

BRAC ENTERPRISES TANZANIA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

BRAC ENTERPRISES TANZANIA LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

TABLE OF CONTENTS	PAGE NO
General Information	1
Report of the Board of Directors	2 - 5
Statement of Directors' Responsibilities	6
Declaration of Head of Finance	7
Independent Auditor's report	8 - 9
Financial statements:	
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 32

BRAC ENTERPRISES TANZANIA LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

GENERAL INFORMATION

Board of Directors

Name	Position	Gender	Nationality	Age	Date of Appointment	Qualification	Status
Shameran Abed	Chairperson	Male	Bangladesh	43	20 July 2020	Degree	Active
Johannes Maria Eskes	Member	Male	Dutch	70	20 July 2020	Masters	Active

Key management personnel

Elizabeth Mary Gupta	General Manager
Thabit Ndilahomba	Head of Finance
Julieth Abia	Head of Internal Audit
Florentina Bernard	Head of Human Resource
Amini Amani	Head of Information Technology
Elias Kasunga	Company's secretary

Registered office and Principal place of business

Natai Plaza Plot 17, Light Industrial Area - Mikocheni
P. O. Box 105213
Dar es Salaam, Tanzania

Auditor

KPMG
Certified Public Accountants
2nd Floor, The Luminary she said she
Haile Selassie Road, Masaki
TIN: 100-144-921
P. O. Box 1160
Dar es Salaam, Tanzania

Banker

CRDB Bank Plc
Azikiwe Street Opposite Posta Mpya
Postal Address 268, Dar es Salaam
Dar es Salaam, Tanzania.

BRAC ENTERPRISES TANZANIA LIMITED

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors of BRAC Enterprises Tanzania Limited are pleased to submit their report, together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of BRAC Enterprises Tanzania Limited ("the company") as at that date.

1. REGISTRATION

BRAC Enterprises Tanzania Limited was incorporated as a company limited by shares on 23 July 2020 under the companies Act, of 2002. BRAC Enterprises Limited Tanzania has two main shareholders as disclosed under Note 19. The company began operations effectively from 1 August 2021.

2. VISION

BRAC Enterprises Tanzania is a socially responsible for-profit organization dedicated to scaling impactful and sustainable social enterprises in Tanzania that equip people with the tools, opportunities, and skills to lift themselves out of poverty and reach their potential.

3. MISSION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

4. OUR VALUES

Innovation- the Company has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground-breaking development initiatives.

Integrity- the Company values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Company holds these to be the most essential elements of our work ethic.

Inclusiveness- the Company is committed to engaging, supporting and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- the Company values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

5. PRINCIPAL ACTIVITIES

To establish, own, manage and/or promote educational institutions and educational programs with the aim of promoting education and skills development for young people, including, without limitation, day care centres, kindergartens, pre-primary, primary and secondary schools, technical and vocational training schools, and any other kinds of educational programs and teaching curriculum approved by the Board of Directors and in conformity with the laws and directives of the United Republic of Tanzania.

6. CAPITAL STRUCTURE

The capital structure as at 31 December 2023 is as shown below.

Share holders	No of shares	TZS "000"
BRAC International Enterprises B. V	9,999	49,995
Shameran Abed	<u>1</u>	<u>5</u>
	10,000	50,000

On 6 February 2023, the 9,999 shares held BRAC International Holdings B. V as of 31 December 2022 were transferred to BRAC International Enterprises B. V.

The results for the Company for the year ended 31 December 2023 are set out on page 11.

BRAC ENTERPRISES TANZANIA LIMITED

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. FINANCIAL PERFORMANCE

General Performance

Angaza Academy and Bloom Academy - Day Care Centre Preparation

- Four (4) total day care and early childhood development centres, including 2 Angaza Academies and 2 Bloom Academies, were in operation during the 2023 academic year. Both Bloom Academies closed in quarter four due to a lack of enrolled students.
- As of 31 December 2023, there was a total of 7 ECD certified caregivers stationed uniformly across all Day Care Centres.
- Renovations, installation of outdoor playgrounds, procurement of teaching and learning materials, and marketing activities were completed at all locations.

Angaza Academy and Bloom Academy - Teacher Training and Material Development

- The Company's dedicated ECD Specialist conducted upfront training with new caregivers, regular monthly refresher trainings with all caregivers, as well as quarterly material development workshops to develop handmade low-cost play materials for each classroom.

Angaza Academy and Bloom Academy - Performance and Market Assessment

- A technical fellow from BRAC International was seconded to the BETL team in 2023 to support an evaluation of the business model and assess new iterations.
- This work informed the business plan for 2024, presented to the Board of Directors for review and approval in quarter four of 2023.

Angaza Wheels - Mobile ECD Lab Preparation

- Government approval for Angaza Wheels was received in July 2023.
- Recruitment of an Angaza Wheels caregiver was completed in October, and a soft launch of visits to existing Daycares started in quarter four.
- Outside of Daycare centre visits, Angaza Wheels supported marketing efforts, early mapping of high potential daycares and low-income communities, as well as engagement and advocacy with key stakeholders to promote ECD and play-based learning.

Staffing

A dedicated General Manager joined BETL in January 2023 along with 3 caregivers and 1 Angaza wheels specialist.

Income

The Company's income for the year is mainly made up of grant income and tuition fees.

8. COMPOSITION OF DIRECTORS

The Directors, who served during the period and up to the date of this report unless as otherwise stated, are set out on page 1.

9. DIVIDEND

No dividend has been declared for the year ended 31 December 2023.

10. CORPORATE GOVERNANCE

The Board of the Company consists of two directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering, and monitoring investment decisions considering significant financial matters and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Country Director who is assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

BRAC ENTERPRISE TANZANIA LIMITED

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

10. CORPORATE GOVERNANCE (CONTINUED)

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency, and accountability.

The company secretary, Mr Elias Kasunga, provides support and guidance to the Board on matters relating to governance and ethical practices. He is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

Board of Directors

Name	Position	Country of Residence
Shameran Abed	Chairperson	Bangladesh
Johannes Maria Eskes	Director	Netherlands

11. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of BRAC Enterprises Limited. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding.

- The effectiveness and efficiency of operations.
- The safeguarding of the Company's assets.
- Compliance with applicable laws and regulations.
- The reliability of accounting records.
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures.

There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial period ended 31 December 2023 and is of the opinion that they met accepted criteria. The Board, through the finance committee, is responsible for risk and internal control assessment as a separate audit committee is not considered necessary given the nature of the Company operations.

12. MANAGEMENT STRUCTURE

The Company is under the supervision of the members of the Board of Directors and the day-to-day management is entrusted to the General Manager who is assisted by the Country Director and Heads of departments as indicated below.

- Accounts & Finance
- Human Resources
- Internal Audit
- Communications
- Procurement & Administration
- IT
- Early Childhood Development (ECD)

13. SOLVENCY

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

14. EMPLOYEES' WELFARE

Management/employee relationship continued to be good during the year. There were no unresolved complaints by the existing employees at the end of the year.

BRAC ENTERPRISE TANZANIA LIMITED

REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. EMPLOYEES' WELFARE (CONTINUED)

Retirement benefits

All eligible employees are members of approved local pension schemes. The Company contributes 10% and the employees contribute 10% of their gross salary. The fund is a defined contribution pension scheme with the Company having no legal or constructive obligation to pay further contributions.

15. GENDER PARITY

The Company had 12 employees, out of them 6 males and 6 females (2022: 20 employees out of them 9 males and 11 females).

16. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are set out in Note 16 to the financial statements.

17. CORPORATE SOCIAL RESPONSIBILITY

BRAC Enterprises Tanzania Limited aims at delivering high quality education to low-income families.

18. FUTURE DEVELOPMENT AND OUTLOOK

In 2024 the Company has the following plans;

Angaza Academy - Owned-and-Operated ECD Centers

- Shift to exclusive focus on developing and testing a self-sustaining Angaza Academy model.
- Reduce minimum age of enrolment to 2.5 years.
- Shift to daily payments for optional lunch and aftercare program.
- Allow cash or mobile money payments for any daily services.
- Hire assistant caregivers for each classroom once enrolment of at least 15 students is reached, in addition to ECD certified caregivers.
- Pilot a digital management system.

Angaza Academy - Franchise Model

- Develop an Angaza Franchise Model.
- Establish legal franchise agreement, due diligence process, Angaza "solution in a box" offering, and monitoring framework.
- Conduct ongoing global marketing to raise general brand awareness.
- Recruit first two franchisees, identify two locations and set up new centres.
- Train first two franchisee teachers.

Angaza Wheels

- Formal launch of Angaza Wheels, starting with delivery of play-based lessons to existing day care centres.
- Adapt Angaza Wheels "packages" through the year, based on market data and customer feedback.
- Support global marketing activities for Angaza brand and advocacy efforts to promote play based learning.

19. AUDITOR

The Company's auditor, KPMG, have expressed their willingness to continue in office and is eligible for re-appointment. A resolution to reappoint KPMG as the auditor will be put to the Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS


Elizabeth Gupta
General Manager


Shaneran Abed
Director

BRAC ENTERPRISES TANZANIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for the preparation of financial statements that give a true and fair view of BRAC Enterprises Tanzania Limited comprising the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002.

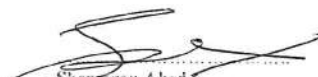
The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have assessed the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern in a period of at least the next twelve months from the date of approval of these financial statements.

The independent auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of BRAC Enterprises Tanzania Limited, as identified in the first paragraph, were approved, and authorized for issue by the Directors on 21/05/2024 2024.


Shauran Abed
Director

BRAC ENTERPRISES TANZANIA LIMITED

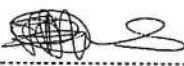
**DECLARATION OF HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act, No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on the earlier page.

I Thabit Ndilahomba being the Head of Finance of BRAC Enterprises Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023, have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of BRAC Enterprises Tanzania Limited comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Head of Finance

NBAA Membership No.: ACPA 02477

Date: 09/05/2024



KPMG
Certified Public Accountants
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P.O. Box 1160
Dar es Salaam, Tanzania

Telephone +255 22 2600330
Fax +255 22 2600490
Email info@kpmg.co.tz
Internet www.kpmg.com/estafrica

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRAC ENTERPRISES TANZANIA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BRAC Enterprises Tanzania Limited ("the Company") set out on pages 10 to 32, which comprise the statement of financial position as at 31 December 2023, the statement of profit or 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 material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BRAC Enterprises Tanzania Limited as of 31 December 2023, 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 (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, 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.

Other Matter relating to supplementary information.

We draw attention to the fact that the supplementary information presented in United States Dollar (USD) do not form part of the audited financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in *BRAC Enterprises Tanzania Limited Report and Financial Statements for the year ended 31 December 2023* but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, 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.

In preparing the financial statements, directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BRAC ENTERPRISES TANZANIA LIMITED (CONTINUED)**

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are 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 purpose of expressing an opinion relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the 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 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 directors 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, solely based on our audit of the financial statements, that:

- in our opinion, proper accounting records have been kept by BRAC Enterprises Tanzania Limited.
- the individual accounts agree with the accounting records of the company.
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.
- directors' report is consistent with the financial statements; and
- information specified by the law regarding Directors' emoluments and other transactions with the Company is disclosed.

KPMG
Certified Public Accountants (T)


.....
Signed by: CPA Vincent Onjala (TACPA 2722)
Dar es Salaam

Date: 21 May 2024

BRAC ENTERPRISES TANZANIA LIMITED
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 TZS '000	Memo 2023 USD	2022 TZS '000	Memo 2022 USD
Income					
Fee income	7	25,071	10,256	40,947	17,557
Amortization of capital grant	15 (b)	10,420	4,263	10,031	4,301
Grant income	15 (b)	517,025	211,498	622,564	266,932
		552,516	226,017	673,542	288,790
Other income	8	10,355	4,236	4,111	1,762
Total operating income		562,871	230,253	677,653	290,552
Operating expenses					
Staff costs	9	(353,666)	(144,673)	(282,150)	(120,975)
Travelling and transportation		(25,072)	(10,256)	(30,691)	(13,159)
Training, workshop, and seminars	10	(5,441)	(2,226)	(20,487)	(8,784)
Occupancy expenses	11	(1,165)	(477)	(13,479)	(5,779)
Printing and stationary		(1,992)	(815)	-	-
Other operating expenses	12	(98,424)	(40,261)	(204,424)	(87,650)
Food expenses		(8,085)	(3,308)	(10,009)	(4,292)
Interest Expense on Lease liability	18 (c)	(2,904)	(1,188)	(10,832)	(4,643)
Depreciation on Rights of Use (ROU) of Assets	18 (c)	(20,713)	(8,473)	(32,210)	(13,811)
Total operating expenses		(517,462)	(211,677)	(604,282)	(259,093)
Depreciation charge	13	(10,420)	(4,263)	(10,031)	(4,301)
Total operating expenses		(527,882)	(215,940)	(614,313)	(263,394)
Profit before taxation		34,989	14,313	63,340	27,158
Tax expense	17 (a)	(11,879)	(4,859)	(23,209)	(9,951)
Profit for the period		23,110	9,454	40,131	17,207
Other comprehensive income:					
Other comprehensive income		-	-	-	(536)
Total comprehensive income for the period		23,110	9,454	40,131	16,671

Notes and related statements forming part of the financial statements appear on pages 14 to 32.

Report of the auditor's is on page 8 - 9.

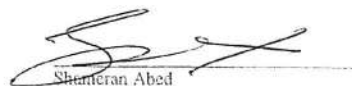
BRAC ENTERPRISES TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		2023	Memo 2023	2022	Memo 2022
	Notes	TZS '000	USD	TZS '000	USD
ASSETS					
Non-current assets					
Property and equipment	13	25,137	9,995	34,263	14,568
Deferred tax asset	17 (c)	6,960	2,768	1,543	656
Rights of use asset (ROU)	18 (a)	34,408	13,680	62,353	26,511
		<u>66,505</u>	<u>26,443</u>	<u>98,159</u>	<u>41,735</u>
Current assets					
Due from related parties	16 (c)	50,000	19,881	50,000	21,259
Cash and cash equivalents	14	96,394	38,328	215,823	91,761
Total current assets		<u>146,394</u>	<u>58,209</u>	<u>265,823</u>	<u>113,020</u>
Total assets		<u>212,899</u>	<u>84,652</u>	<u>363,982</u>	<u>154,755</u>
Equity					
Share capital	19	50,000	21,763	50,000	21,763
Retained earnings		61,645	24,511	38,534	16,416
Translation reserve		-	(1,882)	-	(536)
		<u>111,645</u>	<u>44,392</u>	<u>88,534</u>	<u>37,643</u>
Non-current liabilities					
Lease liability on ROU assets	18 (b)	26,900	10,696	49,974	21,247
Total current liabilities		<u>26,900</u>	<u>10,696</u>	<u>49,974</u>	<u>21,247</u>
Current liabilities					
Deferred grant	15 (a)	37,033	14,725	203,012	86,314
Due to related parties	16 (b)	5,193	2,065	3,067	1,304
Other payables	20	14,394	5,723	17,625	7,494
Tax payable	17 (b)	17,734	7,254	1,770	753
Translation Reserve		-	(203)	-	-
Total current liabilities		<u>74,354</u>	<u>29,564</u>	<u>225,474</u>	<u>95,865</u>
Total liabilities		<u>101,254</u>	<u>40,260</u>	<u>275,448</u>	<u>117,112</u>
Total equity and liabilities		<u>212,899</u>	<u>84,652</u>	<u>363,982</u>	<u>154,755</u>

The financial statements on pages 10 to 32 were approved and authorised for issue by the board of directors on 21.10.2024 and signed by


Elizabeth Gupta
General Manager


Shamsan Abed
Director

Notes and related statements forming part of the financial statements appear on pages 14 to 32.
Report of the auditor's is on page 8 - 9.

BRAC ENTREPRISES TANZANIA LIMITED**STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR PERIOD ENDED 31 DECEMBER 2023**

	Ordinary Share capital TZS'000	Retained Earnings TZS'000	Total TZS'000	Memo USD
2022				
Balance as at 1 January 2022	50,000	(1,597)	48,403	20,972
Profit for the year	-	40,131	40,131	17,207
Foreign currency translation reserve	-	-	-	(536)
As at 31 December 2022	<u>50,000</u>	<u>38,534</u>	<u>88,534</u>	<u>37,643</u>
2023				
Balance as at 1 January 2023	50,000	38,534	88,534	37,643
Profit for the year	-	23,110	23,110	9,454
As at 31 December 2023	<u>50,000</u>	<u>61,644</u>	<u>111,644</u>	<u>47,097</u>

Notes and related statements forming part of the financial statements appear on pages 14 to 32.

Report of the auditor's is on page 8 - 9.

BRAC ENTERPRISES TANZANIA LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 TZS '000	Memo 2023 USD	2022 TZS '000	Memo 2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		34,989	14,313	63,340	27,158
Adjustment for non-cash items:					
Depreciation of property and equipment	13	10,420	4,263	10,031	4,301
Depreciation charge ROU	18 (c)	20,713	8,473	32,210	13,811
Amortisation of capital grant	15 (b)	(10,420)	(4,263)	(10,031)	(4,301)
Amortization of deferred grant	15 (b)	(517,025)	(211,498)	(622,564)	(266,932)
Interest expense on lease liability	18 (c)	2,904	1,188	10,832	4,643
		<u>(458,419)</u>	<u>(187,524)</u>	<u>(516,182)</u>	<u>(221,320)</u>
Changes in working capital:					
Trade and other receivables		-	-	17,878	7,746
Related parties' payables		2,125	845	(14,965)	(6,509)
Other payables		(3,231)	-	17,458	7,422
Tax paid for the year	17 (b)	<u>(1,332)</u>	<u>530</u>	<u>(24,528)</u>	<u>(10,517)</u>
Net cash used in operating activities		(460,857)	(186,149)	(520,339)	(223,178)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property and equipment	13	<u>(2,478)</u>	<u>(1,014)</u>	<u>(32,500)</u>	<u>(13,935)</u>
Cash used in investing activities		(2,478)	(1,014)	(32,500)	(13,935)
CASH FLOWS FROM FINANCING ACTIVITIES					
Grant received during the year	15 (b)	362,650	150,000	513,312	218,245
Payment of lease liability (principal and interest)		<u>(18,744)</u>	<u>(7,668)</u>	<u>(55,421)</u>	<u>(23,763)</u>
Net cashflow generated from financing activities		343,906	142,332	457,891	194,482
Net decrease in cash and cash equivalents		(119,429)	(44,831)	(94,948)	(42,631)
Effect of translation		-	(8,602)	-	(257)
Cash and cash equivalents at the beginning of the period		<u>215,823</u>	<u>91,761</u>	<u>310,771</u>	<u>134,649</u>
Cash and cash equivalents at the end of the period	14	96,394	38,328	215,823	91,761

Notes and related statements forming part of the financial statements appear on pages 14 to 32.

Report of the auditor's is on page 8 to 9.

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

BRAC Enterprises Tanzania Limited ("the Company") was incorporated as a limited Company on 23 July 2020 under the Companies Act, 2002.

The Company is situated on Plot 17, Natai Plaza, and Coca Cola Road, Dar es Salaam, Tanzania. Information on shareholders and the capital structure is disclosed under Note 19.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2002.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in thousands of Tanzanian Shillings (TZS'000), which is the Company's functional currency.

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements. The exchange rates used to translate the TZS figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate on 31 December 2023 of TZS 2,515.00 to USD 1, except for additions to property and equipment which were translated at an average rate for the period of TZS 2,444.58 to USD 1.
- Income and expenses were translated using an average exchange rate for the period of TZS 2,444.58 to USD 1.
- Equity is not translated; and
- All resulting exchange differences are being recognised in other comprehensive income.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 4.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

(b) Revenue recognition

Revenue comprises fees from students, and the company follows a five-step model framework in recognition of revenue from contract with customers as follows.

- Identify the contract with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligation in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Tuition fees are recognised in profit or loss as income over the period of instruction covered by such fees. Instruction represents performance obligation which is fulfilled overtime as the students receives the instruction.

(c) Grants

(i) Deferred grants

All grants received are initially recognised as deferred revenue grants at fair value and recorded as liabilities in the Grant Received in Advance for the period.

The portion of the grants that are utilised to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently release to income to match the depreciation for the period and amortisation of the fixed assets as charged to statement of profit or loss and other comprehensive income.

Grants utilised to reimburse program related expenditure are recognised as grant income for the year.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when the entity may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

Grant income classified as temporarily restricted or unrestricted depending upon the existence of donor-imposed restrictions. For completed or phased out projects and programs, any unutilised amounts are dealt with in accordance with consequent donor and management agreements.

For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting is recognised as revenue grants receivable. For Expenditures incurred on projects yet to be funded and no funding has been agreed are reported as BRAC contribution from BRAC International.

(ii) Grant income

Grant income is recognised on a cash basis to the extent that the Organisation fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognised as income in the statement of profit or loss and other comprehensive income. A substantial portion of the Entity's donor grants are for funding of 'Not-for-Profit' projects and programs, and for these grants, income recognised is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement of fixed assets, the grant income is recognised as the amount equivalent to depreciation expenses charged on the fixed assets.

(c) Provisions

A provision is recognised if, because of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered on or after 1 January 2021.

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 the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- variable lease payments that depend on a rate, initially measured using the rate as at the commencement date; and
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties or early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases related to its office premises. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

BRAC ENTERPRISES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (Continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company can control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

(f) Cash and cash equivalent.

Cash and cash equivalents include notes and coins on hand, balance in banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

The fair value of cash and cash equivalents approximates their carrying amount.

(g) Financial instruments

(i) Recognition and Initial measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

(ii) Classification and Subsequent measurement.

• **Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; Fair FVOCI – equity investment; or Fair Value through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

(ii) Classification and Subsequent measurement (continued)

• Financial assets (continued)

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised 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 recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

• Financial liabilities – Classification, subsequent measurement, and gains or losses.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

(iii) De - recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset is transferred or in which the Program neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(iv) De – recognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Property and equipment

(i) Initial recognition

Property and equipment are initially recorded at historical cost and subsequently stated at historical cost or valuation less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

The cost of replacing part of an item of property or 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(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.

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

Furniture & fixtures	10%
Computer and peripherals	33.33%
Equipment	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Employee benefits

(i) Retirement benefit obligations

All Company's employees who are Tanzanian are members of the National Social Security Fund (NSSF). The Company and employees both contribute 10% of the employees' gross salaries to the PPF or NSSF. The Company's contributions are recognised as employee benefits expense in the year to which they relate.

For the non-Tanzanians, the Company contributes to overseas retirement schemes which they maintain with their own respective pension funds in their respective countries. This is accounted in the same manner as mentioned above.

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (Continued)

(ii) Termination benefits

Termination benefits are recognised as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the Tanzanian labour laws and regulations.

(iii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the end of each reporting period is recognised as an expense accrued.

(k) Share capital

Ordinary shares proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when declared by the board. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(l) Contingencies and commitments

Contingent assets are disclosed where an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is recognized as appropriate.

Contingent liabilities are disclosed in the financial statements where there is a possible obligation, but payment is not probable, or the amount cannot be measured reliably. Commitments are disclosed in respect to the obligation of the Organisation to external entities that arises in connection with the legal contracts executed by the Organisation.

(m) New standards, amendments, and interpretations

The Company has adopted the following new standards and amendments during the year ended 31 December 2023, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2023. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

The Company adopted the following standards, interpretations and amended standards during the year:

New standards or amendments	Effective for annual period beginning or after
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	1 January 2023
Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	1 January 2023

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Contingent assets and liabilities

(i) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2023

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

New standards or amendments	Effective for annual period beginning or after
Classification of liabilities as current or non-current (Amendments to IAS 1). Right to defer settlement must exist at reporting date and have substance. Liabilities with covenants – Classification criteria clarified and new disclosures. Convertible debt may become current. The amendment applies retrospectively.	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). Amendment aims at plugging gap in IFRS 6 including recognizing variable lease payments as liabilities,	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1). Right to defer settlement must exist at reporting date and have substance. Liabilities with covenants – Classification criteria clarified and new disclosures. Convertible debt may become current.	1 January 2024

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

In the process of applying the academy's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The key areas of judgement in applying the academy's accounting policies are dealt below:

Useful lives and residual values of property and equipment

Critical estimates are made by Directors in determining the useful lives and residual values to equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

5. FINANCIAL RISK MANAGEMENT

The school's activities expose the Company to a variety of financial risks, including credit risk, liquidity risk and the effects of foreign currency exchange rates and interest rates.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

This note presents information about the Company's exposure to financial risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management is carried out by the Company under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees/ stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk,
- Liquidity risk
- Market risk

BRAC ENTERPRISES TANZANIA LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**
5. FINANCIAL RISK MANAGEMENT (CONTINUED)
(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash at bank balances and balances due from related parties. The following table summarises the carrying amounts of financial assets – like their fair values at the reporting date and showing maximum exposure to credit risk, if different from carrying amount.

	Carrying amount 2023 TZS "000"	Exposure to credit risk 2023 TZS "000"	Carrying amount 2022 TZS "000"	Exposure to credit risk 2022 TZS "000"
Cash and bank balances (excluding cash in hand)	96,161	96,161	215,783	215,783
Due from related parties	50,000	50,000	50,000	50,000
Total exposure	146,161	146,161	265,783	265,783

The Company limits its exposure to credit loss by placing its cash and cash equivalents in liquid investments with high-quality financial institutions. The Company has assessed the credit risk with respect to above balances and considered it to be immaterial and as such no expected credit losses have been recorded against the balance as at 31 December 2023 (2022: Nil).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The table below summarises the contractual maturities of financial liabilities.

	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000
31 December 2023			
Due to related parties	5,193	5,193	5,193
Other Payables	14,394	14,394	14,394
Lease liability	26,900	36,600	14,400
Total Liabilities	46,487	56,187	33,987
	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000
31 December 2022			
Due to related parties	3,067	3,067	3,067
Other Payables	17,625	17,625	17,625
Lease liability	49,974	55,474	18,744
Total Liabilities	70,666	76,166	39,436

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2023:

	Carrying amount	Within 1 year	Between 1 to 5 years	Total contractual cashflows
Cash and bank balances	96,394	96,394	-	96,394
Due from related parties	50,000	50,000	-	50,000
Total Assets	146,394	146,394	-	146,394
Due to related parties	5,193	5,193	-	5,193
Other Payables	14,394	14,394	-	14,394
Lease liability on ROU assets	26,900	14,400	22,200	36,600
Total Liabilities	46,487	33,987	22,200	56,187
Net liquidity	99,907	112,407	(22,200)	90,207

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2022:

	Carrying amount	Within 1 year	Between 1 to 5 years	Total contractual cashflows
Due from related parties	215,823	215,823	-	215,823
Bank balances	50,000	50,000	-	50,000
Total Assets	265,823	265,823	-	265,823
Due to related parties	3,067	3,067	-	3,067
Other Payables	17,625	17,625	-	17,625
Lease liability on ROU assets	49,974	18,744	36,730	55,474
Total Liabilities	70,666	39,436	36,730	76,166
Net liquidity	195,157	226,387	(36,730)	189,657

(iii) Market risk

Market risk is the risk that changes in market prices, 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 optimising the return on risk.

Interest rate risk

The Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates and the fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Company's business strategies.

As at 31 December 2023 the Company had no interest-bearing assets and liabilities (2022: Nil) hence has no exposure to interest rate risk.

BRAC ENTERPRISES TANZANIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****5. FINANCIAL RISK MANAGEMENT (CONTINUED)***(iii) Market risk (Continued)***Foreign exchange risk**

The Company is exposed to currency risk on payments that are denominated in a currency other than the respective functional currency of Company, the Tanzanian Shilling (TZS). The currencies in which these transactions primarily are denominated are Tanzanian Shilling (TZS) and US Dollars (USD).

The Company's strategy for managing its foreign currency exposure is through transacting mainly using its functional currency.

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2022. Assets and liabilities are categorised by currency. (Equivalent Amounts in TZS'000).

	2023 TZS '000	2022 TZS '000
Balances denominated in foreign currency		
Financial Assets		
Cash and cash equivalents (denominated in USD)	28,904	161,209
Total assets	<u>28,904</u>	<u>161,209</u>
Financial Liabilities		
Other payables	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net exposure	<u>28,904</u>	<u>161,209</u>

Sensitivity analysis

The rate of exchange as at 31 December 2023 is USD 1 = 2,515 (2022: TZS 2,352 strengthening of USD against TZS by 5% means that the rate of exchange will move to USD 1 = TZS 2,640.750 (2022: TZS 2,469.9)

A 5% fluctuation in the exchange rate (USD against TZS) would impact the profit before tax by +/- TZS 1.4 million (2022: TZS 8 million) and the net impact on the shareholders equity would have been +/- TZS 1.01 million (2022: TZS 5.6 million).

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Company's operations and are faced by all business entities.

The Company objective is to manage operational risk to balance the avoidance of financial losses and damage to The Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Training and professional development.
- Risk mitigation, including insurance where this is effective.
- development of contingency plans; and
- Compliance with regulatory and other legal requirements.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the management of the business unit to which they relate and Country Representative.

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. FAIR VALUE MEASUREMENTS

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

The Company measures fair values using the fair value hierarchy which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised. The carrying amounts are an approximate of the fair values because of their short term nature.

Year ended 31 December 2023	At amortised cost TZS'000	Memo USD
Financial assets		
Cash and bank balance	96,394	38,328
Due from related parties	50,000	19,881
Total financial assets	146,394	58,209
Financial liabilities		
Due to related parties	5,193	2,065
Other Payables	14,394	5,723
Total financial liabilities	19,587	7,788
Year ended 31 December 2022	At amortised cost TZS'000	Memo USD
Financial assets		
Cash and bank balance	215,823	91,761
Due from related parties	50,000	21,763
Total financial assets	265,823	113,524
Financial liabilities		
Due to related parties	3,067	1,304
Other Payables	17,625	7,494
Total financial liabilities	20,692	8,798

BRAC ENTERPRISES TANZANIA LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	2023	Memo 2023	2022	Memo 2022
	TZS'000	USD	TZS'000	USD
7. FEE INCOME				
Tuition fees from Hub academies	6,131	2,508	12,632	5,416
Tuition fees from spoke academies	18,940	7,748	28,315	12,141
	<u>25,071</u>	<u>10,256</u>	<u>40,947</u>	<u>17,557</u>
8. OTHER INCOME				
Foreign currency gain	10,355	4,236	4,111	1,762
	<u>10,355</u>	<u>4,236</u>	<u>4,111</u>	<u>1,762</u>
9. STAFF COSTS				
Staff salaries	277,256	113,416	251,754	107,941
Bonus	19,926	8,151	8,360	3,585
Employer's local retirement scheme contributions (NSSF)	49,642	20,307	22,036	9,449
Work permit Expense	6,842	2,799	-	-
	<u>353,666</u>	<u>144,673</u>	<u>282,150</u>	<u>120,975</u>
10. TRAINING, WORKSHOPS AND SEMINARS				
External member trainings	-	-	12,263	5,258
Central staff training	4,043	1,654	6,696	2,871
Material development workshop	1,398	572	1,528	655
	<u>5,441</u>	<u>2,226</u>	<u>20,487</u>	<u>8,784</u>
11. OCCUPANCY EXPENSES				
Rent expenses	-	-	10,867	4,659
Utilities	1,165	477	2,612	1,120
	<u>1,165</u>	<u>477</u>	<u>13,479</u>	<u>5,779</u>
12. OTHER OPERATING EXPENSES				
General Maintenance	4,025	1,646	-	-
Honorarium	17,325	7,087	8,254	3,539
Other office expenses	8,929	3,653	11,865	5,087
Printing and stationary	-	-	6,450	2,765
Legal fees	-	-	383	164
Professional and consultancy fee	10,347	4,233	61,726	26,466
Auditing fees	24,453	10,003	44,398	19,037
Bank charges	4,744	1,941	3,768	1,616
Software maintenance expense	5,193	2,124	12,188	5,226
Indoor and outdoor facilities installations	9,675	3,957	36,113	15,484
School room maintenance	-	-	2,227	955
Registration	2,875	1,176	444	190
Sales and promotion	10,830	4,430	13,776	5,906
Communication and Publication Expenses	28	11	2,832	1,215
	<u>98,424</u>	<u>40,261</u>	<u>204,424</u>	<u>87,650</u>

BRAC ENTERPRISES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

13. PROPERTY AND EQUIPMENT

	Furniture & Fixtures TZS'000	Equipment TZS'000	Computers and peripherals TZS'000	Vehicles TZS'000	Total TZS'000	Memo USD
Cost						
As at 01 January 2022	1,500	1,800	10,970	-	14,270	6,178
Additions	-	-	-	32,500	32,500	13,935
Translation reserve	-	-	-	-	-	(227)
Balance at 31 December 2022	1,500	1,800	10,970	32,500	46,770	19,886
As at 01 January 2023	1,500	1,800	10,970	32,500	46,770	19,886
Additions	-	-	2,478	-	2,478	1,014
Disposal	-	(1,800)	-	-	(1,800)	(736)
Translation reserve	-	-	-	-	-	(1,298)
Balance at 31 December 2023	1,500	-	13,448	32,500	47,448	18,866
Accumulated depreciation						
At 01 January 2022	63	210	2,203	-	2,476	1,068
Charge for the year	159	279	3,467	6,126	10,031	4,301
Translation reserve	-	-	-	-	-	(51)
Balance at 31 December 2022	222	489	5,670	6,126	12,507	5,318
At 01 January 2023	222	489	5,670	6,126	12,507	5,318
Charge for the year	37	127	3,756	6,500	10,420	4,263
Disposal	-	(616)	-	-	(616)	(252)
Translation reserve	-	-	-	-	-	(458)
Balance at 31 December 2023	259	-	9,426	12,626	22,311	8,871
Net book value (NBV)						
At 31 December 2023	1,241	-	4,022	19,874	25,137	9,995
At 31 December 2022	1,278	1,311	5,300	26,374	34,263	14,568

BRAC ENTERPRISES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	2023	Memo 2023	2022	Memo 2022
	TZS'000	USD	TZS'000	USD
14. CASH AND CASH EQUIVALENTS				
Cash in hand	233	93	40	17
Bank balances	<u>96,161</u>	<u>38,235</u>	<u>215,783</u>	<u>91,744</u>
	<u>96,394</u>	<u>38,328</u>	<u>215,823</u>	<u>91,761</u>

15. GRANT

On 1 July 2020, the company entered into a sub grant agreement with BRAC UK and BRAC US for a two- and half-year project called Playful Learning for Young Children in Tanzania. The contract value is USD 677,346 which will be funded by BRAC UK and BRAC US through disbursement of USD 307,346 and 370,000 respectively. Up to 31 December 2023, the Company had received a total of USD 519,975 from the donors for its operations.

a) Deferred grants

	2023	Memo 2023	2022	Memo 2022
	TZS'000	USD	TZS'000	USD
Deferred revenue grants	11,860	4,716	168,749	71,746
Donor funds invested in fixed assets (Note 15 (c))	25,173	9,995	34,263	14,568
Translation Reserve	-	14	-	-
As at 31 December 2022	<u>37,033</u>	<u>14,725</u>	<u>203,012</u>	<u>86,314</u>

b) Deferred grants movement

	2023	Memo 2023	2022	Memo 2022
	TZS'000	USD	TZS'000	USD
As at 01 January 2023	203,012	86,314	322,295	139,642
Funds received from donors	362,650	150,000	513,312	218,245
Funds used for approved activities during the period	(517,025)	(211,498)	(622,564)	(266,932)
Translation reserve	-	(5,344)	-	(340)
	<u>48,637</u>	<u>19,472</u>	<u>213,043</u>	<u>90,615</u>
Amortisation of donor funds invested in fixed assets (Note 13)	(10,420)	(4,263)	(10,031)	(4,301)
Disposal	<u>(1,184)</u>	<u>(484)</u>	-	-
As at 31 December 2023	<u>37,033</u>	<u>14,725</u>	<u>203,012</u>	<u>86,314</u>

BRAC ENTERPRISES TANZANIA LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**
15. GRANT (CONTINUED)

		Memo		Memo
	2023	2023	2022	2022
	TZS'000	USD	TZS'000	USD
c) Donor funds invested in fixed assets				
As at 01 January 2023	34,263	14,568	11,794	5,110
Purchase of fixed assets (Note 13)	2,478	1,014	32,500	13,935
Depreciation charge during the year (Note 13)	(10,420)	(4,263)	(10,031)	(4,301)
Disposal	(1,184)	(510)	-	-
Translation reserve	-	(814)	-	(176)
As at 31 December 2023	25,137	9,995	34,263	14,568

16. RELATED PARTIES TRANSACTIONS

Below is the nature of related party transactions conducted during the period.

Name of the related party	Nature of the relationship	Nature of the transactions
BRAC Maendeleo and BRAC Finance Tanzania Limited.	Sister companies and under common management.	This includes payments made by BRAC Tanzania Finance Limited and BRAC Maendeleo Tanzania on behalf of BRAC Enterprises Tanzania Limited.

During the year, there were not any emoluments offered to Directors (2022: Nil).

		Memo		Memo
	2023	2023	2022	2022
	TZS'000	USD	TZS'000	USD
(a) Related party transactions				
Payments made by BRAC Tanzania Finance Limited on behalf of the Company.	-	-	143,097	61,355
Payments made by BRAC Maendeleo Tanzania Limited on behalf of the Company.	-	-	56,221	24,108
	-	-	199,318	85,463
(b) Balances due to related parties				
Payable to BRAC International Holding BV-TZ	5,193	2,065	3,067	1,304
	5,193	2,065	3,067	1,304
(c) Balances due from related parties				
BRAC International Holdings BV	50,000	19,881	50,000	21,259
	50,000	19,881	50,000	21,259

BRAC ENTERPRISES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

17. TAXATION

		Memo		Memo
	2023	2023	2022	2022
	TZS'000	USD	TZS'000	USD
(a) Tax expense				
Tax charge for the period	17,734	7,254	23,710	10,166
Prior period current tax under provision	(438)	(179)	-	-
Deferred tax (credit) (Note 17 c)	(5,417)	(2,154)	(501)	(215)
Translation reserve		(62)	-	-
	<u>11,879</u>	<u>4,859</u>	<u>23,209</u>	<u>9,951</u>
Tax reconciliation				
Profit before tax	34,989	14,313	63,340	27,158
Tax calculated at statutory tax rate 30%	10,497	4,294	19,002	8,147
Tax effect of:				
Expenses not deductible for tax purposes	944	385	4,207	1,789
Prior period current tax under provision	438	179	-	-
Foreign Exchange Translation reserve	-	-	-	15
	<u>11,879</u>	<u>4,858</u>	<u>23,209</u>	<u>9,951</u>
(b) Tax payable				
		Memo		Memo
	2023	2023	2022	2022
	TZS'000	USD	TZS'000	USD
At 01 January 2023	1,770	753	2,588	1,121
Charge for the period	17,734	7,254	23,710	10,166
Paid during the period	(1,332)	(530)	(24,528)	(10,517)
Prior period tax adjustment	(438)	(197)	-	-
Foreign Exchange Translation reserve	-	(26)	-	(17)
At 31 December 2023	<u>17,734</u>	<u>7,254</u>	<u>1,770</u>	<u>753</u>
(c) Deferred tax				
The movement in the deferred tax asset during the year is as follows				
At 01 January 2023	1,543	656	1,042	451
Credit for the year	5,417	2,154	501	215
Foreign exchange translation difference	-	(42)	-	(10)
	<u>6,960</u>	<u>2,768</u>	<u>1,543</u>	<u>656</u>
Deferred tax arises from temporary- differences on the following items				
Depreciation expense (ROU)	33	14	280	120
Property, plant and equipment	<u>6,927</u>	<u>2,754</u>	<u>1,263</u>	<u>536</u>
	<u>6,960</u>	<u>2,768</u>	<u>1,543</u>	<u>656</u>

BRAC ENTERPRISES TANZANIA LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**
18. LEASE (IFRS 16)

		Memo		Memo
	2023	2023	2022	2022
	TZS'000	USD	TZS'000	USD
a) Right of use asset (ROU)				
Opening balance	62,353	26,511	-	-
Addition for the year	16,854	6,701	94,563	40,206
Modification	11,741	4,668	-	-
De-recognition due to termination of lease contracts	(35,827)	(14,245)	--	--
Depreciation charge	(20,713)	(8,237)	(32,210)	(13,811)
Foreign translation reserve	-	(1,718)	-	116
Closing balance at 31 December	34,408	13,680	62,353	26,511
b) Lease liability				
Opening balance	49,974	21,247	-	-
Addition for the year	16,854	6,701	94,563	40,206
Interest expense for the year	2,904	1,188	10,832	4,643
Payments for the year (principal and interest)	(18,744)	(7,668)	(55,421)	(23,763)
Modification	11,739	4,883	-	-
De-recognition due to termination of lease contracts	(35,827)	(14,246)	-	-
Foreign translation reserve	-	(1,409)	-	161
Closing balance	26,900	10,696	49,974	21,247
Current portion of the lease liability	6,532	2,597	18,744	7,969
Non-current portion of the lease liability	20,368	8,099	31,230	13,278
	26,900	10,696	49,974	21,247
c) Items recognized statement of profit or loss				
Depreciation expense - ROU	20,713	8,473	32,210	13,811
Interest on lease liability	2,904	1,188	10,832	4,643
Total	23,617	9,661	43,042	18,454
d) Items recognized statement of cashflow				
Depreciation Expense ROU	20,713	8,473	32,210	13,811
Interest on lease liability	2,904	1,188	10,832	4,643
Lease payments (principal and interest)	(18,744)	(7,453)	(55,421)	(23,763)
	4,873	2,208	(12,379)	(5,309)
<i>Non-cancellable operating lease commitments (contractual undiscounted cashflows)</i>				
Within one year	14,400	5,892	18,744	7,969
Between one and five years	22,200	9,084	36,730	15,884
	36,600	14,976	55,474	23,853

BRAC ENTERPRISES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. SHARE CAPITAL

Ordinary share capital

The company's capital structure is as follows.

	Ownership	No	TZS'000	Memo USD
BRAC International Holding B. V	99.99%	9,999	49,995	21,761
Shameran Abed	0.01%	1	5	2
		<u>10,000</u>	<u>50,000</u>	<u>21,763</u>

20. OTHER PAYABLES

	2023 TZS'000	Memo 2023 USD	2022 TZS'000	Memo 2022 USD
Accrued liabilities	2,441	971	-	-
Provision for Audit and advisory fees	11,133	4,427	17,625	7,494
Other accounts payable	820	325	-	-
	<u>14,394</u>	<u>5,723</u>	<u>17,625</u>	<u>7,494</u>

21. CONTINGENT LIABILITIES

The board of directors are not aware of any contingent liabilities as at the date of this report.

22. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2023 (2022: Nil).

23. SUBSEQUENT EVENTS

At the date of signing the financial statements, the directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements that requires an adjustment or disclosure to the financial statements as at 31 December 2023.