BRAC Microfinance (SL) Limited

Financial Statements
for the year ended 31 December 2024

20 February 2025
This report contains 40 pages
Ref: L10/sl/bow

Contents

General Information

Directors	:	Mr. Johannes Maria Antonius Eskes	- Chairperson
		Mr. Tapan Kumar Karmaker	- Director
		Mr Abhijit Gupta	- Director
		Ms. Rudo Kayombo	- Director (Resigned on 17th Jan 2025)

Chief Executive Officer: Shimimana Ntuyabaliwe

Registered Office : No. 2 Samuel Banister Drive
Wilberforce, towards Hill Cut Junction
Freetown
Sierra Leone

Bankers : Access Bank Sierra Leone Limited
Vista Bank Ltd
United Bank for Africa
Union Trust Bank LTD.
Rokel Commarcial Bank Sl Ltd
Zenith Bank (SL) Ltd
Yoni Community Bank
Segbwema Community Bank
Bank of Sierra Leone
Pendembu Community Bank Limited
Kamakwie Community Bank Limited
Sewafe Community Bank Limited
Mattru Jong Community Bank Limited
Mongo Town Community Bank Limited

Auditor : Baker Tilly SL
Chartered Accountants
Baker Tilly House
37 Siaka Stevens Street
Freetown.

Report of the Directors

The Directors have pleasure in submitting their report and financial statements on the affairs of the Company for the year ended 31 December 2024.

Principal activity

The Company is engaged in micro credit financing activities.

Directors' responsibility statement

The Company's Directors are responsible for the preparation and presentation of the financial statements, comprising the financial position as at 31 December 2024 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the Directors in accordance with note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Capital adequacy

The Bank of Sierra Leone is required to prescribe a minimum capital adequacy ratio for financial institutions, but this is yet to be determined for micro financing institutions.

Results for the year

The Company made a profit of SLE 19.98 million for the year ended 31 December 2024 (2023: profit of SLL 4.70 million).

Directors and their interest

The names of the Directors are detailed on page 1. None of the Directors had any interest in the share capital of the Company and no Director has or had during the period, a material interest in any contract or arrangement of significance to which the Company was or is a party.

Property and equipment

Details of the Company's property and equipment are shown in notes 17 and 18 to the financial statements

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee of group of employee, if proven, will be regarded as a sanctionable offence. There were no disabled people in employment of the Company as at 31 December 2024.

Report of the Directors *(continued)*

Health, safety and welfare at work

BRAC Microfinance (SL) Limited supports the physical and emotional wellbeing of its employees, and provides paid sick leave to all personnel.

Employee involvement and training

BRAC Microfinance (SL) Limited is committed to the smooth progression of its employees to meet current and future needs of the Company and career aspirations of employees. The Company has a career track to ensure that progression of appropriately skilled and experienced employees meet current and future needs of the Company and its employees.

Training and development in BRAC Microfinance (SL) Limited is a continuous, formal process of improving individual performance and competency. Training serves as a vehicle for the transfer and development of requisite skills and aims at building up an empowered workforce. Annual training plans are developed to align with the Company strategy and design to support specific performance objectives for each year.

The Board Members

The following members served during the year:

Mr. Johannes Maria Antonius Eskes*	- Chairperson
Mr. Tapan Kumar Karmaker	- Director (Joined on 29th February 2024)
Mr Abhijit Gupta	- Director (Joined on 29th February 2024)
Ms. Rudo Kayombo	- Director (Resigned on 17th Jan 2025)

*Johannes Maria Antonius Eskes was appointed as chairperson on 9 Feb 2024 and started sitting as chairperson in the board meeting on 7 May 2024. This is replacement of the former board member who served as chairperson Mr Shameran Abed who resigned on 9th Feb 2024.

Auditors

The Auditors have indicated their willingness for continued in office, and in accordance with Section 308 of the Sierra Leone Companies Act 2009, a resolution for the re-appointment of Baker Tilly SL as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The Board of Directors approved the financial statements on 4-03-........................ **2025.**

Board Member
BRAC Microfinance (SL) Limited

Chief Executive Officer (CEO)
Shimimana Ntuyabaliwe
BRAC Microfinance (SL) Limited

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Baker Tilly SL
Baker Tilly House
37 Siaka Stevens Street
P.O Bo 100
Freetown
Sierra Leone
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Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited

Opinion

We have audited the financial statements of BRAC Microfinance (SL) Limited which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 40.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Company as stated in note 3 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies stated in note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited (continued)

Auditors' responsibility for 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 International Standards on Auditing 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 International Standards on Auditing, 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 the Directors.

- Conclude on the appropriateness of the Directors' 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 organisation 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.

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Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited (continued)

Auditors' responsibility for the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation's audit. We remain solely responsible for our audit opinion.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 of the financial statements, for the purpose of determining the financial position of BRAC Microfinance (SL) Limited for use by its management and BRAC International, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for the management of BRAC Microfinance (SL) Limited and BRAC International and should not be distributed to or used by parties other than the management of BRAC Microfinance (SL) Limited and BRAC International.

The Engagement Partner on the audit resulting in this independent auditor's report is Derrick Kawaley.

Baker Tilly

Chartered Accountants

Freetown

Date: 4 MARCH 2025

Statement of financial position

as at 31 December 2024

In (New) Leones/ USD	*Notes*	SLE 2024	2023	USD 2024	2023
ASSETS					
Cash and cash equivalents	*13*	**16,235,534**	24,736,266	**715,537**	1,084,924
Loans and advances to customers	*15*	**300,659,704**	223,447,787	**13,250,758**	9,800,342
Short term Deposit	*14*	**63,688,057**	18,192,000	**2,806,878**	797,895
Other assets	*16*	**10,202,101**	14,958,752	**449,630**	656,086
Current tax assets	*11.2*	**-**	-	**-**	-
Intangible Assets	*17*	**660,579**	1,189,042	**29,113**	52,150
Property and equipment	*18*	**8,024,681**	5,290,521	**353,666**	232,040
Right of Use Asset	*19*	**202,215**	55,696	**8,912**	2,443
Deferred Tax Assets	*11.3*	**11,827,905**	8,301,812	**521,283**	364,115
Total Assets		**411,500,776**	296,171,876	**18,135,777**	12,989,995
LIABILITIES AND CAPITAL FUND					
Liabilities					
Loan security fund	*20*	**52,778,457**	38,315,561	**2,326,067**	1,680,507
Related party payables	*21*	**15,717,837**	13,873,577	**692,721**	608,490
Borrowing from KIVA, WPF and Others	*22.1,22.2,22.4*	**83,185,694**	47,874,069	**3,666,183**	2,099,740
Borrowing from BIFBV	*22.3*	**99,845,076**	63,840,000	**4,400,400**	2,800,000
Lease Liability	*17*	**-**	-	**-**	-
Other liabilities	*24*	**20,928,378**	19,139,776	**922,361**	839,464
Donor funds	*25*	**6,936,583**	4,066,392	**305,711**	178,350
Current tax Liability	*12.b*	**3,548,015**	481,763	**156,369**	21,130
Total Liabilities		**282,940,040**	187,591,138	**12,469,812**	8,227,681
EQUITY					
Share capital	*26.a*	**12,244,890**	12,244,890	**3,061,223**	3,061,223
Share premium	*26.b*	**31,953,720**	31,953,720	**3,813,063**	3,813,063
Retained earnings	*27*	**94,218,352**	74,238,354	**6,644,126**	5,759,628
Convenience translation reserve		**(9,856,226)**	(9,856,226)	**(7,852,447)**	(7,871,600)
Donated equity		**-**	-	**-**	-
Total Equity		**128,560,736**	108,580,738	**5,665,965**	4,762,314
		411,500,776	296,171,876	**18,135,777**	12,989,995

These financial statements were approved by the Board of Directors on 04th March 2025

Acting Head of Finance
Md Fariduzzaman
BRAC Microfinance (SL) Limited

Chief Executive Officer (CEO)
Shimimana Ntuyabaliwe
BRAC Microfinance (SL) Limited

Board Member
BRAC Microfinance (SL) Limited

The notes on pages 12 to 40 are an integral part of these financial statements

Statement of comprehensive income

for the year ended 31 December 2024

In (New) Leones/ USD		**SLL**		**USD**	
	Notes	**2024**	2023	**2024**	2023
Income					
Service charge on loans	*5*	**144,866,354**	99,784,381	**6,416,404**	4,632,515
Net income from service charge		**144,866,354**	99,784,381	**6,416,404**	4,632,515
Membership and other fees	*6*	**8,055,866**	5,656,170	**356,809**	262,589
Other income	*7*	**2,099,824**	107,424	**93,005**	4,987
Grant income	*8*	**13,130,297**	8,574,186	**581,566**	398,059
		23,285,987	14,337,780	**1,031,380**	665,635
Total operating income		**168,152,341**	114,122,161	**7,447,784**	5,298,150
Impairment losses on loans and advances to customers	*9*	**(10,160,701)**	(6,242,391)	**(450,037)**	(289,805)
Operating income after impairment loss		**157,991,640**	107,879,770	**6,997,747**	5,008,346
Expenses					
Staff costs	*10*	**(52,580,910)**	(43,501,656)	**(2,328,908)**	(2,019,576)
Other operating expenses	*11*	**(76,266,732)**	(56,746,645)	**(3,377,997)**	(2,634,477)
Depreciation & Amortization	*16*	**(2,266,802)**	(1,424,016)	**(100,401)**	(66,110)
Depreciation on right of use asset		**(94,557)**	(9,785)	**(4,188)**	(454)
Interest on lease liability		-	-	-	-
Total operating expenses		**(131,209,001)**	(101,682,102)	**(5,811,494)**	(4,720,618)
Profit before tax		**26,782,639**	6,197,668	**1,186,254**	287,728
Income tax (expense)/credit	*11.1*	**(6,802,636)**	(1,494,199)	**(301,302)**	(69,369)
Net profit for the year		**19,980,003**	4,703,469	**884,952**	218,360

The notes on pages 12 to 40 are an integral part of these financial statements

Statement of comprehensive income *(continued)*

for the year ended 31 December 2024

In (New) Leones/ USD	SLL		USD	
	2024	2023	2024	2023
Other comprehensive income:				
Unrealized exchange loss	-	(7,711,917)	-	(358,028)
Fair value of hedging	-	8,032,593	-	372,915
Total other comprehensive income	-	320,676	-	14,887
Total comprehensive profit for the year	19,980,003	5,024,145	884,952	233,247

These financial statements were approved by the Board of Directors on 4th March **2025**

Acting Head of Finance
Md Fariduzzaman
BRAC Microfinance (SL) Limited

Chief Executive Officer (CEO)
Shimimana Ntuyabaliwe
BRAC Microfinance (SL) Limited

Board Member
BRAC Microfinance (SL) Limited

The notes on pages 12 to 40 are an integral part of these financial statement

Statement of changes in equity
for the year ended 31 December 2024

	Share Capital	Share Premium	Retained Earnings	Unrealized exchange gain/(loss)	Total	Total capital fund
	SLE	**SLE**	**SLE**	**SLE**	**SLE**	**USD**
At 1 January 2024	12,244,890	31,953,720	74,238,353	(9,856,226)	108,580,737	4,762,311
Donations received during the year	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	19,980,003	-	19,980,003	884,952
Unrealized exchange gain/(loss)	-	-	-	-	-	-
Changes due to Currency Redenomination	-	-	(3)	-	(3)	(0)
Translation adjustment	-	-	-	-	-	18,702
Transferred to Donated Equity	-	-	-	-	-	-
Transferred from grant received in advance	-	-	-	-	-	-
Recognized as grant income during the year	-	-	-	-	-	-
At 31 December 2024	**12,244,890**	**31,953,720**	**94,218,353**	**(9,856,226)**	**128,560,737**	**5,665,965**
At 1 January 2023	12,244,890	28,382,108	69,534,924	(10,176,902)	99,985,020	5,307,065
Donations received during the year	-	-	-	-	-	-
Share Premium	-	3,571,612	-	-	3,571,612	157,063
Profit/(Loss) for the year	-	-	4,703,469	-	4,703,469	218,814
Unrealized exchange gain/(loss)	-	-	-	320,676	320,676	14,887
Changes due to Currency Redenomination	-	-	(40)	-	(40)	(2)
Translation adjustment	-	-	-	-	-	(935,513)
Transferred from grant received in advance	-	-	-	-	-	-
Recognized as grant income during the year	-	-	-	-	-	-
As at 31 December 2023	12,244,890	31,953,720	74,238,353	(9,856,226)	108,580,738	4,762,311

The notes on pages 12 to 40 are an integral part of these financial statements

Statement of cash flows

for the year ended 31 December 2024

		SLL		USD	
In (New) Leones/ USD	*Note*	**2024**	2023	**2024**	2023
Cash generated from Operations	*26*	**37,176,520**	(147,878)	**1,646,618**	(6,865)
Loan disbursements		**(693,441,800)**	(494,046,700)	**(30,713,843)**	(22,936,245)
Loan collection		**609,229,839**	412,184,286	**26,983,937**	19,135,761
Loan write off (P)		-	-	-	-
Interest receivable write-off		-	-	-	-
Net cash from Operating Activities		**(47,035,441)**	(82,010,292)	**(2,083,288)**	(3,807,349)
Cash flow from Investing Activities					
Acquisition of property and equipment		**(4,570,202)**	(4,754,053)	**(202,423)**	(220,708)
Changes in ROU Asset		**(146,519)**	-	**(6,457)**	-
Write-off of property and equipment		**97,704**	-	**4,306**	-
Net cash used in Investing Activities		**(4,619,017)**	(4,754,053)	**(204,574)**	(220,708)
Cash flow from Financing Activates					
Term loans		**71,316,701**	77,049,358	**3,158,751**	3,577,036
Changes in lease liability		-	-	-	-
Loan security fund		**14,462,896**	12,138,732	**640,589**	563,544
Loan security fund written off		-	-	-	-
Donor fund increase/(decrease)		**2,870,191**	(2,323,480)	**127,126**	(107,868)
Increase in Share Capital		-	3,571,612	-	165,813
Short term Deposit (BRAC Fund)		**(45,496,057)**	(18,192,000)	**(2,015,106)**	(844,568)
Changes due to Currency Redenomination		**(4)**	(40)	-	(2)
Net cash from financing activities		**43,153,727**	72,244,182	**1,911,360**	3,353,955
Net increase/(decrease) in cash and cash equivalents		**(8,500,731)**	(14,520,163)	**(376,513)**	(674,102)
Cash and cash equivalents at beginning of the year		**24,736,265**	39,256,428	**1,084,924**	2,083,675
Translation adjustment		-	-	**7,126**	(324,648)
Cash and cash equivalents at end of the period/year	*13*	**16,235,534**	24,736,265	**715,537**	1,084,924

The notes on pages 12 to 40 are an integral part of these financial statements

Notes to the Financial Statements

1. Reporting entity

BRAC Microfinance (SL) Limited was incorporated in Sierra Leone on 23rd January 2009. Its principal activity is the provision of micro finance loans. It commenced full operation in June 2009. The address of its head office is No.2 Samuel Banister Drive Wilberforce, towards Hill Cut Junction, Freetown, Sierra Leone.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with note 3 of these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis using the accruals concept.

(c) Fundamental and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Sierra Leones (SLL) and United States dollars (USD) which are the organisation's functional and presentation currencies.

(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.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 14.2: Impairment allowance for loan losses.

3. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss as other comprehensive income.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(b) Service charge on loan

Service charge on loan is recognised on an accrual basis. The recognition ceases when a loan is transferred to Non - Interest Bearing Loan (NIBL) as described in note 3(h). Service charge is recognised thereafter only when it is received.

(c) Other income

Other income comprises foreign exchange currency gain and bank interest. All realised foreign exchange gain and losses are recognized in the profit and loss for the year, whilst all unrealised foreign exchange gains and losses are shown as other comprehensive income, after arriving at the profit or loss for the year. Unrealised foreign exchange gains and losses are not included in the computation of the tax expense for the year.

(d) Fees and commission income

Membership fees and other charges are recognised on an accrual basis when the service has been provided.

(e) Administrative expenses

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

(f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with other banks and unpledged fixed deposits with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the balance sheet.

(g) Property and equipment (operating assets)

(i) 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 labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised 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 property and equipment are recognised in profit or loss as incurred.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current are as follows:

	Rates	Useful life
Motor vehicles/Cycles	20%	5 years
Computer equipment	33.33%	3 years
Furniture and fittings	10%	10 years
Equipment	20%	5 years

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

(iv) Disposals

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

(h) Intangible (operating assets)

Accounting software

Accounting Software is shown at historic cost. 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 the Software is four years or 25%.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(i) IFRS 9 Financial Instrument

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.
Changes in accounting policies resulting from adoption of IFRS9 have been applied retrospectively.

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 of held to maturity, loans and receivables and 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-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:

- 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)*

3. Significant accounting policies *(continued)*

(i). IFRS 9 Financial Instruments *(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, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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.

Loans and advances to customers that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

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 default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of financial assets have 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 and including forward-looking information.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(i) IFRS 9 Financial Instruments (continued)

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).
ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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". For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

(j). 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 effective from 1 January 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for 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 the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on requirements of IFRS 9.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(k) IFRS 16 Leases

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and were not reassessed for whether there is a lease under IFRS 16.

As a lessee

As a lessee, the Company leases some branch and office premises. The Company previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for leases of branches and office premises the Company has elected not to separate non lease components and account for the lease and associated non-lease components as a single lease component.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019.

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application. See note 18 and 22 for details of right of use assets and lease liability respectively.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(k) IFRS 16 Leases *(continued)*

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment);
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(l) Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result 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 recognised for future operating losses.

Where there are a number of 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Other Liability also includes Self Insurance Fund for local staffs of BRAC Microfinance (SL) Ltd. The Company sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute this self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months' equivalent of basic salary in the first year of employment, up to 50 months' equivalent of basic salary for 10th year of employment onwards.

(m) Loan security deposit

BRAC accepts 10% of the loan disbursed amount to customers as collateral. This amount is being refunded to customers when they retire or are terminated from membership. It is interest free.

(n) Inventories

Inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Cost is determined using the weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(o) Employee benefit

(i) Pension obligations

The Company's operates a defined contribution scheme. A defined contribution plan is a pension plan under which the Company's pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Insurance Trust on a mandatory basis. The Company's 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 service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.
Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Medical benefits

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

(p) Share capital

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(q) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it's recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax payable on profits, based on the applicable tax law in Sierra Leone is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carrying forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Unrealised exchange gains and losses are shown as part of other comprehensive income and are not subject to tax

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilizes. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements *(continued)*

4. Financial risk factors

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

(a) Credit risk

The Company's takes on exposures to credit risk, which is the risk that a client may be unable to pay amounts in full when due. Credit risk is managed by obtaining moral guarantee from group members to bear responsibility for repayment of both principal and interest amount when they are due. All repayments are made in groups and not individually. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

All clients depending on the type of loan makes cash collateral savings and this can also be used to offset outstanding loan amounts due. A ten percent savings is made for all loans.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Company's manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

(c) Market risks

Market risk is the risk that changes in market price, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(d) Currency risk

Currency exchange risks comprise transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level

Notes to the financial statements *(continued)*

5. Service charge on loans

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Group loans (Microfinance)	**87,605,202**	54,357,014	**3,880,199**	2,523,538
Small Enterprises program	**47,011,072**	38,078,574	**2,082,209**	1,767,807
Without Collateral Loan	**5,630,925**	3,513,253	**249,404**	163,104
Job Holder Loan	**3,606,299**	3,429,930	**159,730**	159,235
Agro finance	**1,012,856**	405,610	**44,861**	18,831
	144,866,354	99,784,381	**6,416,404**	4,632,515

6. Membership and other fees

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Loan appraisal fee	**6,934,418**	4,940,437	**307,138**	229,361
Membership fee	**633,116**	407,979	**28,042**	18,941
Loan application fee	**175,792**	103,455	**7,786**	4,803
Sales of passbook	**312,540**	204,299	**13,843**	9,485
	8,055,866	5,656,170	**356,809**	262,589

7. Other income

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Gain due to early repayment	**21,964**	11,314	**973**	525
Other income	**4,242**	96,111	**188**	4,462
Income from Write-Off Recovery	**38,621**	-	**1,711**	-
Interest Income from Short Term Deposits	**196,057**	-	**8,684**	-
Foreign Currency Gain (realised)	**1,838,940**	-	**81,450**	-
	2,099,824	107,425	**93,005**	4,987

The exchange gains arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to SLE. Financial assets and liabilities denominated in foreign currencies are translated to SLL at rate ruling at balance sheet date.

Notes to the financial statements *(continued)*

8. Grant income

In (New) Leones/ USD	SLL		USD	
	2024	2023	**2024**	2023
Transferred to statement of income and expenses	**12,556,441**	8,425,698	**556,148**	391,165
Transferred from deferred grant (depreciation)	**573,856**	148,488	**25,417**	6,894
	13,130,297	8,574,186	**581,566**	398,059

9. Impairment losses on loans

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
General provision	**10,160,701**	6,242,391	**450,037**	289,805
	10,160,701	6,242,391	**450,037**	289,805

10. Staff costs

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Salaries & benefits	**45,124,018**	34,827,756	**1,998,628**	1,616,887
Bonus Cost	**2,958,905**	2,380,451	**131,055**	110,513
Severance Allowances Cost	**2,151,065**	3,551,181	**95,275**	164,864
NASSIT Cost	**1,212,323**	916,548	**53,696**	42,551
Insurance costs	**127,193**	99,791	**5,634**	4,633
Medical expenses	**1,007,406**	1,725,929	**44,620**	80,127
Total	**52,580,910**	43,501,656	**2,328,908**	2,019,575

Notes to the financial statements *(continued)*

11. Other operating expenses

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Occupancy expenses (Note-11.1)	**3,995,037**	3,067,446	**176,948**	142,407
Staff training and development	**2,365,429**	4,997,451	**104,769**	232,008
Travel and transportation	**12,926,457**	11,410,938	**572,537**	529,758
Maintenance and general expenses	**7,134,524**	4,658,887	**316,001**	216,290
Printing and office stationery	**3,417,323**	2,434,790	**151,360**	113,036
Legal and professional fees	**643,338**	983,269	**28,495**	45,649
Audit fees	**207,000**	171,925	**9,168**	7,982
Financial expenses	**9,072,930**	1,563,576	**401,857**	72,588
Hedging charge	**5,222,818**	5,251,521	**231,328**	243,803
Interest expense on loan from BIFBV	**5,184,313**	3,199,467.83	**229,623**	148,535
Technical fees expense on loan from BIFBV	**687,888**	429,603.33	**30,468**	19,944
Bank charges	**3,290,529**	1,932,641	**145,744**	89,723
Withholding tax expenses	**1,291,020**	1,771,158	**57,182**	82,226
Withholding tax & VAT Expense on HO logistics (SBI)	**-**	1,186,300	**-**	55,074
Internet expenses	**1,522,917**	971,701	**67,453**	45,111
Insurance claim	**210,350**	192,850	**9,317**	8,953
Software maintenance cost (ERP)	**6,874,070**	2,636,860	**304,465**	122,417
HO logistics and management expenses	**4,487,165**	4,519,621	**198,745**	209,825
Cash and bank write off	**-**	5,366,640	**-**	249,148
Fixed assets write off	**97,703**	-	**4,327**	-
Loss on derivatives	**4,405,678**	-	**195,136**	-
Foreign exchange loss (realised)	**3,230,243**	-	**143,074**	-
Total	**76,266,732**	56,746,645	**3,377,997**	2,634,477

11.1. Occupancy expenses

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Rent	**2,779,389**	2,009,119	**123,104**	93,274
Utilities	**1,215,648**	1,058,327	**53,844**	49,133
Total	**3,995,037**	3,067,446	**176,948**	142,407

Notes to the financial statements *(continued)*

12. Taxation

12(a) Tax expense

Recognised in the income statement

In (New) Leones/ USD	SLE 2024	SLE 2023	USD 2024	USD 2023
Income tax expense	**10,328,729**	4,081,774	**457,479**	189,498
Deferred tax credit	**(3,526,093)**	(2,587,575)	**(156,177)**	(120,129)
	6,802,636	1,494,199	**301,302**	69,369

12(b) Income tax account

In (New) Leones/ USD	SLE 2024	SLE 2023	USD 2024	USD 2023
Opening balance	**(481,764)**	(6,255,115)	**(21,130)**	(332,014)
Charge for the year	**(10,328,729)**	(4,081,774)	**(457,479)**	(189,497)
Paid during the period	**7,262,478**	9,855,125	**321,669**	457,527
Translation difference	-	-	**571**	42,854
Current tax asset	**(3,548,015)**	(481,764)	**(156,369)**	(21,130)

Reconciliation of effective tax rate

In (New) Leones/ USD	SLE 2024	SLE 2023	USD 2024	USD 2023
Profit before income tax	**26,782,639**	6,197,669	**1,186,254**	288,183
Income tax on profit before tax	**6,695,662**	1,549,417	**296,253**	72,046
Tax impact of permanent difference:				
Tax adjustment- due to change in tax rate	-	-	-	-
Tax incentives	**106,974**	(55,218)	**4,739**	(2,677)
	6,802,637	1,494,199	**301,302**	69,369

Notes to the financial statements *(continued)*

12. Taxation *(continued)*

12(c) Deferred tax asset and liabilities

Recognised deferred tax asset and liabilities

	2024			2023		
	Asset	**Liability**	**Net**	Asset	Liability	Net
In (New) Leones/ USD						
Property and equipment	-	**(869,437)**	**(869,437)**	-	(258,427)	(258,427)
Impairment allowance	**(8,583,414)**	-	**(8,583,414)**	(6,043,238)	-	(6,043,238)
Staff benefit provision	**(2,098,243)**	-	**(2,098,243)**	(1,723,335)	-	(1,723,335)
Unrealised exchange loss	**(276,812)**	-	**(276,812)**	(276,812)	-	(276,812)
	(10,958,469)	**(869,437)**	**(11,827,906)**	(8,043,385)	(258,427)	(8,301,812)

Movement in temporary differences during the year – 2024

	Opening balance	**Recognised in profit and loss**	**Recognised in equity**	**Closing balance**
In (New) Leones/ USD				
Property and equipment	**(258,427)**	**(611,010)**	-	**(869,437)**
Impairment allowance	**(6,043,238)**	**(2,540,176)**	-	**(8,583,414)**
Tax loss carried forward	-	-	-	-
Staff benefit provision	**(1,723,336)**	**(374,907)**	-	**(2,098,243)**
Unrealised exchange loss	**(276,812)**	-	-	**(276,812)**
	(8,301,813)	**(3,526,093)**	-	**(11,827,906)**

Movement in temporary differences during the year – 2023

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
In (New) Leones/ USD				
Property and equipment	(119,245)	(139,182)	-	(258,427)
Impairment allowance	(4,482,641)	(1,560,598)	-	(6,043,239)
Tax loss carried forward	-	-	-	-
Staff benefit provision	(835,540)	(887,795)		(1,723,335)
Unrealised exchange loss	(276,812)	-	-	(276,812)
	(5,714,238)	(2,587,575)	-	(8,301,813)

Notes to the financial statements *(continued)*

13. Cash and cash equivalents

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Cash at bank	**12,821,863**	22,234,274	**565,089**	975,187
Cash in hand	**3,413,671**	2,501,992	**150,448**	109,737
Total	**16,235,534**	24,736,266	**715,537**	1,084,924

13.1. Cash at bank

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Vista Bank (SL) Ltd	**7,906,908**	17,568,790	**348,475**	770,561
Access Bank (SL) Ltd	**1,643,763**	-	**72,444**	-
United Bank for Africa	**288,907**	48,541	**12,733**	2,129
Marampa Masimera Community Bank	**-**	906	**-**	40
Union Trust Bank LTD.	**1,045,712**	1,945,949	**46,087**	85,349
Rokel Commercial Bank Sl Ltd	**277,677**	628,438	**12,238**	27,563
Zenith Bank (SL) Ltd	**64,461**	132,508	**2,841**	5,812
Yoni Community Bank	**64,845**	94,581	**2,858**	4,148
Segbwema Community Bank	**447,949**	38,102	**19,742**	1,671
Bank of Sierra Leone	**75**	75	**3**	3
Pendembu Community Bank Limited	**341,673**	8,104	**15,058**	355
Kamakwie Community Bank Limited	**387,741**	254,150	**17,089**	11,147
Sewafe Community Bank Limited	**73,356**	22,933	**3,234**	1,006
Mattru Jong Community Bank Limited	**278,796**		**12,287**	
Standard Chartered Bank (SL) Ltd	**-**	1,491,196	**-**	65,403
	12,821,863	22,234,274	**565,089**	975,187

14. Short term deposit

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**18,192,000**	-	**797,895**	-
Add. Deposit during the year	**45,496,057**	18,192,000	**2,005,115**	797,895
Less. Withdrawn during the year	**-**	-	**-**	-
Translation difference	**-**	-	**3,868**	-
At 31 December	**63,688,057**	**18,192,000**	**2,806,878**	**797,895**

Notes to the financial statements *(continued)*

15. Loans and advances to customers

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Group loans	**170,213,836**	122,612,753	**7,501,712**	5,377,752
Small Enterprises Program	**111,376,040**	88,165,285	**4,908,596**	3,866,898
Without Collateral Loan	**14,602,392**	9,372,665	**643,561**	411,082
Job Holder Loan	**7,077,866**	7,078,271	**311,938**	310,451
Agri-finance	**5,452,466**	1,281,540	**240,303**	56,208
Loan: Written off (P)	**(5,064,174)**	(3,999,875)	**(223,192)**	(175,433)
Interest receivable	**9,552,011**	6,953,236	**420,979**	304,967
Interest receivable: Written off	**(620,944)**	(561,883)	**(27,366)**	(24,644)
Impairment loss on loans advance	**(11,929,789)**	(7,454,205)	**(525,773)**	(326,939)
	300,659,704	223,447,787	**13,250,758**	9,800,342

Loans and advances to customers are carried at amortized cost. It is estimated that the fair values of loan and advances to customers are approximately the same as the carrying values. All loans and advances to customers are unsecured.

Loans within the maturity period are considered "Current Loans", Loans which remains outstanding after the expiry of their maturity period are considered as "Late Loans". Late loans which remain unpaid after one year being classified are considered as "Non-Interest-bearing loans" (NIBL) and are referred to the Board for write off. Apart from that any loans can be written off subject to the approval of the board where the board thinks that it is not realizable due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrowers. Subsequent recoveries are credited as income in the statement of comprehensive income.

15.1. Movement on the loan account

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Opening balance	**224,510,639**	146,648,100	**9,846,958**	7,783,870
Loans disbursed	**693,441,800**	494,046,700	**30,713,843**	22,936,244
Loans repayments (P)	**(609,229,839)**	(412,184,286)	**(26,983,937)**	(19,135,761)
Translation difference	**-**	-	**29,244**	(1,561,962)
	308,722,600	228,510,514	**13,606,108**	10,022,391
Principal -written off	**(5,064,174)**	(3,999,875)	**(223,190)**	(175,433)
Gross loans to customers	**303,658,426**	224,510,639	**13,382,918**	9,846,958
Interest receivable	**9,552,011**	6,953,236	**420,979**	304,967
Interest receivable: written off	**(620,944)**	(561,883)	**(27,366)**	(24,644)
Impairment loss on loans advance	**(11,929,788)**	(7,454,205)	**(525,773)**	(326,939)
	300,659,704	223,447,786	**13,250,758**	9,800,342

Notes to the financial statements *(continued)*

15.2. Movement on the impairment on loans

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**7,454,205**	5,773,572	**326,939**	306,453
Charge for the year	**10,160,701**	6,242,391	**450,037**	289,805
Principal written off	**(5,064,174)**	(3,999,875)	**(223,190)**	(175,433)
Interest receivable written off	**(620,944)**	(561,883)	**(27,503)**	(26,086)
Translation difference	-	-	-	(67,800)
At 31 December	**11,929,788**	7,454,205	**526,283**	326,939

16. Other assets

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Advance to third party	**746,537**	1,223,718	**32,902**	53,672
Others receivables	**5,468,933**	5,472,207	**241,028**	240,009
Inventory - Passbook	**359,717**	230,234	**15,854**	10,098
Fair value of derivatives (Receivable)	**3,626,914**	8,032,593	**159,846**	352,307
	10,202,101	14,958,752	**449,630**	656,086

17. Intangible assets

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Cost software development and purchase (ERP)				
At 1 January	**2,581,792**	2,581,792	**113,236**	137,037
Addition during the year	-	-	-	-
Translation difference	-	-	**549**	(23,801)
Total	**2,581,792**	2,581,792	**113,785**	**113,236**
Accumulated amortisation :				
At 1 January	**1,392,750**	864,287	**61,086**	45,875
Amortisation (25%) charge for the year	**528,463**	528,463	**23,406**	24,534
Translation difference	-	-	**180**	(9,324)
Total	**1,921,213**	1,392,750	**84,672**	61,085
Net book value	**660,579**	**1,189,042**	**29,113**	**52,151**

Notes to the financial statements *(continued)*

18. Property and equipment

In (New) Leones/ USD	Motor Vehicles SLE	Furniture SLE	Equipment SLE	Total SLE	Total USD
Cost					
At 1 January 2024	2,895,941	1,524,120	3,646,993	8,067,054	353,818
Additions	-	310,004	4,260,198	4,570,202	202,423
Disposals/Transfer	(36,330)	(362,476)	(754,230)	(1,153,036)	(50,817)
Translation difference	-	-	-	-	712
At 31 December 2024	**2,859,611**	**1,471,648**	**7,152,961**	**11,484,220**	**506,136**
At 1 January 2023	416,791	1,252,971	1,708,720	3,378,482	179,325
Additions	2,479,150	271,149	1,938,273	4,688,572	217,668
Adjustment	-	-	-	-	-
Translation difference	-	-	-	-	(43,175)
As at 31 December 2023	**2,895,941**	**1,524,120**	**3,646,993**	**8,067,054**	**353,818**
Accumulated Depreciation					
At 1 January 2024	582,058	661,260	1,533,215	2,776,533	121,778
Charge for the year	495,830	133,638	1,108,871	1,738,339	76,994
Disposals/Transfer	(36,322)	(281,143)	(737,867)	(1,055,332)	(46,511)
Translation difference	-	-	-	-	209
At 31 December 2024	**1,041,566**	**513,755**	**1,904,219**	**3,459,540**	**152,470**
At 31 December 2023	416,781	552,316	911,882	1,880,979	99,840
Additions	165,277	108,944	621,333	895,554	41,576
Adjustment	-	-	-	-	-
Translation difference	-	-	-	-	(19,638)
As at 31 December 2023	**582,058**	**661,260**	**1,533,215**	**2,776,533**	**121,778**
Written Down Value					
As at 31 December 2024	**1,818,045**	**957,893**	**5,248,742**	**8,024,680**	**353,666**
At 31 December 2023	2,313,883	862,860	2,113,778	5,290,521	232,040

Notes to the financial statements *(continued)*

19. Right of use asset

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Cost				
At 1 January	**440,993**	375,512	**16,470**	19,932
Additions	**241,076**	65,481	**10,678**	-
Translation difference	-	-	**2,912**	(590)
At 31 December	**682,069**	**440,993**	**30,060**	**19,342**
Accumulated depreciation				
At 1 January	**385,297**	375,512	**16,899**	19,932
Depreciation charge for the year	**94,557**	9,785	**4,167**	-
Translation difference	-	-	**82**	(3,033)
At 31 December	**479,854**	**385,297**	**21,148**	**16,899**
Net book value	**202,215**	**55,696**	**8,912**	**2,443**

20. Loan security fund

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**38,315,561**	26,176,829	**1,680,507**	1,389,428
Received during the year	**30,511,160**	22,092,217	**1,344,696**	968,957
Paid off /adjusted during the year	**(16,048,264)**	(9,953,485)	**(707,283)**	(436,556)
Translation difference	-	-	**8,147**	(241,322)
At 31 December	**52,778,457**	38,315,561	**2,326,067**	1,680,507

The loan security fund acts as cash collateral for the customers' loan obligations to BRAC Microfinance (SL) Limited. This is computed as 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the loan security fund to the extent of the amount at risk.

Notes to the financial statements *(continued)*

21. Related party payables

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Payable to BRAC Bangladesh	**2,768,728**	1,673,641	**122,024**	73,405
Brac International Holdings B.V	**12,314,453**	10,702,685	**542,726**	469,416
Payable to BRAC Liberia Microfinance Company Ltd.	**634,656**	967,828	**27,971**	42,449
Payable to BRAC Sierra Leone	-	529,423	-	23,220
	15,717,837	13,873,577	**692,721**	608,490

22. Borrowings

22.1. Borrowings from KIVA (at 0% interest)

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Opening balance	**7,510,258**	6,269,474	**329,397**	332,774
Received during the year	**2,402,379**	1,199,657	**105,878**	51,707
Paid during the year	**(946,921)**	(1,181,193)	**(40,255)**	(55,084)
Foreign exchange adjustment	**(2,705)**	1,222,320	-	-
	8,963,011	7,510,258	**395,020**	329,397

22.2. Borrowings from Whole Planet Foundation (Interest rate - 0%)

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Opening balance	**2,049,022**	5,787,236	**89,869**	307,178
Received during the year	-	-	-	-
Paid during the year	**(2,049,022)**	**(3,738,214)**	**(90,305)**	(163,957)
Foreign exchange adjustment	-	-	**436**	(53,352)
	-	2,049,022	-	89,869

Notes to the financial statements *(continued)*

22.3. Borrowings from BIFBV

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**63,840,000**	22,608,000	**2,800,000**	1,200,000
Received during the year	**45,380,000**	41,232,000	**2,000,000**	1,600,000
Paid during the year	**(9,066,924)**	-	**(399,600)**	-
Foreign exchange adjustment	**(308,000)**	-	-	-
At 31 December	**99,845,076**	63,840,000	**4,400,400**	**2,800,000**

During the year the BMSLL received loan from BRAC International Finance B.V of $2,000,000 (interest rate 8.10%) to provide the Borrower with funds to (i) make loans in the Country; (ii) refinance maturing existing debt facilities; and (iii) pay overhead, capital expenses and similar costs directly incurred by the Borrower in conducting its Microfinance Program including, where applicable, in relation to transforming into deposit-taking entities.

22.4 Borrowings from Others

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**38,314,789**	-	**1,680,473**	-
Add. Received during the year	**35,907,894**	38,314,789	**1,582,543**	1,680,473
Paid during the year	-	-	-	-
Foreign exchange adjustment	-	-	**8,147**	-
	74,222,683	38,314,789	**3,271,163**	**1,680,473**

During the year the Company has received Overdraft facilities of SLE 58,972,670.88 with an interest rate of 18%/pa and 23%/pa two tranches from Vista Bank (SL) Limited and SLE 15,250,012 with an interest rate of 18% from Access Bank Sierra Leone Limited.

Notes to the financial statements *(continued)*

22.5. Loan Classification

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Loans repayable in one year:				
Whole Planet Foundation	-	1,787,000	-	94,851
Bank of Sierra Leone	-	-	-	-
Loan repayable in more than one year:				
KIVA	**8,963,011**	6,269,475	**395,020**	332,775
Borrowings from BIFBV	**99,845,076**	22,608,000	**4,400,400**	1,200,000
Borrowings from VISTA Bank (SL) Limited and Access Bank	**74,222,683**	4,000,236	**3,271,163**	212,327
Total borrowings	**183,030,770**	34,664,711	**8,066,583**	1,839,953

23. Lease liability

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	-	-	-	-
Additions	-	-	-	-
Adjustment for payments up to 31 December	-	-	-	-
Interest on lease liability	-	-	-	-
Translation difference	-	-	-	-
At 31 December	-	-	-	-

Notes to the financial statements *(continued)*

24. Other liabilities

In (New) Leones/ USD	SLE **2024**	2023	USD **2024**	2023
Accrual for expenses	**895,371**	4,091,304	**39,461**	179,443
Provision for audit fees	**207,000**	171,925	**9,123**	7,541
Salary provision	**-**	-	**-**	-
Provision for Impairment of Cash & Cash Equivalent	**5,366,640**	5,366,640	**236,520**	235,379
Self-insurance fund	**251,018**	192,866	**11,064**	8,459
Bonus provision	**-**	-	**-**	-
Technical Fees Payable on loan from BIFBV	**46,129**	-	**2,033**	-
Interest Payable on loan from BIFBV	**375,383**	-	**16,544**	-
Severance allowance provision	**8,392,972**	6,445,137	**369,897**	282,681
Nassit Provision	**171,280**	132,070	**7,549**	5,793
Withholdings Tax	**2,674,427**	2,052,335	**117,868**	90,015
VAT/GST Output	**192,557**	130,550	**8,486**	5,726
Collateral Registry Fees Payable to Central Bank	**350,730**	91,110	**15,457**	3,996
Payable to BRAC IT Services Limited	**2,004,871**	465,838	**88,359**	20,432
	20,928,378	19,139,776	**922,361**	839,464

25. Donor funds

In (New) Leones/ USD	SLE **2024**	2023	USD **2024**	2023
Donor funds received in advance (Note-25.1)	**329,317**	231,881	**14,514**	10,170
Donor funds investment in fixed assets (Note-25.2)	**4,638,266**	1,865,511	**204,419**	81,821
Donor funds investment in : Loan to group members (Note-25.3)	**1,969,000**	1,969,000	**86,778**	86,360
	6,936,583	4,066,392	**305,711**	178,351

The grants from the above donors were received for the enhancement of the Microfinance program. The grants had been provided on the basis of the Company fulfilling certain conditions, failing to comply with which, part or all of the money may have to be refunded to the donor.

Notes to the financial statements *(continued)*

25.1. Donor funds received in advance

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**231,881**	4,218,749	**10,170**	185,033
Donations received during the year (Note-25.1.1)	**15,718,800**	5,548,560	**692,763**	243,358
Transferred to statement of income and expenses	**(12,556,441)**	(8,425,698)	**(553,391)**	(369,548)
Transferred to deferred income - investment in fixed assets during the year (Note-25.2)	**(3,346,611)**	(1,811,875)	**(147,493)**	(79,468)
Foreign exchange gain	**281,688**	702,145	**12,415**	30,796
At 31 December	**329,317**	231,881	**14,464**	10,170

25.1. Donations received during the year

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
MCF -AIM Microfinance	**15,718,800**	5,548,560	**692,763**	243,358
	15,718,800	5,548,560	**692,763**	243,358

25.2 Donor funds investment in fixed assets

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**1,865,511**	202,124	**81,821**	8,865
Transferred from donor funds received in advance/ purchase of fixed assets	**3,346,611**	1,811,875	**147,493**	79,468
Depreciation charged during the year	**(573,856)**	(148,488)	**(25,291)**	(6,513)
Transferred to Donated Equity	-	-	-	-
At 31 December	**4,638,266**	1,865,511	**204,022**	81,821

Notes to the financial statements *(continued)*

25.3 Donor funds investment in loans to group members

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**1,969,000**	1,969,000	**194,309**	194,309
At 31 December	**1,969,000**	1,969,000	**194,309**	194,309

26. Capital

26(a). Name and percentage of holdings

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
Name : BRAC International Holdings B.V 100%	**12,244,890**	12,244,890	**3,061,223**	3,061,223
	12,244,890	12,244,890	**3,061,223**	3,061,223

26(b). Share premium

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
BRAC International Holdings B.V				
Opening balance	**31,953,720**	28,382,108	**3,813,063**	3,656,000
Payment received during the year	**-**	3,571,612	**-**	157,063
	31,953,720	31,953,720	**3,813,063**	3,813,063

The Board of BRAC International holdings B.V. approved additional investment as share premium for the Company's operation. The Board approved the transfer of the donated equity balance of Le 3.57 billion (USD 0.15 million) to share premium.

27. Retained earnings

In (New) Leones/ USD	SLE		USD	
	2024	2023	**2024**	2023
At 1 January	**64,382,127**	59,358,022	**5,759,629**	5,551,178
Profit for the year	**19,980,003**	4,703,469	**884,952**	218,814
Changes due to currency redenomination	**(3)**	(40)	**-**	(2)
Translation adjustments	**-**	320,676	**(455)**	(10,361)
At 31 December	**84,362,127**	64,382,127	**6,644,126**	5,759,629

Notes to the financial statements *(continued)*

28. Cash generated from operation

	SLE		USD	
In (New) Leones/ USD	**2024**	2023	**2024**	2023
Profit for the year	**19,980,002**	5,024,145	884,952	233,247
Depreciation on property and equipment	**1,738,339**	895,554	76,994	41,576
Amortization	**528,463**	528,463	23,407	24,534
Depreciation on right of use asset	-	9,785	-	454
Loan loss provision	**10,160,701**	6,242,391	450,037	289,805
Tax expense	**(3,526,093)**	(2,587,575)	(156,177)	(120,129)
Cash flow before changes in working capital:	**28,881,412**	10,112,763	**1,279,212**	**469,488**
Income tax paid	**3,066,251**	(5,773,352)	135,810	(268,029)
Changes in working capital:				
Receivables and other current assets	**4,756,651**	(13,595,250)	210,681	(631,163)
Interest receivables	**(3,160,658)**	(3,305,546)	(139,991)	(153,461)
Current liabilities	**1,788,603**	12,477,964	79,221	579,293
Related party payables	**1,844,261**	(64,457)	81,686	(2,992)
	37,176,520	(147,878)	**1,646,618**	**(6,865)**

Exchange rate used for the year:

	2024	2023
Average rate: 1USD= SLL	**22.58**	21.54
Closing rate: 1UDS =SLL	**22.69**	22.80

Notes to the financial statements *(continued)*

29. Contingencies

There were no contingent assets or liabilities at 31 December 2024 (2023: Nil).

30. Capital commitments

There were no capital commitments as at 31 December 2024 (2023: Nil).

31. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent they relate directly to the financial statements and their effect is material. There were none such events as at the date these financial statements were signed.