schemes, projects or arrangements of any kind which are conducive to the Primary Objects.

The legal and administrative information set out on page 1 forms part of this report.

Principal activities and review of the year

The charity was set up in January 2002 and received an initial donation of £496,529 from Deutsche Bank AG London branch in April 2002 as well as some small donations from individuals. In August 2002 the charity extended its first loan in furtherance of the above stated objects.

The fund had net incoming resources during the year of £8,913 (2009 £38,348 outgoing resources) and this amount was transferred to the fund balance carried forward at 31 December 2010. There was no charitable expenditure in the year (2009 £nil) and all administrative expenditure is borne by Deutsche Bank AG London branch.

During 2010, the loan to Tujjenge Microfinance (Tanzania) totalling \$25,000 was written off.

The charity only lends to financial institutions that are serving the poor and under funded throughout the developing world. Only financial institutions that serve this niche are supported through the DB Microcredit Development Fund's credit facilities. The Members of Council of Management examine such factors as the mission of the institution, the number of women and rural borrowers it serves. Additionally, the effective interest rates to clients are examined to ensure they are in line with the characteristics of that market.

The UK Fund has not been able to achieve the primary goal that motivated its creation. Fundraising efforts have not been successful in the past, and recently, the Members of Council of Management concluded that there was a lack of promising new fundraising opportunities on the horizon. Since the UK Fund has not established a successful fundraising strategy and one is not likely to be established in the future, the Members of Council of Management believe that the objects of the UK Fund would be better achieved by a closure of the UK Fund along with a transfer of its surplus assets to its US counterpart, the US Fund.

The Members intend to liquidate the Company and hence have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

Reserves

The charity aims to hold £500,000 in reserves, being enough to cover defaults on all loans and advances, currently £249,241 (2009 £238,922), and future foreign exchange losses. At 31 December 2010 the free reserves amounted to £759,854 (2009 £750,942) which, while higher than the level aimed for, is considered by the Members of Council of Management to be reasonable given the relatively short period of loan loss experience. The Members of Council of Management will review this reserves policy annually.

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Report of the Members of Council of Management (continued)

Members of Council of Management

The Members of Council of Management at the date of this report are listed on page 1

Members of the Council are appointed by invitation and approval by the existing Council members. The Members of Council of Management seek professional advice as necessary in order to fulfil their responsibilities under companies and charities legislation, and to keep abreast of developments.

Statement of Members of Council of Management's responsibilities in respect of the Members of Council of Management's annual report and the financial statements

The Members of Council of Management are responsible for preparing the Members of Council of Management's Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Members of Council of Management to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Members of Council of Management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Members of Council of Management are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities. As explained in Note 1, the Members of Council of Management do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The Members of Council of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Members of Council of Management are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Disclosure of information to auditors

The Members of Council of Management who held office at the date of approval of this Report of the Members of Council of Management confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditors are unaware, and each member of the Council of Management has taken all the steps that he / she ought to have taken as a member of the Council of Management to make himself / herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

A resolution proposing the reappointment of KPMG LLP as auditors of the charity will be put to the annual general meeting.

Approved by the Members of Council of Management and signed on their behalf by

Director  2011
29.12.11 29/09/2011
Company Number 4358311 F. J. Fitzherbert - Brockholes

Independent auditor's report to the members of DB Microcredit Development Fund

We have audited the financial statements of DB Microcredit Development Fund for the year ended 31 December 2010 set out on pages 5 to 8. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in Note 1 to the financial statements.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members of Council of Management and auditor

As explained more fully in the Statement of Members of Council of Management's Responsibilities set out on page 3, the members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Members' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Statement of Members of Council of Management.



Kevin Clark (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Registered Auditor
15 Canada Square
London E14 5GL
Dated 29 September 2011

DB Microcredit Development Fund
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Statement of Financial Activities (Incorporating an Income and Expenditure Account)
for the year ended 31 December 2010

	Note	Unrestricted Funds 2010	Unrestricted Funds 2009
		£	£
Incoming resources			
Donations		-	1,500
Interest receivable		10,368	9,489
Total incoming resources		10,368	10,989
Resources expended			
Charitable expenditure		-	-
Total resources expended		-	-
Net incoming resources		10,368	10,989
Other recognised gains/(losses)			
Write off of premium on Treasury Bills		(1,380)	-
Write off on loan to Tujjenge Microfinance		(16,243)	-
Amortisation of premium paid on Treasury Bill		(1,504)	(1,878)
Unrealised profit/(loss) resulting from foreign exchange translations		15,150	(47,459)
Realised profit resulting from foreign exchange translations		2,521	-
Total other recognised gains/(losses)		(1,456)	(49,337)
Net income/(expenditure) for the year	2	8,912	(38,348)
Fund balance brought forward at 1 January		750,942	789,290
Fund balance carried forward at 31 December		759,854	750,942

The results shown above relate to continuing activities

There are no recognised gains or losses other than those included above


The incoming resources and resources expended are measured under the historical cost convention

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Balance Sheet as at 31 December 2010

	Note	2010 £	2009 £
Current assets			
Investments	3	282,433	358,922
Receivable from DB Microcredit Development Fund US		-	479
Accrued interest receivable		2,158	2,117
Cash at bank with Deutsche Bank AG London		194,092	193,485
Cash at bank with Deutsche Bank AG New York		287,457	199,944
		<u>766,140</u>	<u>754,947</u>
Creditors amounts falling due within one year		(6,286)	(4,005)
Net current assets		<u>759,854</u>	<u>750,942</u>
Total assets		<u>759,854</u>	<u>750,942</u>
Unrestricted fund		<u>759,854</u>	<u>750,942</u>

The financial statements set out on pages 5 to 8 were approved by the Council of Management on 29 September 2011 and signed on their behalf by

Director 
Date 29.12.11 F. J. Fitzherbert-Brockholes

Company Number 4358311

Notes (forming part of the financial statements)

1 Accounting policies

Status of company

The charity is a company limited by guarantee, without share capital. The members of the company are the Members of Council of Management named on page 1. In the event of the company being wound up, the liability of the guarantee is limited to £1 per member of the charity.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and applicable UK accounting standards.

The financial statements do not present a profit and loss account in one of the standard formats prescribed by the Companies Act 2006. In view of the charity's non-profit-making status, the members of the Members of Council of Management are of the view that it would be more appropriate to present a statement of financial activities (SOFA) as permitted by part 15 of Chapter 4 to the Companies Act 2006 instead of a profit and loss account.

The charity is exempt from the requirement to present a cash flow statement by virtue of its size.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

All expenditure is accounted for on an accruals basis.

Funds

All funds are unrestricted and can be used at the discretion of the Members of Council of Management.

Investments

Investments made in furtherance of the charity's objectives are stated at cost, less any amounts which are considered necessary by the Members of Council of Management to reduce the investment to its net realisable amount.

Taxation

Provision is made for current and deferred tax to the extent that there is a liability to tax. However the charity is exempt from tax in respect of income applied to charitable purposes and hence the member of Members of Council of Management believes there is no liability to tax.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and the resulting exchange differences are taken to the SOFA.

Going Concern

In previous years, the financial statements have been prepared on a going concern basis however it is now the intention of the Members of Council of Management to propose that the Company be put into members' voluntary liquidation. As they intend to liquidate the Company following settlement of the remaining net assets, the Members of Council of Management have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

2 Net (expenditure)/income for the year

Auditor's remuneration was £Nil during the year (2009: £Nil). Other administrative expenditure has been borne by Deutsche Bank AG London branch.

None of the Members of Council of Management received any remuneration or was reimbursed for any expenses incurred. The charity has no employees.

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Notes (forming part of the financial statements) (continued)

3 Investments

		2010 £	2009 £
Amounts falling due after more than one year			
Preference Shares	(1)	120,000	120,000
Loans at cost		64,973	128,611
Amounts falling due within one year			
Loans at cost		97,460	110,311
		<u>282,433</u>	<u>358,922</u>

At 31 December 2010 there were no commitments for further advances held by the charity (2009 £nil)

was deemed acceptable by the charities commission, and approved by the Members of Council of Management in October 2008

Included in loans are USD 100,000 Treasury Bills used as a security for a Letter of Credit

4 Related Party Transactions

Deutsche Bank AG is a related party of the charity by virtue of being the party which established the charity and transactions between them during the year were

Bank balances with Deutsche Bank AG which at 31 December 2010 amounted to £481,549 (2009 £393,429) and on which interest was earned by the charity during the year of £630 (2009 £803) Administrative expenditure is borne by Deutsche Bank AG London branch as detailed in note 2 above