

A large, thick black curved line that starts from the left edge of the page and curves upwards and to the right, framing the company name.

BRAC LIBERIA MICROFINANCE COMPANY LIMITED

**Independent Auditor's Report and Financial Statements
for the year ended December 31, 2024**

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Corporate Information

Board of Directors:	Ms. Bridget Dougherty	-	Chairperson
	Mr. Johannes Maria Antonius Eskes	-	Director
	Mr. Tapan Kumar Karmaker	-	Director

Chief Executive Officer: Mr. Dyson Ziviso Mandivenga

Registered Office: Divine Town, Old Road
Monrovia

Bankers:

Ecobank Liberia Limited
11th Street, Sinkor, Monrovia

International Bank (Liberia) Limited
12th Street, Sinkor, Monrovia

The Liberian Bank for Development and Investment
9th Street, Sinkor, Monrovia

Guaranty Trust Bank
13th Street, Sinkor, Monrovia

Access Bank Liberia Limited
20th Street, Sinkor, Monrovia

United Bank of Africa
Broad & Nelson Sts., Monrovia

Afriland First Bank Liberia
Head Office
P.O. Box 1935
1000 Monrovia 10, Liberia

Auditors:

Baker Tilly Liberia
(Certified Public Accountants)
21st Street & Gibson Avenue
Fiamah, Sinkor
Monrovia

Legal Counsel:

Henries Law Firm
31 Benson Street
Monrovia, Liberia

Report of the Board of Directors

The Board of Directors presents its report and the audited financial statements for the year ended December 31, 2024

The Board of Directors' Responsibility Statement

The Company's Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at December 31, 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards, the Disclosure Guidelines for Financial Reporting by Microfinance Institutions, the Prudential Regulations for Microfinance Institutions issued by the Central Bank of Liberia, and the requirements of Title 5 of the Associations Law of Liberia. The Disclosure Guidelines for Financial Reporting by Microfinance Institutions are voluntary norms recommended by a consultative group of international donors, including the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion Network (SEP).

The Directors' responsibilities include designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors are also responsible for maintaining adequate accounting records and an effective system of risk management.

The Directors have assessed the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern in the foreseeable future.

Principal Activities

The Company's principal activities continue to be the provision of micro-finance to low-income and economically active members of Liberian communities who manage small and micro businesses and are interested in credit financing to expand and improve their activities.

Results

The results for the year and the state of the Company's affairs are shown in the attached financial statements.

Approval of the financial statements

The Board approved the financial statements on March 10, 2025



Report of the Board of Directors (continued)

Going concern

The financial statements have been prepared on the going concern basis of accounting, which assumes that the Company can, and will, continue to exist as a going concern, and that the assets will be realized in the normal course of the Company's business for at least the values contained in the financial statements. The Company will continue to meet its obligations in the normal conduct of its business.

Board members

The following members served during the year:

Ms. Bridget Dougherty*	Chairperson
Mr. Johannes Maria Antonius Eskes	Member
Mr. Tapan Kumar Karmaker**	Member (Appointed 14 August 2024)
Mr. Dyson Ziviso Mandivenga	Chief Executive Officer (Ex-officio member)

*Ms. Bridget Dougherty was appointed as chairperson in February 2024 following the resignation of Mr. Shameran Abed whose resignation was effective from 29 February 2024, and both actions were ratified by the Annual General Meeting held on May 8, 2024.

** Approved by the Central Bank of Liberia (CBL) on January 6, 2025.

Auditors

Baker Tilly Liberia, the auditors, have expressed their desire to continue as auditors of the Company for the financial year 2025.

Duly signed for and on behalf of the Board of Directors.


Dyson Ziviso Mandivenga
Chief Executive Officer
BRAC Liberia Microfinance Company Limited


Board Member
BRAC Liberia Microfinance Company Limited


Bridget Dougherty
Board Member
BRAC Liberia Microfinance Company Limited



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Fiamah, Sinkor
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To: The Members of BRAC Liberia Microfinance Company Limited

Independent Auditor's Report

Opinion

We have audited the financial statements of BRAC Liberia Microfinance Company Limited ("BRAC" or "the Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Liberia Microfinance Company Limited as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the Disclosure Guidelines for financial reporting by Microfinance Institutions, the Prudential Regulations for financial institutions issued by the Central Bank of Liberia ("CBL"), and in the manner required by Title 5 of the Associations Law of Liberia.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter(s)

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ASSURANCE · TAX · ADVISORY

Baker Tilly Liberia Limited trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Key audit matter(s)	How the matter was addressed in our audit
Impairment of loans and advances The impairment of loans and advances to customers is considered significant in the audit due to the level of subjectivity inherent in estimating loan loss provisions. The Company's provision for losses on financial assets is calculated using the expected credit loss (ECL) model rather than the incurred loss model. The determination of provisions for credit losses using the ECL approach requires complex financial quantitative models as well as qualitative data, the latter of which employs a significant amount of management judgment. Impairment allowance on loan facilities that have shown a significant increase in credit risk is based on the Company's estimate of losses expected to result from default events over the lives of the facilities. Impairment allowance on other facilities that have not shown a significant increase in credit risks is recognized based on an estimate of losses expected as a result of default events within 12 months after the reporting date. These estimates are also an output of models which includes the evaluation of past-due information. The Company incorporates forward-looking information into both the assessment of whether credit risks have increased significantly and in the measurement of ECL. Management has used significant judgment in the classification of loans into stages, as well as in estimating the key assumptions applied to the recoverability of loan balances. See Notes 8 & 13 to the financial statements for further information.	We assessed the design and implementation as well as the operating effectiveness of controls over the Company's procedures used in the classification of loan assets. Key controls evaluated include management's review of input data and use of forward-looking macroeconomic data. We performed procedures to assess the reliability of qualitative factors used by management in the determination of loan asset stage classification. We documented management's judgment criteria and assessed the validity of management's judgment criteria to underlying supporting information. We performed substantive tests of details in assessing key data and assumptions for data input into the ECL model used by the Company. Our procedures included the following: • We challenged the reasonableness of the Company's ECL methodology by considering whether it reflects unbiased and probability-weighted amounts that are determined by evaluation of a range of possible outcomes, the time value of money, and reasonable and supportable information as at the reporting date about past events, current conditions and forecasts of future economic conditions. Information considered includes historical credit default rates, foreign exchange rates, and Gross Domestic Product growth rates. • We evaluated the appropriateness of management's basis used in the determination of exposure at default, including the contractual cash flows, outstanding loan balances, loan repayment types, loan tenor, and effective interest rates.

Key audit matter(s)	How the matter was addressed in our audit
	• For the probability of default, we tested the reasonable assumptions and the methodology used in determining the probability. • We tested the reasonableness of the estimation of loss-given defaults, which includes an assessment of haircut adjustments. • We re-performed the calculation of impairment allowance for loans and advances using the Company's impairment model and reviewed IFRS® 9 disclosures for reasonableness.
Related party balances and transactions The Company has large volumes of transactions with related parties in the normal course of business. Related party balances and transactions are assessed as a key audit matter, as the large volume of transactions increases the potential risk of misstatements. Additionally, the Company entered into agreements with related parties that were quite complex and that involved material balances in the financial statements. Refer to Notes 18 and 22 of the financial statements for further information. Refer to Notes 18, 19.06, and 19.07 in the financial statements for further information	The Company has large volumes of transactions with related parties in the normal course of business. Related party balances and transactions are assessed as a key audit matter, as the large volume of transactions increases the potential risk of misstatements. Additionally, the Company entered into agreements with related parties that were quite complex and that involved material balances in the financial statements. Refer to Notes 18 and 22 of the financial statements for further information. We performed the following procedures: • Determined if the related party balances and transactions that existed or occurred were accurate and complete. • Evaluated the business rationale of significant transactions including any non-routine transactions. • Obtained direct confirmations of the related party balances and/or performed alternate procedures; and • Determined that the disclosures in the financial statements relating to related parties were in accordance with IFRS® Accounting Standards.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS® Accounting Standards, the Disclosure Guidelines for financial reporting by Microfinance Institutions, the Prudential Regulations for Microfinance issued by the Central Bank of Liberia, and the requirements of Title 5 of the Associations Law of Liberia; and for such controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the provisions of Association's Law Title 5 of the Liberian Code of Laws Revised, we also report that:

- I. We have obtained all the information and explanations which, to the best of our knowledge and belief, were required for the purposes of our audit; and,
- II. The Company's statement of financial position is properly drawn up so as to exhibit a true and fair view of the state of the Company's affairs according to the best of the information and the explanations given to us and as shown by the books of the Company.

Baker Tilly Liberia

(Certified Public Accountants)

March 10, 2025

Monrovia

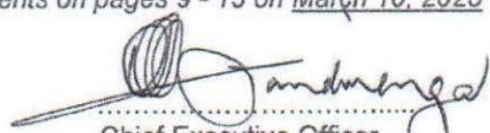
Statement of financial position

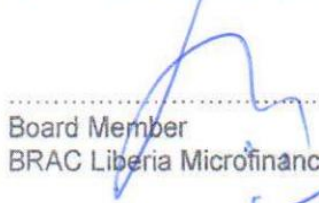
As of December 31, 2024

Assets	Notes	2024 <u>LRD</u>	2023 <u>LRD</u>	2024 <u>USD</u>	2023 <u>USD</u>
Cash and bank	12	198,104,861	253,191,356	1,085,923	1,352,735
Short term investments	12.10	915,891,653	809,231,508	5,020,510	4,323,511
Loans and advances to customers	13	4,116,377,282	2,833,319,173	22,564,147	15,137,678
Other assets	14	26,583,450	20,635,896	145,718	110,252
Right of use (ROU) assets	25(a)	8,596,487	7,697,586	47,122	41,126
Deferred tax assets	11	5,663,174	3,047,689	31,043	16,283
Property and equipment	16	76,929,742	48,492,285	421,695	259,082
Intangible Asset	15	15,042,654	23,834,303	82,457	127,340
Total Assets		<u>5,363,189,304</u>	<u>3,999,449,796</u>	<u>29,398,615</u>	<u>21,368,007</u>
Liabilities and capital fund					
Liabilities					
Loan security funds	17	920,565,602	654,754,299	5,046,131	3,498,180
Related party payables	18	99,241,686	61,440,442	543,999	328,260
Borrowings	19	2,122,262,213	1,358,212,108	11,633,296	7,256,569
Deferred tax Liabilities	11	10,313,680	1,347,437	56,535	7,199
Taxes payable	11	111,970,901	142,338,400	613,775	760,477
Donor Funds	21	19,328,180	16,496,283	105,948	88,135
Lease liabilities	25(b)	17,088,857	17,864,962	93,674	95,448
Other liabilities	20	135,790,333	59,855,673	744,342	319,793
Total Liabilities		<u>3,436,340,452</u>	<u>2,312,309,604</u>	<u>18,837,700</u>	<u>12,354,061</u>
Capital fund					
Share capital	22	339,339,071	339,339,071	4,076,145	4,076,145
Share premium	22	120,755,662	120,755,662	889,529	889,529
Retained earnings	24	1,477,990,477	1,238,490,578	8,746,364	7,413,632
Cumulative translation reserve	27	(11,457,358)	(11,445,120)	(3,151,122)	(3,365,361)
Total capital fund		<u>1,926,627,852</u>	<u>1,687,140,192</u>	<u>10,560,916</u>	<u>9,013,946</u>
Total liabilities and capital fund		<u>5,363,189,304</u>	<u>3,999,449,796</u>	<u>29,398,615</u>	<u>21,368,007</u>

The Board of Directors approved the financial statements on pages 9 - 13 on March 10, 2025


Head of Finance
BRAC Liberia Microfinance Company Limited


Chief Executive Officer
BRAC Liberia Microfinance Company Limited


Board Member
BRAC Liberia Microfinance Company Limited


Board Member
BRAC Liberia Microfinance Company Limited

Statement of profit and loss and other comprehensive income

For the year ended December 31, 2024

Income	Notes	2024 LRD	2023 LRD	2024 USD	2023 USD
Service charge on loans	5	1,868,849,346	1,376,224,606	9,828,377	7,897,309
Interest and other financial expenses	10.2	(126,459,152)	(64,366,881)	(665,055)	(369,362)
Net income from service charge		<u>1,742,390,194</u>	<u>1,311,857,725</u>	<u>9,163,322</u>	<u>7,527,947</u>
Membership fees and other charges	6	140,088,061	100,513,095	736,730	576,783
Grant Income	7	122,670,467	93,260,638	645,130	535,166
Other income	7	<u>24,459,735</u>	<u>22,961,915</u>	<u>128,635</u>	<u>131,764</u>
		<u>287,218,263</u>	<u>216,735,648</u>	<u>1,510,495</u>	<u>1,243,713</u>
Total operating income		<u>2,029,608,457</u>	<u>1,528,593,373</u>	<u>10,673,817</u>	<u>8,771,660</u>
Expenditures:					
Impairment losses on loans and advances to customers	8	(44,987,266)	(38,185,496)	(236,590)	(219,123)
Operating income after impairment charges		<u>1,984,621,191</u>	<u>1,490,407,877</u>	<u>10,437,227</u>	<u>8,552,537</u>
Staff costs	9	(836,832,915)	(583,322,030)	(4,400,948)	(3,347,328)
Other operating expenses	10	(694,810,517)	(413,590,123)	(3,654,045)	(2,373,340)
Depreciation & Amortization	16 & 25 (c)	(30,424,083)	(24,374,561)	(130,170)	(139,871)
Foreign translation gain/(loss)		<u>(2,913,874)</u>	(45,032,221)	<u>(15,324)</u>	(258,412)
Total operating expenses		<u>(1,564,981,389)</u>	<u>(1,066,318,935)</u>	<u>(8,200,487)</u>	<u>(6,118,951)</u>
Profit before tax		<u>419,639,802</u>	<u>424,088,942</u>	<u>2,236,740</u>	<u>2,433,586</u>
Income tax expense	11	(110,113,393)	(123,396,773)	(580,185)	(708,099)
Net Profit for the year		<u>309,526,409</u>	<u>300,692,169</u>	<u>1,656,555</u>	<u>1,725,488</u>
Other comprehensive income					
Unrealized exchange gains/(loss)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>309,526,409</u>	<u>300,692,169</u>	<u>1,656,555</u>	<u>1,725,488</u>

The notes on pages 14 to 38 are an integral part of these financial statements

Statement of changes in equity

For the year ended December 31, 2024

	Share Capital	Share Premium	Retained Earnings	Translation reserve	Total Capital Fund	Total Capital Fund
	<u>LRD</u>	<u>LRD</u>	<u>LRD</u>	<u>LRD</u>	<u>LRD</u>	<u>USD</u>
At 1 January 2023	339,339,071	120,755,662	937,798,409	(52,075,153)	1,345,442,924	9,126,293
Profit/ (Loss) for the year	-	-	300,692,169	-	300,692,169	1,725,488
Transferred to Retained Earnings	-	-	-	-	-	-
Translation difference	-	-	-	41,005,099	41,005,099	(1,837,835)
As at 31 December 2023	<u>339,339,071</u>	<u>120,755,662</u>	<u>1,238,490,578</u>	<u>(11,070,055)</u>	<u>1,687,515,257</u>	<u>9,013,946</u>
At 1 January 2024	339,339,071	120,755,662	1,238,490,578	(11,070,055)	1,687,515,257	9,013,946
Profit/ (Loss) for the year	-	-	309,526,409	-	309,526,409	1,697,242
Transferred to Retained Earnings	-	-	-	-	-	-
Dividend Paid***	-	-	(70,026,511)	-	(70,026,511)	(364,510)
Translation difference	-	-	-	-	-	214,238
As at 31 December 2024	<u>339,339,071</u>	<u>120,755,662</u>	<u>1,477,990,477</u>	<u>(11,070,055)</u>	<u>1,927,015,155</u>	<u>10,560,916</u>

*** During the year 2024, the company declared and paid an interim dividend to common shareholders of LRD 70m (\$364K) of which USD 309,834 was remitted to shareholders and the difference to Liberia Revenue Authority (LRA) as Withholding tax at a rate of 15%. Refer to note 23 for more details.

The notes on pages 14 to 38 are an integral part of these financial statements

Statement of cash flows

For the year ended December 31, 2024

	2024	2023	2024	2023
	LRD	LRD	USD	USD
CASHFLOW FROM OPERATING ACTIVITIES				
Cash flow from operating activities				
Total Comprehensive Income	309,526,409	300,692,169	1,656,555	1,725,488
Depreciation	30,424,083	24,374,561	130,170	139,871
Loan loss provision	44,987,266	38,185,496	236,590	219,123
Cash flow before changes in working capital	384,937,758	363,252,226	2,023,315	2,084,482
Increase/(decrease) in provision for taxation	90,617,970	121,234,418	476,565	695,690
Changes in working capital				
Decrease/(increase) in receivables and other current assets	(5,726,554)	(3,762,233)	(31,278)	(21,589)
Decrease/ (Increase) in short-term investments	(106,660,145)	(498,189,919)	(696,999)	(2,858,807)
Decrease/(increase) in deferred tax asset	(2,615,485)	814,918	(13,755)	4,676
Decrease/(increase) in interest receivables	(52,957,229)	(10,874,492)	(278,505)	(62,402)
Increase/(decrease) in current liabilities	75,934,659	(14,925,936)	399,344	(85,651)
Increase/(decrease) in related party payables	37,580,244	(37,703,912)	198,799	(216,360)
Tax payment in the year (previous and current year)	(144,918,717)	(122,726,530)	(762,135)	(704,252)
Net cash from operations	276,192,501	(202,881,460)	1,315,351	(1,164,212)
Loan disbursements	(11,121,631,080)	(7,903,254,516)	(58,489,238)	(45,351,932)
Loan collection	9,849,794,995	7,181,876,040	51,800,585	41,212,384
Loan loss reserve movement	(10,974,809)	(27,347,147)	(55,822)	(178,979)
Interest receivable written off	(3,252,061)	(3,397,337)	(17,103)	(19,495)
Net cash flow from Operating Activities	(1,009,870,453)	(955,004,420)	(5,446,227)	(5,502,236)
Cash flow from Investing Activities				
Acquisition of fixed assets	(48,785,081)	(34,774,209)	(256,563)	(199,548)
Acquisition of intangible assets	(1,184,068)	(563,622)	(6,227)	(3,234)
Net cash flow from Investing Activities	(49,969,149)	(35,337,831)	(262,790)	(202,782)

The notes on pages 14 to 38 are an integral part of these financial statements

Statement of cash flows (Continued)

For the year ended December 31, 2024

Cash flow from Financing

Activities

Term loans increase/(decrease)	764,050,105	759,108,946	4,018,179	4,356,061
Loan security fund increase/(decrease)	265,811,303	160,450,682	1,397,916	920,728
Lease liabilities increase/ (decrease)	(776,105)	12,306,172	(4,082)	70,618
Donor fund increase/(decrease)	125,677,931	93,129,920	688,910	497,569
Donor funds (used)/ refunds	(120,124,726)	(92,255,136)	(658,470)	(492,895)
Common shares dividends (Interim)	(70,026,511)	-	(364,510)	-

Net cash flow from financing activities

964,611,997 932,740,584 5,077,943 5,352,080

Net (decrease)/increase in cash and cash equivalents

(95,227,605) (57,601,667) (590,387) (352,937)

Cash and cash equivalents at beginning of the year

253,191,356 313,214,564 1,352,735 2,047,555

Convenience translation reserve

40,141,111 (2,421,542) 323,575 (341,883)

Cash and cash equivalents at end of the year

198,104,861 253,191,356 1,085,923 1,352,735

The notes on pages 14 to 38 are an integral part of these financial statements

Notes to the financial statement

1. Reporting Company

BRAC Liberia Microfinance Company Limited was established in February of 2009. It is a microfinance institution incorporated and domiciled in Liberia. Its main objective is to contribute to the economic rebuilding of Liberia by providing financial services to low-income entrepreneurs, mostly women while serving as a means to improve the agriculture sector through micro businesses. The Company began operations in April 2009 with five (5) branches in Monrovia - Sinkor, Paynesville, Barnersville, Caldwell, and New Kru Town. Currently, the Company has Fifty-one (51) branches in twelve (12) counties of Liberia out of fifteen (15) counties in the country.

2. Basis of preparation

(a) Basis of presentation of the financial statements

These financial statements have been prepared in accordance with IFRS® Accounting Standards and the Disclosure Guidelines for Financial Reporting by Microfinance Institutions, which guidelines are voluntary norms recommended by a consultative group of international donors, including the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion Network (SEP); the Prudential Regulations for Microfinance issued by the Central Bank of Liberia ("CBL"); and in the manner required by Title 5 of the Associations Law of Liberia.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except otherwise stated.

(c) Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (United States dollar). Significant transactions and activities are measured in Liberian dollars and translated to United States dollars. The exchange rates used in the financial statements are as follows: 2024 (**1 USD: 182.43 LRD as Closing Rate; and 190.15 LRD Average Rate**) and 2023 (1 USD: 187.17 LRD as Closing Rate; and 174.27 LRD Average Rate).

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates, and those differences may be material.

Notes to the financial statements (continued)

Basis of preparation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgment in applying accounting policies, which can have a significant effect on the amounts recognized in the financial statements, are described in the following notes:

Notes 16 Depreciation

Notes 20 Provisions and other liabilities

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the presentation currency at the exchange rate at the statement of financial position date.

(b) Revenue recognition

Service charge on loans

Service charge on loans is recognized in the income statement on all operational loans on an accrual basis. The recognition of interest ceases when a loan is transferred to a Non-Interest-Bearing Loan (NIBL).

IFRS 15 Revenue from Contracts with Customers

IFRS® 15, Revenue from contracts with customers, which replaced IAS 18, Revenue, and IAS 11, Construction Contracts, has been applied effectively from January 1, 2019. It applies to all contracts with customers except leases, financial instruments, and insurance contracts. The standard establishes a more systematic approach to revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS® 15 in relation to the timing of when the Company recognizes revenues or when revenue should be recognized gross (as a principal) or net (as an agent). Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the Company, as these services are provided (e.g., on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on the requirements of IFRS® 9.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(c) Provisions and other liabilities

Provisions for legal claims are recognized when the Company has a present legal or constructive obligation because of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(d) Loan administration fees

These are fees paid by each respective group/client on approval of their loan application(s). The fee is charged by the Company to cover loan processing costs. The amounts are usually paid before the loans are disbursed.

(e) Fixed assets (operating assets)

Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and any costs of dismantling and removing the items and restoring the site on which they are located at the end of the assets' use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Subsequent costs

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of fixed assets is recognized in profit or loss as incurred.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(e) Fixed assets (operating assets) (continued)

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets. Leasehold improvements are amortized over the life of the improvement or the life of the lease, whichever is shorter. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|----------------------------------|----------|
| • Vehicles including motorcycles | 5 years |
| • Furniture | 10 years |
| • Equipment | 5 years |
| • Computers | 3 years |

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Disposals

Gains or losses on the disposal or scrapping of fixed assets are determined as the difference between the sales price less the cost of dismantling, selling, and re-establishing the assets and the carrying amount. Any gains or losses are recognized in the income statement as other operating income or expenses, respectively.

(f) Intangible (operating assets)

Accounting software

Accounting Software is shown at historic cost. The software has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their useful lives.

The expected useful life of Software is four years.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(g) IFRS® 9 Financial Instruments

IFRS® 9 sets out requirements for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

(i) Classification and measurement of financial assets and financial liabilities

IFRS® 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans, and receivables, and assets available for sale.

The adoption of IFRS® 9 has not had a significant effect on the Company's accounting policies related to financial assets and financial liabilities. The impact of IFRS® 9 on the classification and measurement of financial assets is set out below.

Under IFRS® 9, on initial recognition, a financial asset is classified as measured at amortized cost; FVOCI (Fair Value through Other Comprehensive Income) -debt investment; FVOCI-equity investment, or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL (Fair Value Through Profit or Loss account):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the financial statements (continued)

Significant accounting policies (continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, for an item not measured at FVTPL.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains, and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains, and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(ii) Impairment of financial assets

IFRS® 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets, and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS® 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of Loans and advances to customers, cash and cash equivalents, short-term deposits, and trade receivables.

Under IFRS® 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Notes to the financial statements (continued)

Significant accounting policies (continued)

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing loan fund security; or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized costs are credit-impaired. Financial assets are 'credit-impaired' when one or more events that have detrimental impacts on the estimated future cash flows of the financial assets have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans and advances to customers are presented in the statement of profit or loss under "Net movement in impairment losses on loans and advances"

Notes to the financial statements (continued)

Significant accounting policies (continued)

(h) IFRS® 16 – Leases

The Company recognizes liabilities in respect of leases that had previously been classified as operating leases under IAS 17. These liabilities are initially measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the statement of financial position at the reporting date.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The right-of-use assets are depreciated on a straight-line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-used assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit and loss account.

(i) Other Liabilities

Other liabilities include self-insurance funds. BRAC started to set aside a monthly amount equivalent to 1% of the basic salary of local employees from November 2012 to constitute this fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. Payments in the event of death or permanent injuries range from twelve months' equivalent of basic salary in the first year of employment, up to fifty months' equivalent of basic salary for ten years of employment and onwards.

(j) Employee benefits

Pension obligations

The Company operates a defined contribution scheme. A defined contribution plan is a pension plan under which BRAC pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Welfare Corporation, (NASSCORP) on a mandatory basis.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employee services in the current and prior periods. The contributions are recognized as employee benefit expenses when due. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in future payments is available.

End-of-service benefits

The Company provides end-of-service benefits to its retirees. The entitlement to these benefits is usually conditional on the completion of a minimum service period.

Medical benefit

The Company provides medical cost reimbursement to all its staff. The maximum benefit availed to staff is USD 1,200/per annum.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(k) Inventory

Inventory items are stated at a lower cost and net realizable value.

(l) Finance income and expenses

Finance income comprises interest received on deposits.

Finance expenses comprise foreign currency losses. All foreign exchange losses and gains are recognized in profit or loss.

(m) Administrative expenses

Administrative expenses comprise expenses relating to administrative staff and management, including office expenses, salaries, and depreciation, as well as other indirect costs.

(n) Borrowings

Borrowings are recognized initially at fair value, being the proceeds net of transaction costs incurred. If the amount borrowed is denominated in Liberian dollars, which is the Company's functional and reporting currency, it is maintained at the initial amount recorded, less any repayments made as at the reporting date. If the amount is denominated in a currency other than the reporting currency of the Company, it is revaluated and adjusted through the income statement at each reporting date.

Borrowings are classified as current liabilities unless when the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

(o) New Standards and Interpretations

Standards and interpretations effective and adopted in the current year.

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or After
Supplier finance arrangements - amendments to IAS 7 and IFRS 7	January 1, 2024
Non-current liabilities with covenants - amendments to IAS 1	January 1, 2024
Lease liability in a sale and leaseback	January 1, 2024
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	January 1, 2024

The impact of the above amendments is not material.

Notes to the financial statements (continued)

Standards, amendments, and interpretations that are not yet effective and have not been early adopted

A number of new standards, amendments to standards, and interpretations are effective for annual reporting periods beginning on or after January 1, 2025, and have not been applied in preparing the financial statements. The company's assessment of the impact of these new standards, amendments to standards, and interpretations is set out below.

Standard/ Interpretation:	Effective date: Years beginning on or After
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IFRS 7 Financial Instruments: Disclosures	January 1, 2026
Amendments to IFRS 9 Financial Instruments	January 1, 2026
Amendments to IAS 10 Statement of Cash Flows	January 1, 2026
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Lack of exchangeability - amendments to IAS 21	January 1, 2025

The company does not expect the above to have a significant impact on the company's annual financial statements.

Several other amendments to standards and interpretations will apply on or after January 1, 2025, and have not yet been applied. However, they are not expected to have a material impact the company's financial statements.

4. Financial risk factors

The Company's activities expose it to a variety of financial risks, including:

(a) Credit risk

The Company takes on exposures to credit risk which is the risk that clients will be unable to pay amounts in full when due. Credit risk is managed by obtaining collateral in the form of mortgages, personal guarantees, shareholder guarantees, liens on inventories and/or receivables, and assignments of contracts and/or insurance. Impairment provisions are provided for expected losses during the duration of the loans. The portfolio at Risk (PAR) as an indicator of credit risk as at reporting date is as tabulated below:

Credit risk analysis:

Portfolio at risk (PAR) 30 days	<u>2024</u>	<u>2023</u>
Total loans in arrears over 30 days	17,489,546	20,140,666
Total loans outstanding	4,066,162,301	<u>2,820,681,223</u>
Portfolio at risk	<u>0.43%</u>	<u>0.71%</u>

The PAR 30 figure denotes the amount of loans outstanding greater than 30 days, which may not be fully recoverable. Provisions have been taken against these loans in the financial statements based on Company policy. The Management of BRAC Liberia Microfinance Company is constantly

Notes to the financial statements (continued)

Reviewing the PAR>30 numbers and trying to reduce it. Management has achieved a ratio of 0.43% for 2024 through strong field supervision and regular monitoring of clients' performance.

	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
5. Service charge on loans				
Group Loans (Microfinance)	1,604,839,675	1,171,684,414	8,439,936	6,723,579
Small Enterprise Program	240,371,630	186,000,630	1,264,127	1,067,344
Job Holders' Loan	<u>23,638,041</u>	<u>18,539,562</u>	<u>124,314</u>	<u>106,386</u>
Total	<u>1,868,849,346</u>	<u>1,376,224,606</u>	<u>9,828,377</u>	<u>7,897,309</u>
6. Membership fees and other charges				
Membership fees	26,001,400	19,575,400	136,743	112,331
Loan appraisal fees	111,213,661	79,031,095	584,878	453,511
Loan application fees	<u>2,873,000</u>	<u>1,906,600</u>	<u>15,109</u>	<u>10,941</u>
Total	<u>140,088,061</u>	<u>100,513,095</u>	<u>736,730</u>	<u>576,783</u>
7. Other income				
Other Income	242,489	5,315,104	1,275	30,500
Grant income	122,670,467	93,260,638	645,130	535,166
Interest Income from Other Investments	24,051,539	17,622,778	126,488	101,126
Gain due to early repayment	<u>165,707</u>	<u>24,033</u>	<u>871</u>	<u>138</u>
Total	<u>147,130,202</u>	<u>116,222,553</u>	<u>773,764</u>	<u>666,930</u>
8. Impairment losses on loans and advances				
General provision	<u>44,987,266</u>	<u>38,185,496</u>	<u>236,590</u>	<u>219,123</u>
Total	<u>44,987,266</u>	<u>38,185,496</u>	<u>236,590</u>	<u>219,123</u>



Notes to the financial statements (continued)

	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
9. Staff costs				
Salary & benefits	563,515,707	480,771,539	2,963,558	2,758,853
Bonus	47,055,561	34,608,515	247,468	198,598
NASSCORP	181,156,631	51,738,491	952,712	296,895
Staff medical and insurance	<u>45,105,016</u>	<u>16,203,485</u>	<u>237,210</u>	<u>92,982</u>
Total	<u>836,832,915</u>	<u>583,322,030</u>	<u>4,400,948</u>	<u>3,347,328</u>

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding facilities to adequately meet committed obligations. The Company manages this risk by maintaining sufficient cash and investing any excess cash over its anticipated requirements.

(c) Currency risk

BRAC's foreign exchange risks comprise transaction risks that arise from loans received and invoiced in currencies other than the local currency. BRAC also maintains minimal foreign currency deposits and its cash at the bank is placed with licensed financial institutions.

Foreign exchange exposures in transactional currencies other than the local currencies are monitored via periodic cash flow and budget forecasts, hedging for foreign loans against foreign deposits with local financial banks, and are kept to an acceptable level.

Notes to the financial statements (continued)

	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
10. Other Operating Expenses				
Occupancy expenses (Note - 10.01)	59,290,834	41,102,915	311,814	235,864
Staff training and development	53,255,283	20,173,424	280,072	115,763
Travel and transportation	210,599,965	129,014,541	1,107,556	740,335
Board and regional meetings	2,014,499	-	10,594	-
Digitalization expenses	13,416,374	301,641	70,594	1,731
Maintenance & general expenses	39,901,569	15,590,361	209,844	89,464
Regulatory and Related Expenses	4,837,278	1,927,586	25,439	11,061
ERP Maintenance cost	130,549,488	60,882,179	686,567	349,366
Printing and office stationeries	18,213,211	12,110,772	95,784	69,496
Legal & other professional fees	12,602,971	7,565,117	66,280	43,412
Audit fees	1,958,383	1,337,510	10,299	7,675
Insurance claim	2,550,000	2,540,000	10,594	14,576
Internet Expense	51,388,149	30,554,017	13,411	175,331
Bank Charges	14,047,646	8,815,435	270,253	50,586
Withholding Tax Expenses	2,300,317	2,194,827	73,877	12,595
Research and Survey cost	-	12,691,679	-	72,830
Security costs	5,507,980	2,970,907	28,967	17,048
Fuel & Vehicle expenses	11,404,355	9,238,601	59,976	53,015
Management fees	50,602,718	45,395,329	266,122	260,496
Withholding and local taxes on Management fees	<u>10,369,497</u>	<u>10,466,317</u>	<u>54,534</u>	<u>60,060</u>
Total	<u>694,810,517</u>	<u>413,590,123</u>	<u>3,654,045</u>	<u>2,373,340</u>
10.1 Occupancy Expenses				
Rent	38,128,838	25,979,707	200,522	149,082
Utilities	<u>21,161,996</u>	<u>15,123,208</u>	<u>111,292</u>	<u>86,782</u>
Total	<u>59,290,834</u>	<u>41,102,915</u>	<u>311,814</u>	<u>235,864</u>
10.2 Interest expenses on borrowings				
Interest on Bank Loans	51,171,141	14,161,188	269,112	81,262
Interest expense on BIFBV loans	66,554,592	44,503,098	350,014	255,376
Interest expense on BIHBV loans	6,338,277	-	33,333	-
Fund management fees	1,244,284	3,469,229	6,544	19,908
Realized foreign exchange loss/(gain)	-	1,294,030	-	7,426
Interest on Lease liability	<u>1,150,858</u>	<u>939,336</u>	<u>6,052</u>	<u>5,390</u>
Total	<u>126,459,152</u>	<u>64,366,881</u>	<u>665,055</u>	<u>369,362</u>

Notes to the financial statements (continued)

11. TAXATION

	2024 LRD	2023 LRD	2024 USD	2023 USD
a) Income tax expenses				
Corp tax- charge for the period	102,584,594	121,234,418	539,498	695,690
Deferred tax expense	2,615,485	2,162,355	13,755	12,409
Deferred tax income	4,913,314	-	26,932	-
Tax (Credit)/ expense	<u>110,113,393</u>	<u>123,396,773</u>	<u>580,185</u>	<u>708,099</u>
b) Deferred tax assets/ (liability)				
Deferred tax asset	5,663,174	3,047,689	31,043	16,283
Deferred tax Liabilities	(10,313,680)	(1,347,437)	(56,535)	(7,199)
Deferred tax asset /(liability)	<u>(4,650,506)</u>	<u>1,700,252</u>	<u>(25,492)</u>	<u>9,084</u>
c) Tax Payable / (Advance Tax)				
Balance B / F	142,338,400	143,830,512	760,477	940,253
Adjustment for opening balance	-	-	-	-
Tax payable for the period	102,584,594	121,234,418	539,498	695,690
Adv tax paid during the year	(49,569,773)	(28,765,825)	(209,936)	(171,532)
Tax payment for previous years	(95,348,944)	(93,960,705)	(491,264)	(539,027)
Translation difference	11,966,624	-	15,000	(164,751)
Tax Payable / (Advance Tax)	<u>111,970,901</u>	<u>142,338,400</u>	<u>613,775</u>	<u>760,477</u>

12. Cash and bank

Cash in hand	22,940,084	6,437,536	125,747	34,394
Cash at banks:				
Access Bank	794,754	89,385,920	4,356	477,565
Afriland First Bank Ltd	435,132	3,760,402	2,385	20,091
Community Bank (Ganta, Voinjama)	21,049,330	23,720,769	115,383	126,734
ECO Bank	17,482,849	26,091,290	95,833	139,399
Guaranty Trust Bank	25,315,518	17,652,008	138,768	94,310
International Bank	808,835	4,689,775	4,434	25,056
Liberian Bank for Development & Investment	6,432,966	11,340,217	35,263	60,588
GN Bank	10,100,993	134,429	55,369	718
UBA Bank	87,359,613	68,893,056	478,866	368,077
SIB	4,319,510	-	23,678	-
Lonestar Mobile Money	1,065,277	1,085,954	5,839	5,802
	<u>175,164,777</u>	<u>246,753, 820</u>	<u>960,175</u>	<u>1,318,341</u>
Total	<u>198,104,861</u>	<u>253,191,356</u>	<u>1,085,923</u>	<u>1,352,735</u>

12.10 Short-term Investment with the Bank

Term deposit with UBA & GT Bank	912,150,000	804,831,000	5,000,000	4,300,000
Interest on term deposit	3,741,653	4,400,508	20,510	23,511
Foreign translation reserve	-	-	-	-
Total	<u>915,891,653</u>	<u>809,231,508</u>	<u>5,020,510</u>	<u>4,323,511</u>

Notes to the financial statements (continued)

Term deposit with UBA Bank (Liberia) and Guarantee Trust Bank (Liberia)

Term deposit with UBA amounts to USD 2,000,000 and is carried at an interest rate of 3.0%, maturing on December 12, 2025. The remaining deposit of USD 3,000,000 is invested with GT Bank in two installments, each of USD 1,500,000 at an interest rate of 3.1% per annum, maturing on May 1, 2025, and September 17, 2025, respectively. It is expected that BLMCL will receive the principal and accrued interest upon maturity. USD 2,000,000 of UBA term deposits and USD 3,000,000 of GT term deposits are used as collateral against overdraft facilities from the respective banks.

13. LOANS AND ADVANCES TO CUSTOMERS

	2024 LRD	2023 LRD	2024 USD	2023 USD
Group loan (Microfinance)	3,468,266,215	2,381,688,032	19,011,491	12,724,732
Small Enterprise Program (SEP)	572,558,740	429,905,013	3,138,512	2,296,869
Job holders' loans	51,692,353	40,155,831	283,354	214,542
Loan written off	(26,355,007)	(31,067,653)	(144,466)	(165,986)
Interest receivable	100,086,144	47,274,191	548,628	252,574
Interest receivable written-off	(3,252,061)	(3,397,337)	(17,826)	(18,151)
Impairment loss on loan advances	(46,619,102)	(31,238,904)	(255,545)	(166,901)
Total	<u>4,116,377,282</u>	<u>2,833,319,173</u>	<u>22,564,148</u>	<u>15,137,678</u>

Advances to customers are carried at amortized cost. It is estimated that the fair values of advances to customers are approximately the same as the carrying values.

Interest receivable is the amount of interest outstanding on loans that have passed their due dates.

Loan write-offs: All loans in the category of Non-Interest-Bearing Loans (NIBL) are referred to the Board for approval to write-off. Other Loans can also be written off subject to the Board's approval, where the Board is convinced that the loans are not realizable due to death, relocation of the borrowers, or any other natural or humanitarian disasters that affect the livelihood of the borrowers.

13.1 The movements on the loan account are analyzed as shown below:

At January 1	2,820,681,223	2,130,370,400	15,070,157	13,926,720
Loans disbursed	11,121,631,080	7,903,254,516	58,489,238	45,351,932
Less: Loan repayments	(9,849,794,995)	(7,181,876,040)	(51,800,585)	(41,212,384)
Translation difference	-	-	674,548	(2,830,125)
	4,092,517,308	2,851,748,876	22,433,358	15,236,143
Less: Loans written-of (P)	(26,355,007)	(31,067,653)	(144,466)	(165,986)
Gross advances to customer	4,066,162,301	2,820,681,223	22,288,892	15,070,157
Interest receivable	100,086,144	47,274,191	548,628	252,574
Interest receivable written off	(3,252,061)	(3,397,337)	(17,826)	(18,151)
Less: Expected Credit loss on loans advanced (13.2)	(46,619,102)	(31,238,904)	(255,545)	(166,901)
Net advances to customers	<u>4,116,377,282</u>	<u>2,833,319,173</u>	<u>22,564,149</u>	<u>15,137,678</u>

Notes to the financial statements (continued)

13.02: The movement on the Expected Credit loss on loan account is shown below (With IFRS 9 impact on opening figures):

	2024	2023	2024	2023
	LRD	LRD	USD	USD
At January 1	31,238,904	27,518,398	166,901	179,894
Charge for the year	44,987,266	38,185,496	236,590	219,123
Loans written off - Principal	(26,355,007)	(31,067,653)	(144,466)	(165,986)
Interest receivable written off	(3,252,061)	(3,397,337)	(17,826)	(18,151)
Translation difference	-	-	14,346	(47,979)
At December 31	<u>46,619,102</u>	<u>31,238,904</u>	<u>255,545</u>	<u>166,901</u>

14. Other assets	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
Advance to third parties	-	204,003	-	1,090
Prepaid rent	16,850,980	13,974,698	92,369	74,663
Inventory-passbook	9,732,470	6,457,195	53,349	34,499
Total	<u>26,583,450</u>	<u>20,635,896</u>	<u>145,718</u>	<u>110,252</u>

15. Intangible assets:

Cost

As at 31 December 2023	45,450,507	44,886,885	297,445.	294,435
Software cost added in the year	1,184,068	563,622	6,491	3,011
Translation reserve	-	-	(48,306)	-
As at December 31, 2024	<u>46,634,575</u>	<u>45,450,507</u>	<u>255,630</u>	<u>297,446</u>

Accumulated Amortization

As at December 31, 2023	21,616,204	12,169,229	170,105	80,552
Amortized for the year	9,971,913	9,444,317	52,443	54,195
Adjustment on opening accumulated amortization	3,804	-	20	-
Translation difference	-	-	(49,395)	35,359
As at December 31, 2024	<u>31,591,921</u>	<u>21,616,204</u>	<u>173,173</u>	<u>170,105</u>

Net Book Value

As at December 31, 2023	=	<u>23,834,303</u>	=	<u>127,340</u>
As at December 31, 2024	<u>15,042,654</u>	=	<u>82,457</u>	=



Notes to the financial statements (continued)

16. Property and equipment

	Furniture	Computer & Peripherals	Equipment's	Motor Vehicles	Total	Total
	LRD	LRD	LRD	LRD	LRD	USD
Cost						
At 1 January 2023	13,991,898	24,696,417	10,505,991	15,424,997	64,619,303	422,431
Additions	7,217,051	10,316,913	7,801,645	9,438,600	34,774,209	199,548
Disposal	(1,219,378)	-	(9,714,687)	(50,750)	(10,984,815)	(63,035)
Translation difference	-	-	-	-	-	(86,600)
As at 31 December 2023	19,989,571	35,013,330	8,592,949	24,812,847	88,408,697	472,344
Additions	18,563,114	27,241,219	2,980,748	-	48,785,081	256,563
Disposal	(1,382,548)	(7,040,937)	(1,076,928)	(418,752)	(9,919,165)	(52,165)
Translation difference	-	-	-	-	-	20,920
As at 31 December 2024	37,170,137	55,213,612	10,496,769	24,394,095	127,274,613	697,662



16. Property and equipment (Continued)

Accumulated depreciation

At 1 January 2023	6,945,261	6,945,302	8,579,681	13,345,820	35,816,064	234,138
Charge for the year	2,803,436	2,757,966	1,851,628	1,458,752	8,871,782	50,910
Disposal	(459,259)	(197,087)	(4,064,338)	(50,749)	(4,771,434)	(27,380)
Translation difference	-	-	-	-	-	(44,404)
As at 31 December 2023	9,289,438	9,506,181	6,366,970	14,753,823	39,916,412	213,264
Charge for the year	2,644,565	4,450,263	5,299,010	2,385,787	14,779,626	77,727
Disposal	(690,263)	(2,512,986)	(795,191)	(352,728)	(4,351,168)	(22,883)
Translation difference	-	-	-	-	-	7,861
As at 31 December 2024	11,243,740	11,443,458	10,870,789	16,786,882	50,344,870	275,968

Written down Value

As at 31 December 2023	10,700,133	25,507,149	2,225,979	10,059,024	48,492,285	259,082
As at 31 December 2024	25,926,397	43,770,154	(374,020)	7,607,213	76,929,742	421,695

Notes to the financial statements (continued)

17. Loan security fund

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Opening balance	654,754,299	494,303,617	3,498,180	3,231,376
Received during the year	415,277,369	308,879,656	2,183,965	1,772,471
Paid off /Adjusted during the year	(149,466,066)	(148,428,974)	(819,306)	(793,016)
Translation difference	-	-	183,292	(712,651)
Closing balance	<u>920,565,602</u>	<u>654,754,299</u>	<u>5,046,131</u>	<u>3,498,180</u>

The Loan security fund acts as collateral for the customers' loan obligations to BRAC. This is computed as 10% of the customers' approved loans. In the event of defaults, the clients forfeit all or part of the loan security fund to the extent of the amount at risk.

18. Related party payables

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Payable to BRAC International Holdings B. V	48,762,444	26,303,374	267,294	140,532
Payable to Bangladesh	26,604,524	19,640,007	145,834	104,931
Payable to Stichting BRAC International	11,406,801	5,206,695	62,527	27,818
Payable to other projects in BRAC Liberia	<u>12,467,917</u>	<u>10,290,366</u>	<u>68,344</u>	<u>54,979</u>
Total	<u>99,241,686</u>	<u>61,440,442</u>	<u>543,999</u>	<u>328,260</u>

The organization has related party relationships with BRAC International Holding BV (BIHBV), Stichting BRAC International, and BRAC Bangladesh. BIHBV provides management services to the organization as per the agreed Memorandum of Understanding (MOU).

The organization's relationship with BRAC Liberia NGO is based on the training facility, which is managed by BRAC NGO and which BRAC Liberia Microfinance Company Ltd uses for various training activities.

19. Borrowings	Interest rate	2024	2023	2024	2023
		LRD	LRD	USD	USD
Loan from KIVA (19.1)	0%	93,938,903	108,864,868	514,931	581,636
Loan from Central Bank of Liberia (19.2)	2%	64,257,753	64,257,757	352,232	343,312
Loan from Whole Planet Foundation (19.3)	0%	70,835,876	70,835,876	400,000	400,000
Loan from UBA (Overdraft 19.4)	7%	174,634,842	94,995,378	810,363	507,535
Loan from GT Bank (Overdraft 19.5)	7%	575,300,191	239,333,077	3,153,539	1,278,694
Loan from BRAC International Finance BV (19.6)	5.85%, 6.85%, 7.6% and 8.1%	1,006,472,148	779,925,152	5,501,000	4,167,000
Loan from BRAC International Holdings B.V.(19.7)	8%	136,822,500	-	750,000	-
Foreign Translation reserve		-	-	<u>151,231</u>	<u>(21,608)</u>
Total		<u>2,122,262,213</u>	<u>1,358,212,108</u>	<u>11,633,296</u>	<u>7,256,569</u>

Notes to the financial statements (continued)

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Movements in borrowings:				
19.1 KIVA @ 0% interest				
Opening Balance	108,864,869	60,161,258	581,636	393,288
Received during the year	23,857,503	48,141,271	130,776	257,206
Interest payable	-	-	-	-
Paid during the year	(24,741,735)	(18,855,875)	(135,623)	(100,742)
FX loss/ (gain)	<u>(14,041,734)</u>	<u>19,418,215</u>	<u>(61,858)</u>	<u>31,884</u>
Total	<u>93,938,903</u>	<u>108,864,869</u>	<u>514,931</u>	<u>581,636</u>

The Company received loans from KIVA at a 0% interest rate. These loans were received from individual lenders through the KIVA website. These short-term loans are to be repaid as per the collection status of borrowers, which is usually within one year. The current facility limit is \$800,000.

	2024	2023	2024	2023
	LRD	LRD	USD	USD
19.2 Central Bank of Liberia @ 2%				
Opening Balance	64,257,757	63,939,120	343,312	417,985
Opening Interest accrued	-	318,641	-	1,702
Received during the year	-	-	-	-
Interest accrued in the year	1,274,532	1,274,532	6,986	6,809
Interest paid during the year	(1,274,536)	(1,274,536)	(6,986)	(6,810)
FX loss/ (gain)	-	-	<u>8,920</u>	<u>(76,375)</u>
Total	<u>64,257,753</u>	<u>64,257,757</u>	<u>352,232</u>	<u>343,311</u>

The Company received US\$ 325,000 on October 19, 2017, and US\$ 228,712 on May 31, 2018, at a 2% interest rate, payable on a quarterly basis. The principal amounts for the loans were scheduled for repayment to the Central Bank of Liberia on an installment basis starting from December 2024, in equivalent local currency (LRD) as per the amended agreement, at a rate of LRD 115.09/USD 1. The renewal process is underway as the Central Bank of Liberia has no intention to call back for the loan but rather to continue supporting the medium and small businesses in Liberia through BRAC Liberia Microfinance Company Limited.

	2024	2023	2024	2023
	LRD	LRD	USD	USD
19.3 Whole Planet Foundation @ 0%				
Opening Balance	70,835,876	70,835,876	400,000	400,000
Received during the year	-	-	-	-
Principal repaid	-	-	-	-
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
FX loss/ (gain)	-	-	-	-
	<u>70,835,876</u>	<u>70,835,876</u>	<u>400,000</u>	<u>400,000</u>

The Company received loan amounts for LRD 13,698,378 on June 27, 2018; LRD 32,611,836 on April 9, 2019; and LRD 37,188,795 on January 16, 2020, from Whole Planet Foundation at a 0% interest rate. In 2022, Whole Planet Foundation reinvested the installment that was due in July 2021, amounting to USD 100,000 for one year to July 2022. The organization paid back to Whole Planet LRD 13,698,378, which is equivalent to USD 100,000 in July 2022. The remaining USD400,000 has been rescheduled and will be paid as one installment in January 2026.

Notes to the financial statements (continued)

19.04 UBA overdraft

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Opening Balance	94,995,378	98,160,672	507,535	641,699
Received during the year	197,636,088	85,794,256	1,039,378	492,321
Paid during the year	(117,996,629)	(88,959,549)	(736,550)	(626,484)
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
FX loss/ (gain)	-	-	-	-
	<u>174,634,837</u>	<u>94,995,379</u>	<u>810,363</u>	<u>507,536</u>

The organization secured an overdraft facility at UBA amounting to LRD 343 million in December 2024 (2023: LRD 171 million), being an enhancement from the previous by 172m LRD, which runs through December 2025. The facility has an interest of 7% per annum. It is 110% covered by cash cover placed with the bank in USD, amounting to USD 2 million. The facility is for 1 year, subject to renewal on a merit basis. The collateral of USD 2 million is part of the total investment of USD 2 million with UBA Bank Liberia.

19.05 GT Bank overdraft

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Opening Balance	239,333,077	-	1,278,694	-
Received during the year	429,740,770	244,559,994	2,355,647	1,306,620
Paid during the year	(93,773,656)	(5,226,918)	(514,025)	(27,926)
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
FX loss/ (gain)	-	-	-	-
	<u>575,300,191</u>	<u>239,333,076</u>	<u>3,120,316</u>	<u>1,278,694</u>

The organization secured an overdraft facility amounting to LRD 586.5 million in 2024 from GT Bank Liberia (2023: LRD 240 million). The facility interest was 7% per annum but has been increased to 15% per annum from November 2024. It is 100% covered by cash cover placed with the bank in USD, amounting to USD 3 million (Two deals each of 1.5m USD). The facility is for 1 year subject to renewal on a merit basis. The renewal anniversary is September 2025.

19.06 BRAC International Finance B.V @5.85%, 6.85%, 7.60% and 8.1%

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Opening Balance	779,925,152	306,006,236	4,167,000	2,000,433
Received during the year	357,080,000	424,530,000	2,000,000	1,500,000
Principal repayment in the year	(129,616,920)	(61,698,240)	(666,000)	(333,000)
Interest payable	61,166,273	45,314,277	335,286	242,102
Interest paid during the year	(58,672,017)	(45,264,573)	(321,614)	(241,837)
FX loss/ (gain)	(3,410,340)	111,037,453	2,360	999,301
	<u>1,006,472,148</u>	<u>779,925,153</u>	<u>5,517,032</u>	<u>4,166,999</u>

Notes to the financial statements (continued)

The organization secured USD 1 million in May 2022 at an interest rate of 5.85%; USD 1 million in September 2022 at an interest rate of 6.85%; USD 1.5 million in April 2023 at an interest rate of 7.60%; USD 1 million in September 2023 at an interest rate of 7.60%; and USD 2 Million in December 2024 at an interest rate of 8.1% per annum, making a total of receipt being USD 6,500,000 over for the three years. Each loan has a technical fee of 1% in a year. The facilities are for 3 years. In September 2024, BLMCL repaid 33% of the first two loans amounting to USD 666,000. The total outstanding balance is USD 5,517,032 as of December 31, 2024.

19.07 BRAC International Holding B.V @8%

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Opening Balance	-	-	-	-
Received during the year	291,930,000	-	1,500,000	-
Principal repayment in the year	(133,905,000)	-	(750,000)	-
Interest payable	6,168,083	-	33,811	-
Paid during the year	(6,308,354)	-	(35,333)	-
FX loss/ (gain)	(21,062,230)	-	1,522	-
	136,822,500	-	750,000	-

The organization secured USD 1.5 million in September 2024 as short-term fund from BRAC International Holding B.V (a shareholder) at an interest rate of 8% per annum. The facility is for 6 months running from September 2024 to March 2025. BLMCL already repaid 50% of the loan amounting to USD 750,000. The total outstanding balance is USD 750,000 as of December 31, 2024, and is due for settlement in March 2025.

20. Other liabilities

	2024	2023	2024	2023
	LRD	LRD	USD	USD
Bonus provision	-	-	-	-
Provision for Medical Benefits	7,669,745	(1,666,719)	42,042	(8,905)
Provision for audit fees	687,891	617,661	3,771	3,300
Professional & Consultancy Fees Payable	1,630,164	875,020	8,936	4,675
Tax withholdings	15,767,433	4,905,115	86,430	26,207
NASSCORP provision	-	-	-	-
Payable to BRAC IT Services Limited	36,846,847	7,959,782	201,978	42,527
Salary provision	2,265,900	203,520	12,421	1,087
Technical Fees Payable on loan from BIFBV	359,752	-	1,972	-
Gratuity Payable	55,612,176	38,266,281	304,841	204,447
Other provisions	<u>14,950,427</u>	<u>8,695,014</u>	<u>81,952</u>	<u>46,455</u>
Total	<u>135,790,333</u>	<u>59,855,673</u>	<u>744,342</u>	<u>319,793</u>

Notes to the financial statements (continued)

21. Donor funds	2024	2023	2024	2023
	LRD	LRD	USD	USD
Donor funds received in advance (Note-21.1)	5,056,182	(321,456)	27,716	(1,717)
Donor funds investment in fixed assets (Note-21.2)	<u>14,271,998</u>	<u>16,817,739</u>	<u>78,233</u>	<u>89,853</u>
Total	<u>19,328,180</u>	<u>16,496,283</u>	<u>105,948</u>	<u>88,135</u>

21.1 Donor funds received in advance

Opening balance	(321,456)	42,927,722	(1,717)	229,352
Donations received during the year (Note-21.1.1)	125,677,931	93,129,920	688,910	497,569
Transferred to deferred income - investment in fixed assets (Note 21.1.2)	-	(43,481,050)	-	(232,308)
Transferred to the statement of income and expenses	(120,124,726)	(92,898,048)	(631,175)	(532,830)
Fx adjustment	(175,567)	-	(27,212)	36,501
Closing balance	<u>5,056,182</u>	<u>(321,456)</u>	<u>27,716</u>	<u>(1,717)</u>

21.1.1 Donations received during the year

MasterCard Foundation – AIM project	<u>125,677,931</u>	<u>93,129,920</u>	<u>688,910</u>	<u>497,569</u>
Total	<u>125,677,931</u>	<u>93,129,920</u>	<u>688,910</u>	<u>497,569</u>

21.1.2 DEFERRED INCOME – FIXED ASSETS

Opening balance	16,817,739	-	89,852	-
Transferred from donor funds received in Advance	-	43,481,050	-	232,308
Depreciation charged during the year	(2,545,741)	(1,005,502)	(13,955)	(5,372)
Transferred to Donated equity/ Income to P&L	-	(25,657,809)	-	(137,083)
Closing balance	<u>14,271,998</u>	<u>16,817,739</u>	<u>75,898</u>	<u>89,853</u>

Notes to the financial statements (continued)

	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>

22. Share Capital

Name of shareholder % of holding

BRAC International Holdings BV	100%	<u>339,339,071</u>	<u>339,339,071</u>	<u>4,076,145</u>	<u>4,076,145</u>
Total		<u>339,339,071</u>	<u>339,339,071</u>	<u>4,076,145</u>	<u>4,076,145</u>

The subscribed shares have share premium as tabled below: -

Share premium	<u>120,755,662</u>	<u>120,755,662</u>	<u>889,529</u>	<u>889,529</u>
Total	<u>120,755,662</u>	<u>120,755,662</u>	<u>889,529</u>	<u>889,529</u>

23. Dividend payable to shareholders

Activity	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
Interim dividend declared in October 2024	70,026,511	-	364,510	-
Payment to Shareholder in November 2024	(59,522,534)	-	(309,834)	-
Tax paid on dividend	(10,503,977)	-	(54,676)	-
Dividend payable as at 31 Dec 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

For the first time, BLMCL declared interim dividend in October 2024 when the average exchange rate was LRD 192.11/ \$ 1 and paid same to shareholders in November 2024. The final dividend will be declared at the Annual General Meeting (AGM) scheduled to be held in April 2025. The net dividend shall be determined considering the interim dividend already paid.

24. Retained Earnings

	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
Opening balance	1,238,490,578	937,798,409	7,413,632	5,688,144
Profit for the year	309,526,409	300,692,169	1,697,242	1,725,488
Dividend declared and paid	(70,026,511)	-	(364,510)	-
Transferred from Donated equity	-	-	-	-
Closing balance	<u>1,477,990,477</u>	<u>1,238,490,578</u>	<u>8,746,364</u>	<u>7,413,632</u>

Notes to the financial statements (continued)

25. Right of Use (ROU) assets

	2024	2023	2024	2023
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
(a) ROU (Right of use) asset				
Opening balance	20,327,493	20,698,704	111,426	110,588
Additions during the year	-	-	-	-
Accumulated Depreciation of ROU assets	(11,731,006)	(13,001,118)	(64,304)	(69,462)
Translation difference	=	=	=	=
Net ROU assets	<u>8,596,487</u>	<u>7,697,586</u>	<u>47,122</u>	<u>41,126</u>
 (b) Lease liability	 17,088,857	 17,864,962	 93,674	 95,448
 (c) Expenses				
Depreciation expense (ROU)	5,672,544	6,058,462	29,832	34,766
Interest on lease liability	<u>1,150,858</u>	<u>939,336</u>	<u>6,052</u>	<u>5,390</u>
Total Lease expenses	<u>6,823,402</u>	<u>6,997,798</u>	<u>35,884</u>	<u>40,156</u>

26. Contingent liabilities

Two former employees brought actions for Unfair Labor Practices and Wrongful Dismissal against the Company in 2020 and 2021, respectively. The maximum exposure from these cases is LRD 599,904 (Five hundred ninety-nine thousand nine hundred four Liberian dollars). Currently, the cases are pending, one at the National Labor Court on appeal, and one at the Supreme Court.

Per the court proceedings and legal opinion, BRAC has more than an 80% likelihood of having the ruling of the Labor Ministry reversed in its favor in respect of the cases for both former employees. This reversal will clear BRAC of liability for wrongful dismissal.

27. Translation reserve adjustment

The translation reserve adjustments reported in the statement of changes in equity relate to a devaluation of the Liberian Dollar in relation to the United States Dollar, affecting the prior period closing balance and movements in translation reserves in the current year.

28. Capital expenditure commitments

There were no material capital expenditure commitments either authorized or contracted as at December 31, 2024 (2023: Nil).

29. Subsequent events

Events subsequent to the balance sheet date are disclosed only to the extent that they relate directly to the financial statements and the effect is material. There were no such events as at the date the financial statements were approved.