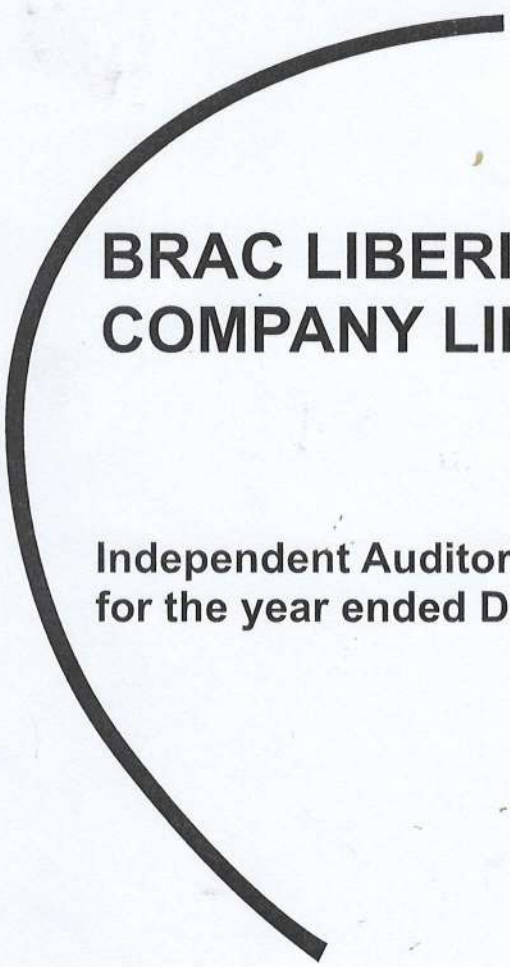


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BRAC LIBERIA MICROFINANCE COMPANY LIMITED

**Independent Auditor's Report and Financial Statements
for the year ended December 31, 2023**

BRAC Liberia Microfinance Company Limited
Independent Auditor's Report and Financial Statements
For the year ended December 31, 2023



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Corporate Information

Board of Directors:	Mr. Shameran Abed	-	Chairperson
	Mr. Johannes Maria Antonius Eskes	-	Director
	Ms. Bridget Dougherty	-	Director

Chief Executive Officer: Mr. Dyson Ziviso Mandivenga

Registered Office: Divine Town, Old Road
Monrovia

Bankers:

Ecobank Liberia Limited
11th Street, Sinkor, Monrovia

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

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

Guaranty Trust Bank
13th Street, Sinkor, Monrovia

Access Bank Liberia Limited
20th Street, Sinkor, Monrovia

United Bank of Africa
Broad & Nelson Sts., Monrovia

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

Auditors:

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

Legal Counsel:

Henries Law Firm
31 Benson Street
Monrovia, Liberia

Report of the Board of Directors

The Board of Directors presents its report and the audited financial statements for the year ended December 31, 2023

The Board of Directors' Responsibility Statement

The Company's Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at December 31, 2023, the statement of profit and loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institutions, the Prudential Regulations for Microfinance Institutions issued by the Central Bank of Liberia, and the requirements of Title 5 of the Associations Law of Liberia. The Disclosure Guidelines for Financial Reporting by Microfinance Institutions are voluntary norms recommended by a consultative group of international donors including the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion Network (SEP).

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

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

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

Principal Activities

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

Results

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

Approval of the financial statements

The Board approved the financial statements on 2024.

Report of the Board of Directors (continued)

Going concern

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

Board members

The following members served during the year:

Mr. Shameran Abed*
Mr. Johannes Maria Antonius Eskes
Ms. Bridget Dougherty**

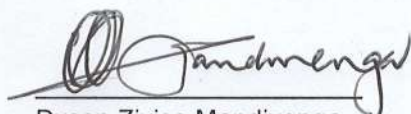
* Mr Shameran Abed resigned from the board chairperson effective February 29, 2024. The Board will ratify this in the upcoming board and Annual General Meeting scheduled to be held in May 2024.

** The role of chairperson will be assumed by Ms. Bridget Dougherty from the first board meeting for FY2024 (i.e., the 1st Quarter board meeting) scheduled to be held in May 2024.

Auditors

Baker Tilly Liberia, the auditors, have expressed their desire to continue as auditors of the Company for the financial year 2024.

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



Dyson Ziviso Mandivenga
Chief Executive Officer
BRAC Liberia Microfinance Company Limited

Board Member
BRAC Liberia Microfinance
Company Limited

Board Member
BRAC Liberia Microfinance
Company Limited

21st Street & Gibson Avenue
Fiamah, Sinkor
P.O. Box 10-0011
1000 Monrovia 10, Liberia

T: +231 (0) 886 514 965
F: + 1 905 469 0986

info@bakertillyliberia.com
www.bakertillyliberia.com

To: The members of BRAC Liberia Microfinance Company Limited

Independent Auditor's Report

Opinion

We have audited the financial statements of BRAC Liberia Microfinance Company Limited ("BRAC" or "the Company"), which comprise the statement of financial position as December 31, 2023, and the statement of profit and loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Liberia Microfinance Company Limited as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), the Disclosure Guidelines for financial reporting by Microfinance Institutions, the Prudential Regulations for financial institutions issued by the Central Bank of Liberia ("CBL"), and in the manner required by Title 5 of the Associations Law of Liberia.

Basis for opinion

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

ASSURANCE · TAX · ADVISORY

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

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

Key audit matter(s)	How the matter was addressed in our audit
Impairment of loans and advances The impairment of loans and advances to customers is considered as significant in the audit due to the level of subjectivity inherent in estimating loan loss provisions. The Company's provision for losses on financial assets is calculated using the expected credit loss (ECL) model rather than the incurred loss model. The determination of provisions for credit losses using the ECL approach requires complex financial quantitative models as well as qualitative data; the latter of which employs a significant amount of management judgment. Impairment allowance on loan facilities that have shown a significant increase in credit risk is based on the Company's estimate of losses expected to result from default events over the life of the facility. Impairment allowance on other facilities that have not shown a significant increase in credit risks is recognized based on an estimate of losses expected as a result of default events within 12 months after the reporting date. These estimates are also an output of models which includes the evaluation of past due information. The Company incorporates forward-looking information into both the assessment of whether credit risks have increased significantly, and in the measurement of ECL. Management has used significant judgment in the classification of loans into stages, as well as in estimating the key assumptions applied on the recoverability of loan balances. See Notes 5 & 13 to the financial statements for further information.	We assessed the design and implementation as well as the operating effectiveness of controls over the Company's procedures used in the classification of loan assets. Key controls evaluated include management's review of input data and use of forward-looking macroeconomic data. We performed extensive procedures on assessing the reliability of qualitative factors used by management in the determination of loan asset stage classification. We documented management's judgment criteria and assessed the validity of management's judgment criteria to underlying supporting information. We performed substantive test of details in assessing key data and assumptions for data input into the ECL model used by the Company. Our procedures included the following: • We challenged the reasonableness of the Company's ECL methodology by considering whether it reflects unbiased and probability weighted amounts that are determined by evaluation of a range of possible outcomes, the time value of money and reasonable & supportable information as at the reporting date, about past events, current conditions and forecasts of future economic conditions. Information considered includes credit historical default rates, foreign exchange rates and Gross Domestic Product growth rates. • We evaluated the appropriateness of management's basis used in the determination of exposure at default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

(Certified Public Accountants)
March 18, 2024
Monrovia

BRAC Liberia Microfinance Company Limited
Independent Auditor's Report and Financial Statements
For the year ended December 31, 2023

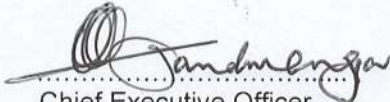


Statement of financial position
As of December 31

Assets	Notes	2023 LRD	2022 LRD	2023 USD	2022 USD
Cash and bank	12	253,191,356	313,214,565	1,352,735	2,047,556
Short term investments	12.1	809,231,508	311,041,589	4,323,511	2,033,350
Loans and advances to customers	13	2,833,319,173	2,135,854,364	15,137,678	13,962,570
Other assets	14	20,635,896	16,873,663	110,252	110,307
Right of use (ROU) assets	23(a)	7,697,586	3,683,242	41,126	24,078
Deferred tax assets	11	3,047,689	3,862,607	16,283	25,251
Intangible Asset	15	23,834,303	32,717,656	127,340	213,883
Property and equipment	16	48,492,285	28,803,239	259,082	188,293
Total Assets		<u>3,999,449,796</u>	<u>2,846,050,925</u>	<u>21,368,007</u>	<u>18,605,288</u>
Liabilities and capital fund					
Liabilities					
Loan security funds	17	654,754,299	494,303,617	3,498,180	3,231,376
Related party payable	18	61,440,442	99,144,354	328,260	648,129
Borrowings	19	1,358,212,108	599,103,162	7,256,569	3,853,405
Deferred tax Liabilities	11	1,347,437	-	7,199	-
Taxes payable	11	142,338,400	143,830,512	760,477	940,253
Donor Funds	21	16,496,283	42,927,722	88,135	280,628
Lease liabilities	23(b)	17,864,962	5,558,790	95,448	36,339
Other liabilities	20	59,855,673	74,781,609	319,793	488,865
Total Liabilities		<u>2,312,309,604</u>	<u>1,459,649,766</u>	<u>12,354,061</u>	<u>9,478,995</u>
Capital fund					
Share capital	22	339,339,071	339,339,071	4,076,145	4,076,145
Share premium		120,755,662	120,755,662	889,529	889,529
Retained earnings		1,227,045,459	926,306,426	7,672,044	5,688,144
Cumulative translation reserve		-	-	(3,623,772)	(1,527,525)
Total capital fund		<u>1,687,140,192</u>	<u>1,386,401,159</u>	<u>9,013,946</u>	<u>9,126,293</u>
Total liabilities and capital fund		<u>3,999,449,796</u>	<u>2,846,050,925</u>	<u>21,368,007</u>	<u>18,605,288</u>

The Board of Directors approved the financial statements on pages 9 - 13 on 2024


.....
Head of Finance
BRAC Liberia Microfinance Company Limited


.....
Chief Executive Officer
BRAC Liberia Microfinance Company Limited

.....
Board Member
BRAC Liberia Microfinance Company Limited

.....
Board Member
BRAC Liberia Microfinance Company Limited

The notes on pages 14 to 35 are an integral part of these financial statements

Statement of profit and loss and other comprehensive income

For the year ended December 31

Income	Notes	2022 <u>LRD</u>	2022 <u>LRD</u>	2023 <u>USD</u>	2022 <u>USD</u>
Service charge on loans	5	1,376,224,606	1,083,751,281	7,897,309	7,116,327
Interest and other financial expenses	10.2	(64,366,881)	(18,985,270)	(369,362)	(124,665)
Net income from service charge		<u>1,311,857,725</u>	<u>1,064,766,011</u>	<u>7,527,947</u>	<u>6,991,662</u>
Membership fees and other charges	6	100,513,095	77,213,020	576,783	507,010
Grant Income	7	93,260,638	19,184,337	535,166	125,972
Other income	7	<u>22,961,915</u>	<u>18,006,713</u>	<u>131,764</u>	<u>118,239</u>
		<u>216,735,648</u>	<u>114,404,070</u>	<u>1,243,713</u>	<u>751,221</u>
		<u>1,528,593,373</u>	<u>1,179,170,081</u>	<u>8,771,660</u>	<u>7,742,883</u>
Total operating income					
Expenditures:					
Impairment losses on loan and advances to customers	8	(38,185,496)	(26,636,437)	(219,123)	(174,905)
Operating income after impairment charges		<u>1,490,407,877</u>	<u>1,152,533,644</u>	<u>8,552,537</u>	<u>7,567,978</u>
Staff costs	9	(583,322,030)	(388,301,531)	(3,347,328)	(2,549,737)
Other operating expenses	10	(413,590,123)	(294,174,478)	(2,373,340)	(1,931,663)
Depreciation & Amortization	16 & 23 (c)	<u>(24,374,561)</u>	<u>(24,496,049)</u>	<u>(139,871)</u>	<u>(160,850)</u>
Total operating expenses		<u>(1,021,286,714)</u>	<u>(706,972,058)</u>	<u>(5,860,538)</u>	<u>(4,642,250)</u>
Profit before tax		<u>469,121,163</u>	<u>445,561,586</u>	<u>2,691,999</u>	<u>2,925,728</u>
Income tax expense	11	<u>(123,396,773)</u>	<u>(103,479,446)</u>	<u>(708,099)</u>	<u>(679,486)</u>
Net Profit for the year		<u>345,724,390</u>	<u>342,082,140</u>	<u>1,983,900</u>	<u>2,246,242</u>
Other comprehensive income		<u>(45,032,221)</u>	<u>(12,243,923)</u>	<u>(258,412)</u>	<u>(80,398)</u>
Unrealized exchange gains/ (loss)					
Total comprehensive income		<u>300,692,169</u>	<u>329,838,217</u>	<u>1,725,488</u>	<u>2,165,844</u>

The notes on pages 14 to 35 are an integral part of these financial statements

Statement of changes in equity

For the year ended December 31, 2023

	Share Capital	Share premium	Retained Earnings	Translation reserve	Total Capital Fund	Total Capital Fund
	<u>LRD</u>	<u>LRD</u>	<u>LRD</u>	<u>LRD</u>	<u>LRD</u>	<u>USD</u>
At January 1, 2022	339,339,071	120,755,662	595,716,269	(2,760,064)	1,053,050,938	748,697
Profit for the year	-	-	342,082,140	-	342,082,140	2,246,242
Adjustment to translation reserve	-	-	-	3,512,004	3,512,004	-
Transferred to Share Premium	-	-	-	-	-	-
Translation difference	-	-	-	(12,243,923)	(12,243,923)	(606,927)
As of 31 December 2022,	339,339,071	120,755,662	937,798,409	(11,491,983)	1,386,401,159	9,126,293
At 1 January 2023	339,339,071	120,755,662	937,798,409	(11,491,983)	1,386,401,159	9,126,293
Profit/ (Loss) for the year	-	-	345,724,390	-	345,724,390	1,983,900
Adjustment to translation reserve	-	-	-	(40,583,170)	(40,583,170)	-
Transferred to Share premium	-	-	-	45,032,221	45,032,221	(2,096,248)
Translation difference	-	-	-	(7,042,932)	(7,042,932)	(2,096,248)
As of 31 December 2023,	339,339,071	120,755,662	1,283,522,799	(7,042,932)	1,736,574,600	9,013,946

The notes on pages 14 to 35 are an integral part of these financial statement

Statement of cash flows

For the year ended December 31, 2023

	2023 LRD	2022 LRD	2023 USD	2022 USD
CASHFLOW FROM OPERATING ACTIVITIES				
Cash flow from operating activities				
Total Comprehensive Income	300,692,169	329,838,217	1,725,488	2,165,844
Depreciation	24,374,561	24,496,049	139,871	160,851
Loan loss provision	38,185,496	26,636,437	219,123	174,905
Cash flow before changes in working capital	363,252,226	380,970,703	2,084,482	2,501,600
Increase/(decrease) in provision for taxation	121,234,418	108,203,612	695,690	710,506
Changes in working capital				
Decrease/(increase) in receivables and other current assets	(3,762,233)	(4,784,063)	(21,589)	(31,414)
Decrease/ (Increase) in short term investments	(498,189,919)	(282,284,181)	(2,858,807)	(1,853,586)
Decrease/(increase) in deferred tax asset	814,918	(2,893,371)	4,676	(18,999)
Decrease/(increase) in interest receivables	(10,874,492)	(7,629,975)	(62,402)	(50,101)
Increase/(decrease) in current liabilities	(14,925,936)	11,669,226	(85,651)	76,625
Increase/(decrease) in related party payables	(37,703,912)	32,826,325	(216,360)	215,550
Tax payment in the year (previous and current year)	(122,726,530)	(22,477,293)	(704,252)	(147,595)
Net cash from operations	(202,881,460)	213,600,983	(1,164,212)	1,402,586
Loan disbursements	(7,903,254,516)	(6,023,642,008)	(45,351,932)	(39,553,543)
Loan collection	7,181,876,040	5,519,503,829	41,212,384	36,243,178
Loan loss reserve movement	(27,347,147)	(25,501,957)	(178,979)	(180,538)
Interest receivable written off	(3,397,337)	(3,256,228)	(19,495)	(21,382)
Net cash flow from Operating Activities	(955,004,420)	(319,295,382)	(5,502,236)	(2,109,698)
Cash flow from Investing Activities				
(Acquisition)/disposal of fixed assets	(34,774,209)	(25,531,339)	(199,548)	(167,649)
(Acquisition)/disposal of intangible assets	(563,622)	(28,473,166)	(3,234)	(186,966)
Net cash flow from Investing Activities	(35,337,831)	(54,004,505)	(202,782)	(354,615)

The notes on pages 14 to 35 are an integral part of these financial statements

Statement of cash flows

For the year ended December 31, 2023

Cash flow from Financing

Activates

Term loans increase/(decrease)	759,108,946	278,987,581	4,356,061	1,831,939
Loan security fund increase/(decrease)	160,450,682	110,016,475	920,728	722,410
Lease liabilities increase/ (decrease)	12,306,172	1,319,882	70,618	8,667
Loan security fund written off	-	-	-	-
Donor fund increase/(decrease)	93,129,920	62,108,865	497,569	406,020
Donor funds (used)/ refunds	(92,255,136)	-	(492,895)	-
Payment of lease liability -Principal ROU	-	-	-	-
Share capital increase/(decrease)	-	-	-	-

Net cash flow from financing activities

932,740,584 452,432,803 5,352,080 2,969,037

Net (decrease)/increase in cash and cash equivalents

(57,601,667) 79,132,917 (352,937) 504,724

Cash and cash equivalents at beginning of the year

313,214,564 212,693,064 2,047,555 1,493,316

Convenience translation reserve

(2,421,542) 21,388,584 (341,883) 49,515

Cash and cash equivalents at end of the year

253,191,356 313,214,565 1,352,735 2,047,555

The notes on pages 14 to 35 are an integral part of these financial statements

Notes to the financial statement

1. Reporting company

BRAC Liberia Microfinance Company Limited was established in February of 2009. It is a microfinance institution incorporated and domiciled in Liberia. Its main objective is to contribute to the economic rebuilding of Liberia by providing financial services to low-income entrepreneurs, mostly women, while serving as a means to improve the agriculture sector through micro businesses. The Company began operations in April 2009 with five (5) branches in Monrovia - Sinkor, Paynesville, Barnersville, Caldwell, and New Kru Town. Currently, the Company has Forty-Two (42) branches in nine (9) of Liberia's 15 counties.

2. Basis of preparation

(a) Basis of presentation of the financial statements

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

(b) Basis of measurement

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

(c) Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (United States dollar). Significant transactions and activities are measured in Liberian dollars and translated to United States dollars. The exchange rates used in the financial statements are as follows: 2023 (**1USD: 187.17 LRD – Closing Rate; and 174.27 LRD – Average Rate**) and 2022 (**1USD: 152.97 LRD – Closing Rate; and 152.29 LRD – Average Rate**)

(d) Use of estimates and judgments

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

Notes to the financial statements (continued)

Basis of preparation (continued)

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

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

Notes 16 Depreciation

Notes 20 Provisions and other liabilities

3. Significant accounting policies

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

(a) Foreign currency transactions

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

(b) Revenue recognition

Service charge on loans

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from contracts with customers, which replaced IAS 18, Revenue, and IAS 11, Construction Contracts, has been applied effectively from January 1, 2019. It applies to all contracts with customers except leases, financial instruments, and insurance contracts. The standard establishes a more systematic approach 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 these services are provided (e.g., on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on the requirements of IFRS 9.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(c) Provisions and other liabilities

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

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

(d) Loan administration fees

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

(e) Fixed assets (operating assets)

Recognition and measurement

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

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

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

Subsequent costs

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

Notes to the financial statements (continued)

Significant accounting policies (continued)

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

Depreciation

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

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

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

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

Disposals

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

(f) Intangible (operating assets)

Accounting software

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

The expected useful life of Software is four years.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(g) IFRS 9 Financial Instruments

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

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

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

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

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost; FVOCI-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)

Significant accounting policies (continued)

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

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

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

(ii) Impairment of financial assets

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

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

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

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

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

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

Notes to the financial statements (continued)

Significant accounting policies (continued)

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Presentation of impairment

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

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

Notes to the financial statements (continued)

Significant accounting policies (continued)

(h) IFRS 16 – Leases

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

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

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

(i) Other Liabilities

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

(j) Employee benefits

Pension obligations

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

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

End of service benefits

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

Medical benefit

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

Notes to the financial statements (continued)

Significant accounting policies (continued)

(k) Inventory

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

(l) Finance income and expenses

Finance income comprises interest received on deposits.

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

(m) Administrative expenses

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

(n) Borrowings

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

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

(o) New Standards and Interpretations

Standards and interpretations effective and adopted in the current year.

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

Standard/ Interpretation:	Effective date: Years beginning on or After
International tax reform - Pillar two model rules - amendments to IAS 12	January 1, 2023
Initial application of IFRS 17 and IFRS 9 - Comparative information	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12	January 1, 2023
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023
Definition of accounting estimates: Amendments to IAS 8	January 1, 2023
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	January 1, 2023

The impact of the above amendments is not material.

Notes to the financial statements (continued)

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

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning on or after January 1, 2024, and have not been applied in preparing the financial statements. The company's assessment of the impact of these new standards, amendments to standards, and interpretations is set out below.

Standard/ Interpretation:	Effective date: Years beginning on or After
Lack of exchangeability - amendments to IAS 21	January 1, 2025
Supplier finance arrangements - amendments to IAS 7 and IFRS 7	January 1, 2024
Non-current liabilities with covenants - amendments to IAS 1	January 1, 2024
Lease liability in a sale and leaseback	January 1, 2024

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

Several other amendments to standards and interpretations will apply on or after January 1, 2024, and have not yet been applied. However, they are not expected to have a material impact the company's financial statements.

4. Financial risk factors

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

(a) Credit risk

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

Credit risk analysis:

	<u>2023</u>	<u>2022</u>
Portfolio at risk (PAR) 30 days		
Total loans in arrears over 30 days	20,140,666	32,449,260
Total loans outstanding	<u>2,820,681,223</u>	<u>2,130,370,400</u>
Portfolio at risk	<u>0.71%</u>	<u>1.52%</u>

The PAR 30 figure denotes the amount of loans outstanding greater than 30 day, which may not be fully recoverable. Provisions have been taken against these loans in the financial statements based on Company policy. The Management of BRAC Liberia Microfinance Company is constantly reviewing the PAR>30 numbers and trying to reduce it. Management has achieved a ratio of 0.71% for 2023 through strong field supervision and regular monitoring of clients' performance.

Notes to the financial statements (continued)

(b) Liquidity risk

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

(c) Currency risk

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

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

	2023	2022	2023	2022
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
5. Service charge on loans				
Group Loans (Microfinance)	1,171,684,414	911,656,699	6,723,579	5,986,287
Small Enterprise Program	186,000,630	156,424,064	1,067,344	1,027,141
Job Holders' Loan	<u>18,539,562</u>	<u>15,670,518</u>	<u>106,386</u>	<u>102,899</u>
Total	<u>1,376,224,606</u>	<u>1,083,751,281</u>	<u>7,897,309</u>	<u>7,116,327</u>
6. Membership fees and other charges				
Membership fees	19,575,400	15,621,400	112,331	102,576
Loan appraisal fees	79,031,095	60,236,420	453,511	395,535
Loan application fees	<u>1,906,600</u>	<u>1,355,200</u>	<u>10,941</u>	<u>8,899</u>
Total	<u>100,513,095</u>	<u>77,213,020</u>	<u>576,783</u>	<u>507,010</u>
7. Other income				
Other Income	5,315,104	14,533,898	30,500	95,435
Grant income	93,260,638	19,184,337	535,166	125,972
Interest Income from Other Investments	17,622,778	3,451,003	101,126	22,661
Gain due to early repayment	<u>24,033</u>	<u>21,812</u>	<u>138</u>	<u>143</u>
Total	<u>116,222,553</u>	<u>37,191,050</u>	<u>666,930</u>	<u>244,211</u>
8. Impairment losses on loans and advances				
General provision				
- ECL Stage 1	10,899,449	218,999	62,545	1,437
- ECL Stage 2	6,040,423	1,952,289	34,662	12,820
- ECL Stage 3	21,245,624	24,465,149	121,916	160,648
Specific Provision	=	=	=	=
Total	<u>38,185,496</u>	<u>26,636,437</u>	<u>219,123</u>	<u>174,905</u>

Notes to the financial statements (continued)

	2023	2022	2023	2022
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
9. Staff costs				
Salary & benefits	480,771,539	331,304,337	2,758,853	2,175,471
Bonus	34,608,515	20,056,361	198,598	131,698
NASSCORP	51,738,491	27,764,732	296,895	182,314
Staff medical and insurance	<u>16,203,485</u>	<u>9,176,101</u>	<u>92,982</u>	<u>60,254</u>
Total	<u>583,322,030</u>	<u>388,301,531</u>	<u>3,347,328</u>	<u>2,549,737</u>

	2023	2022	2023	2022
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
10. Other Operating Expenses				
Occupancy expenses (Note - 10.01)	41,102,915	31,419,307	235,864	206,311
Staff training and development	20,173,424	10,656,736	115,763	69,976
Travel and transportation	129,014,541	103,227,033	740,335	677,828
Board and regional meetings	-	-	-	-
Digitalization expenses	301,641	-	1,731	-
Maintenance & general expenses	15,590,361	19,787,222	89,464	129,930
Regulatory and Related Expenses	1,927,586	742,336	11,061	4,874
ERP Maintenance cost	60,882,179	30,376,424	349,366	199,463
Printing and office stationeries	12,110,772	16,412,002	69,496	107,768
Legal & other professional fees	7,565,117	12,526,395	43,412	82,253
Audit fees	1,337,510	1,612,280	7,675	10,588
Insurance claim	2,540,000	1,390,000	14,576	9,127
Internet Expense	30,554,017	15,570,949	175,331	102,246
Bank Charges	8,815,435	6,754,172	50,586	44,350
Withholding Tax Expenses	2,194,827	-	12,595	-
Research and Survey cost	12,691,679	-	72,830	-
Security costs	2,970,907	-	17,048	-
Fuel & Vehicle expenses	9,238,601	6,971,006	53,015	45,774
HO Logistics and Mgt Expenses to BIHBV	45,395,329	33,684,147	260,496	221,183
HO logistics and mgt expenses	10,466,317	3,044,469	60,060	19,991
Total	<u>413,590,123</u>	<u>294,174,478</u>	<u>2,373,340</u>	<u>1,931,662</u>

10.1 Occupancy Expenses

Rent	25,979,707	18,608,593	149,082	122,191
Utilities	15,123,208	12,810,714	86,782	84,120
Total	<u>41,102,915</u>	<u>31,419,307</u>	<u>235,864</u>	<u>206,311</u>

10.2 Interest expenses on borrowings

Interest on Bank Loans	14,161,188	6,644,800	81,262	43,632
Interest expense on BIFBV loans	44,503,098	9,834,288	255,376	64,576
Fund management fees	3,469,229	2,131,117	19,908	13,994
Realised foreign exchange loss/(gain)	1,294,030	-	7,426	-
Subtotal	<u>63,427,545</u>	<u>18,610,205</u>	<u>363,972</u>	<u>122,202</u>
Interest on lease liability [Note 23 (c)]	939,336	375,065	5,390	2,463
Subtotal	<u>64,366,881</u>	<u>18,985,270</u>	<u>369,362</u>	<u>124,665</u>

Notes to the financial statements (continued)

	2023 LRD	2022 LRD	2023 USD	2022 USD
11. Taxation				
a) Income tax expenses				
Corp tax- charge for the period	121,234,418	108,203,612	695,690	710,506
Deferred tax expense adjustment	2,162,355	-	12,409	-
Deferred tax income	-	(4,724,166)	-	(31,020)
Tax (Credit)/ expense	<u>123,396,773</u>	<u>103,479,446</u>	<u>708,099</u>	<u>679,486</u>
b) Deferred tax assets/ (liability)				
Deferred tax asset	3,047,689	3,862,607	16,283	25,251
Deferred tax Liabilities	(1,347,437)	-	(7,199)	-
Deferred tax asset /(liability)	<u>1,700,252</u>	<u>3,862,607</u>	<u>9,084</u>	<u>25,251</u>
c) Advance Tax/ (Tax Payable)				
Balance B / F	(143,830,512)	(58,104,193)	(940,253)	(407,949)
Adjustment for opening balance	-	-	-	-
Tax payable for the period	(121,234,418)	(108,203,612)	(695,690)	(710,506)
Adv tax paid during the year	28,765,825	22,477,293	165,069	147,595
Tax payment for previous years	93,960,705	-	539,027	-
Translation difference	-	-	164,751	30,608
Advance Tax/ (Tax Payable)	<u>(142,338,400)</u>	<u>(143,830,512)</u>	<u>760,477</u>	<u>(940,253)</u>
12. Cash and bank				
Cash in hand	6,437,536	9,601,727	34,394	62,769
Cash at banks:				
Access Bank	89,385,920	102,723,581	477,565	671,528
Afriland First Bank Ltd	3,760,402	7,030,428	20,091	45,960
Community Bank (Ganta, Voinjama)	23,720,769	29,250,121	126,734	191,214
ECO Bank	26,091,290	27,970,161	139,399	182,847
Guaranty Trust Bank	17,652,008	15,392,294	94,310	100,623
International Bank	4,689,775	2,536,697	25,056	16,583
Liberia Bank for Development & Investment	11,340,217	9,350,578	60,588	61,127
GN Bank	134,429	834,429	718	5,455
UBA Bank	68,893,056	107,504,979	368,077	702,785
Lonestar Mobile Money	1,085,954	1,019,570	5,802	6,665
Total	<u>246,753,820</u>	<u>303,612,838</u>	<u>1,318,341</u>	<u>1,984,787</u>
	<u>253,191,356</u>	<u>313,214,565</u>	<u>1,352,735</u>	<u>2,047,556</u>
12.10 Short term investment with the Bank				
Term deposit with UBA & GT Bank	804,831,000	307,319,178	4,300,000	2,009,016
Interest on term deposit	4,400,508	3,722,411	23,511	24,334
Foreign translation reserve	-	-	-	-
Total	<u>809,231,508</u>	<u>311,041,589</u>	<u>2,033,350</u>	<u>2,033,350</u>

Notes to the financial statements (continued)

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

Term deposits with UBA amount to USD 2,800,000 and are carried at an interest rate of 3.2% for USD 2,000,000 and 3.5% for USD 800,000, maturing on September 15, 2024 November 15, 2024 respectively. The remaining deposit of USD 1,500,000 is invested with GT Bank at an interest rate of 3.1%, maturing on May 1, 2024. It is expected that BLMCL will receive the principal and accrued interest upon maturity.

13.00				
LOANS AND ADVANCES TO CUSTOMERS	2023	2022	2023	2022
	LRD	USD	USD	USD
Group loan (Microfinance)	2,381,688,032	1,753,094,879	12,724,732	11,460,384
Small enterprises program (SEP)	429,905,013	368,274,872	2,296,869	2,407,497
Job holders' loans	40,155,831	33,441,732	214,542	218,616
Loan written off	(31,067,653)	(24,441,083)	(165,986)	(159,777)
Interest receivable	47,274,191	36,258,590	252,574	237,031
Interest receivable written-off	(3,397,337)	(3,256,228)	(18,151)	(21,287)
Impairment loss on loans advances	<u>(31,238,904)</u>	<u>(27,518,398)</u>	<u>(166,901)</u>	<u>(179,894)</u>
Total	<u>2,833,319,173</u>	<u>2,135,854,364</u>	<u>15,137,678</u>	<u>13,962,570</u>

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

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

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

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

At January 1	2,130,370,400	1,650,673,304	13,926,720	11,589,365
Loans disbursed	7,903,254,516	6,023,642,008	45,351,932	39,553,543
Less: Loan repayments	(7,181,876,040)	(5,519,503,829)	(41,212,384)	(36,243,178)
Translation difference	=	=	<u>(2,830,125)</u>	<u>(813,233)</u>
	2,851,748,876	2,154,811,483	15,236,143	14,086,497
Less: Loans written-of (P)	(31,067,653)	(24,441,083)	(165,986)	(159,777)
Gross advances to customer	2,820,681,223	2,130,370,400	15,070,157	13,926,720
Interest receivable	47,274,191	36,258,590	252,574	237,031
Interest receivable written off	(3,397,337)	(3,256,228)	(18,151)	(21,287)
Less: Impairment loss on loans advanced (13.2)	<u>(31,238,904)</u>	<u>(27,518,398)</u>	<u>(166,901)</u>	<u>(179,894)</u>
Net advances to customers	<u>2,833,319,173</u>	<u>2,135,854,364</u>	<u>15,137,678</u>	<u>13,962,570</u>

Notes to the financial statements (continued)

	2023	2022	2023	2022
	LRD	LRD	USD	USD
13.2 Allowance for loans loss account				
At January 1	27,518,398	28,579,272	179,894	200,655
Charge for the year	38,185,496	26,636,437	219,123	174,905
Loans written off (P)	(31,067,653)	(24,441,083)	(165,986)	(159,777)
Interest receivable written off	(3,397,337)	(3,256,228)	(18,151)	(21,287)
Translation difference	-	-	(47,979)	(14,602)
At December 31	<u>31,238,904</u>	<u>27,518,398</u>	<u>166,901</u>	<u>179,894</u>
14. Other assets	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>LRD</u>	<u>LRD</u>	<u>USD</u>	<u>USD</u>
Advance to third parties	204,003	4,125,301	1,090	26,968
Prepaid rent	13,974,698	8,487,362	74,663	55,484
Inventory-passbook	6,457,195	4,261,000	34,499	27,855
Total	<u>20,635,896</u>	<u>16,873,663</u>	<u>110,252</u>	<u>110,307</u>
15. Intangible assets:				
Cost				
As at 31 December 2022	44,886,885	16,413,719	294,435	111,350
Software cost added in the year	563,622	28,473,166	3,011	186,136
Translation reserve	-	-	-	(3,051)
As at December 31, 2023	<u>45,450,507</u>	<u>44,886,885</u>	<u>297,446</u>	<u>294,435</u>
Accumulated Amortization				
As at December 31, 2022	12,169,229	8,041,005	80,552	52,566
Amortized for the year	9,444,317	4,128,224	54,195	27,108
Translation difference	-	-	35,359	878
As at December 31, 2023	<u>21,616,204</u>	<u>12,169,229</u>	<u>170,105</u>	<u>80,552</u>
Net Book Value				
As at December 31, 2022	=	<u>32,717,656</u>	=	<u>213,883</u>
As at December 31, 2023	<u>23,834,303</u>	=	<u>127,340</u>	=

Notes to the financial statements (continued)

16. Property and equipment

Cost	Furniture		Equipment's		Motor Vehicles		Total	
	LRD		LRD		LRD		LRD	USD
At January 1, 2022	10,754,762		39,035,513		16,155,620		65,945,895	463,006
Additions	8,053,767		17,380,957		96,615		25,531,339	167,649
Disposals	(4,816,631)		(21,214,062)		(827,238)		(26,857,931)	(176,359)
Translation difference	-		-		-		-	(31,865)
As at December 31, 2022	13,991,898		35,202,408		15,424,997		64,619,303	422,431
Additions	7,217,051		18,118,558		9,438,600		34,774,209	199,548
Disposals	(1,219,378)		(9,714,687)		(50,750)		(10,984,815)	(63,035)
Translation difference	-		-		-		-	(86,600)
As at December 31, 2023	19,989,571		43,606,279		24,812,847		88,408,697	472,344
Accumulated depreciation								
At January 1, 2022	4,116,437		17,284,410		9,969,404		31,370,251	220,250
Charge for the year	1,743,198		8,665,461		3,016,509		13,425,169	88,155
Disposals	1,085,626		(10,424,888)		359,907		(8,979,356)	(58,962)
Translation difference	-		-		-		-	(15,305)
As at December 31, 2022	6,945,261		15,524,983		13,345,820		35,816,064	234,138
Charge for the year	2,803,436		4,609,594		1,458,752		8,871,782	50,909
Disposal	(459,259)		(4,261,425)		(50,749)		(4,771,434)	(27,380)
Translation difference	-		-		-		-	(44,404)
As at December 31, 2023	9,289,438		15,873,151		14,753,823		39,916,412	213,263
Written down Value								
As at December 31, 2022	7,046,637	29	19,677,425		2,079,177		28,803,239	188,293
As at December 31, 2023	10,700,133		27,733,128		10,059,024		48,492,285	259,082

Notes to the financial statements (continued)

17. Loan security fund

	2023	2022	2023	2022
	LRD	LRD	USD	USD
Opening balance	494,303,617	384,287,142	3,231,376	2,698,077
Received during the year	308,879,656	185,999,152	1,772,471	1,221,342
Paid off /Adjusted during the year	(148,428,974)	(75,982,677)	(793,016)	(496,716)
Translation difference	-	-	(712,651)	(191,327)
Closing balance	<u>654,754,299</u>	<u>494,303,617</u>	<u>3,498,180</u>	<u>3,231,376</u>

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

18. Related party payables

	2023	2022	2023	2022
	LRD	LRD	USD	USD
Payable to BRAC International Holdings B. V	26,303,374	78,977,646	140,532	516,295
Payable to Bangladesh	19,640,007	12,407,722	104,931	81,112
Payable to Stichting BRAC International	5,206,695	2,607,673	27,818	17,047
Payable to other projects in BRAC Liberia	11,696,861	<u>5,151,313</u>	62,493	<u>33,675</u>
Receivable from BRAC Liberia (Cost recovery)	<u>(1,406,495)</u>	-	<u>(7,515)</u>	-
Total	<u>61,440,442</u>	<u>99,144,354</u>	<u>328,260</u>	<u>648,129</u>

The organization has related party relationships with BRAC International Holding BV, Stichting BRAC International, and BRAC Bangladesh, which provides management and administrative services to the organization.

The organization's relationship with BRAC Liberia NGO is based on the training facility which is managed by BRAC NGO, and which BRAC Liberia Microfinance Co Ltd uses for various training activities. The liability of LRD 5,151,313 due to BRAC NGO at December 31, 2022 was fully settled in the year 2023. The liability of LRD 11,696,861 is from historical transactions and receivable of LRD 1,406,495 is cost recovery on shared resources (Branches and staff at area offices).

19. Borrowings	Interest rate	2023	2022	2023	2022
		LRD	LRD	USD	USD
Loan from KIVA (19.1)	0%	108,864,868	60,161,258	581,636	393,288
Loan from Central bank of Liberia (19.2)	2%	64,257,757	63,939,120	343,312	417,985
Loan from Whole Planet Foundation (19.3)	0%	70,835,876	70,835,876	400,000	400,000
Loan from UBA (Overdraft 19.4)	7%	94,995,378	98,160,672	507,535	641,699
Loan from GT Bank (Overdraft 19.5)	7%	239,333,077	-	1,278,694	-
Loan from BRAC International Finance BV (19.6)	5.85%; 6.85% &7.60%	779,925,152	306,006,236	4,167,000	2,000,433
Foreign Translation reserve		-	-	<u>(21,608)</u>	-
Total		<u>1,358,212,108</u>	<u>599,103,162</u>	<u>7,256,569</u>	<u>3,853,405</u>

Notes to the financial statements (continued)

	2023	2022	2023	2022
	LRD	LRD	USD	USD
Movements in borrowings:				
19.1 KIVA @ 0% interest				
Opening Balance	60,161,258	64,490,332	393,288	452,786
Received during the year	48,141,271	21,874,748	257,206	119,011
Interest payable	-	-	-	-
Paid during the year	(18,855,875)	(26,203,822)	(100,742)	(172,317)
FX loss/ (gain)	<u>19,418,215</u>	-	<u>31,884</u>	<u>(6,192)</u>
Total	<u>108,864,869</u>	<u>60,161,258</u>	<u>581,636</u>	<u>393,288</u>

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

	2023	2022	2023	2022
	LRD	LRD	USD	USD
19.2 Central Bank of Liberia @ 2%				
Opening Balance	63,939,120	63,939,124	417,985	448,916
Opening Interest accrued	318,641	-	1,702	-
Received during the year	-	-	-	-
Interest accrued in the year	1,274,532	1,274,532	6,809	8,332
Interest paid during the year	(1,274,536)	(1,274,536)	(6,810)	(8,332)
FX loss/ (gain)	-	-	<u>(76,375)</u>	<u>(30,931)</u>
Total	<u>64,257,757</u>	<u>63,939,120</u>	<u>343,312</u>	<u>417,985</u>

The Company received US\$ 325,000 on October 19, 2017, and US\$ 228,712 on May 31, 2018, at 2% interest rate, payable on a quarterly basis. The principal amounts for the loans were scheduled for repayment to the Central Bank of Liberia on an installment basis, on October 2023 and December 2024, in equivalent local currency (LRD) as per amended agreement, at a rate of LRD 115.09/ \$1USD.

	2023	2022	2023	2022
	LRD	LRD	USD	USD
19.3 Whole Planet Foundation @ 0%				
Opening Balance	70,835,876	84,534,254	400,000	500,000
Received during the year	-	-	-	-
Principal repaid	-	(13,698,378)	-	(100,000)
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
FX loss/ (gain)	-	-	-	-
	<u>70,835,876</u>	<u>70,835,876</u>	<u>400,000</u>	<u>400,000</u>

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

Notes to the financial statements (continued)

	2023	2022	2023	2022
	LRD	LRD	USD	USD
19.4 UBA overdraft (7%)				
Opening Balance	98,160,672	-	641,699	-
Received during the year	85,794,255	98,160,672	492,321	641,699
Paid during the year	(88,959,549)	-	(626,485)	-
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
FX loss/ (gain)	-	-	-	-
	<u>94,995,378</u>	<u>98,160,672</u>	<u>507,535</u>	<u>641,699</u>

The organization secured an overdraft facility at UBA amounting to LRD 171 Million (2022: LRD 130 million) which runs through November 2024. The facility has interest of 7% per annum. It is 110% covered by cash cover placed with the bank in USD, amounting to USD 1 million. The facility is for 1 year subject to renewal on a merit basis. The collateral of USD 1 million is part of the total investment of USD 2.8 million with UBA Bank Liberia.

	2023	2022	2023	2022
	LRD	LRD	USD	USD
19.5 GT Bank overdraft (7%)				
Opening Balance	-	-	-	-
Received during the year	244,559,994	-	1,306,620	-
Paid during the year	(5,226,918)	-	(27,926)	-
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
FX loss/ (gain)	-	-	-	-
	<u>239,333,077</u>	<u>-</u>	<u>1,278,694</u>	<u>-</u>

The organization secured an overdraft facility amounting to LRD 240 million in 2023 from GT Bank Liberia. The facility has interest of 7% per annum. It is 100% covered by cash cover placed with the bank in USD which, amounting to USD 1.5 million. The facility is for 1 year subject to renewal on a merit basis. The renewal anniversary is May 1, 2024.

	2023	2022	2023	2022
	LRD	LRD	USD	USD
19.6 BRAC International Finance B.V				
@5.85%, 6.85% and 7.60%				
Opening Balance	306,006,236	-	2,000,433	-
Received during the year	424,530,000	304,640,000	1,500,000	1,991,502
Principal repayment in the year	(61,698,240)	-	(333,000)	-
Interest payable	45,314,277	9,805,165	242,102	64,099
Paid during the year	(45,264,573)	(9,765,311)	(241,837)	(63,838)
FX loss/ (gain)	<u>111,037,453</u>	<u>1,326,382</u>	<u>999,301</u>	<u>8,671</u>
	<u>779,925,152</u>	<u>306,006,236</u>	<u>4,167,000</u>	<u>2,000,433</u>

The organization secured USD 1 million in May 2022 at an interest rate of 5.85%; USD 1 million in September 2022 at an interest rate of 6.85%; USD 1.5 million in April 2023 at an interest rate of 7.60%; and USD 1 million in September 2023 at an interest rate of 7.60% per annum, making a total of USD 4,500,000 over the two years. Each loan has a technical fee of 1%. The facilities are for 3 years. In September 2023, BLMCL repaid 33% of the first loan amounting to USD 333,000. The total outstanding balance was USD 4,167,000 as of December 31, 2023.

Notes to the financial statements (continued)

	2023	2022	2023	2022
	LRD	LRD	USD	USD
20. Other Liabilities				
Bonus provision	-	517,717	-	3,384
Provision for Medical Benefits	(1,666,719)	7,679,099	(8,905)	50,200
Provision for audit fees	617,661	927,517	3,300	6,063
Professional & Consultancy Fees Payable	875,020	439,861	4,675	2,875
Tax withholdings	4,905,115	1,643,062	26,207	10,741
NASSCORP provision	-	(362,767)	-	(2,371)
Payable to BRAC IT Services Limited	7,959,781	10,965,346	42,527	71,683
Salary provision	203,520	824,901	1,087	5,393
Gratuity Payable	38,266,281	39,949,211	204,447	261,158
Other provisions	<u>8,695,014</u>	<u>12,197,662</u>	<u>46,455</u>	<u>79,739</u>
Total	<u>59,855,673</u>	<u>74,781,609</u>	<u>319,793</u>	<u>488,865</u>
21. Donor funds	2023	2022	2023	2022
	LRD	LRD	USD	USD
Donor funds received in advance (Note-21.1)	(321,456)	42,927,722	(1,717)	280,628
Donor funds investment in fixed assets (Note-21.2)	<u>16,817,739</u>	-	<u>89,853</u>	-
Total	<u>16,496,283</u>	<u>42,927,722</u>	<u>88,135</u>	<u>280,628</u>
21.1 Donor funds received in advance				
Opening balance	42,927,722	-	229,352	-
Donations received during the year (Note-21.1.1)	93,129,920	62,108,865	497,569	409,500
Transferred to deferred income - investment in fixed assets (Note 21.1.2)	(43,481,050)	-	(232,308)	-
Transferred to statement of income and expenses	(92,255,136)	(19,181,143)	(529,396)	(125,392)
Fx adjustment	-	-	36,501	(3,480)
Closing balance	<u>321,456</u>	<u>42,927,722</u>	<u>1,717</u>	<u>280,628</u>
21.1.1 Donations received during the year				
MasterCard Foundation – AIM project	<u>93,129,920</u>	<u>62,108,865</u>	<u>497,569</u>	<u>409,500</u>
Total	<u>93,129,920</u>	<u>62,108,865</u>	<u>497,569</u>	<u>409,500</u>
21.1.2 Investment in Fixed assets				
Opening balance	-	-	-	-
Transferred from donor funds received in Advance	43,481,050	-	232,308	-
Depreciation charged during the year	(1,005,502)	-	(5,372)	-
Transferred to Donated equity/ Income to P&L	<u>(25,657,809)</u>	-	<u>(137,083)</u>	-
Closing balance	<u>16,817,739</u>	<u>89,853</u>	<u>89,853</u>	<u>89,853</u>

Notes to the financial statements (continued)

	2023	2022	2023	2022
	LRD	LRD	USD	USD

22. Share Capital

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

The subscribed shares have share premium as tabled below:-

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

23. Right of Use (ROU) assets

	2023	2022	2023	2022
	LRD	LRD	USD	USD
(a) ROU (Right of use) asset				
Opening balance	20,698,704	10,625,898	110,588	69,464
Additions during the year	-	-	-	-
Accumulated Depreciation of ROU assets	(13,001,118)	(6,942,656)	(69,462)	(45,386)
Translation difference	-	-	-	-
Net ROU assets	<u>7,697,586</u>	<u>3,683,242</u>	<u>41,126</u>	<u>24,078</u>
(b) Lease liability	17,864,962	5,558,790	95,448	36,339
(c) Expenses				
Depreciation expense (ROU)	6,058,462	6,942,656	34,766	45,588
Interest on lease liability	939,336	375,065	5,390	2,463
Total Lease expenses	<u>6,997,798</u>	<u>7,317,721</u>	<u>40,156</u>	<u>48,051</u>

Notes to the financial statements (continued)

24. Contingent liabilities

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

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

25. Translation reserve adjustment

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

26. Capital expenditure commitments

There were no material capital expenditure commitments either authorized or contracted as at December 31, 2023 (2022: Nil).

27. Subsequent events

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