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Indicates further information online

# Welcome to our 2023 impact report

### Fostering a culture of entrepreneurship in Africa

Business Partners International Africa LLC (BPI Africa or the company) is proud to present our inaugural impact and business report showcasing our investment activities and ongoing efforts to contribute to sustainable development in Africa.

Established in 2015, BPI Africa operates in Kenya, Rwanda, Uganda, Malawi and Namibia, where we extend access to financial capital and technical assistance to support small and medium-sized enterprises (SMEs).

### Our values are embedded in the way we conduct ourselves and the decisions we make.

#### **Entrepreneurial spirit**

Our people are both entrepreneurial and passionate about entrepreneurs. We invest where we see an opportunity, driven by the conviction that SMEs are generators of wealth and economic growth. Our entrepreneurial approach and passion for doing business enables us to partner with our clients in the success of their businesses.



#### **Economic merit**

Economic merit underpins all our finance and investment decisions, ensuring that access to business finance and value-added services for entrepreneurs is consistent, sustainable and inclusive – so that we may serve all communities and groups of entrepreneurs.



#### Integrity

Our business and personal conduct are imbued with honesty, respect for human dignity and the highest levels of ethical business practices.



#### Service excellence

We exist for our clients. We enjoy serving them. We continuously strive to exceed their expectations with our products, innovative solutions and the quality of our service.



#### **Our mission**



To invest capital, skills and knowledge into viable entrepreneurial enterprises in the markets in Africa where we have a presence.

#### Our vision



To be the premier business partner for SMEs, supporting growth and development, facilitating entrepreneurial wealth formation and stimulating job creation.

#### Our goal



To be an internationally respected, successful and profitable business partner for SMFs



### Who we are

### We are a specialist risk finance company.

BPI Africa provides customised financial solutions, sector knowledge, mentorship, technical assistance and other value-added services for SMEs in selected African countries. We draw on the extensive experience, systems

and shared resources of Business Partners Limited in South Africa and leverage off its proven business model to provide SME solutions in other parts of Africa on scale.



**SMEs** 

supported through

business

transaction

See the Business Partners Limited 2023 integrated report.

### Where we operate

We support business owners of SMEs who have viable, formal businesses in five African countries across diverse



### Unlocking business value for **SMEs since inception**



10 117 iobs facilitated

through SME growth and employment generation

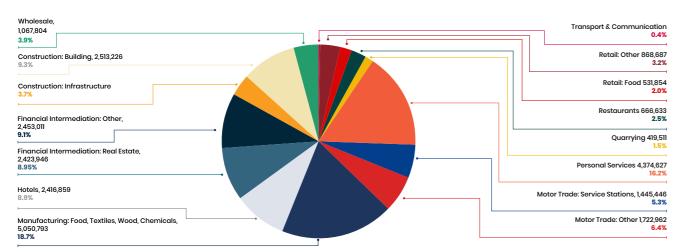


466 technical assistance

interventions enabled to enhance SME success

### **Diverse SME sectors supported across countries**

Sector diversification supports the growth of economies.



## What we do and why we do it

We provide appropriate, workable SME risk finance solutions beyond funding alone.



#### We enable SMEs to thrive

By providing access to both capital and technical assistance, we assist African owner-managed businesses to achieve growth.



#### We are not lenders



#### We promote SME success through technical assistance

to technical assistance in the know-how, and learning and networking opportunities.

#### **Our purpose**

#### Fostering a culture of entrepreneurship in Africa

Our purpose is to have

a development impact, enabling entrepreneurs to create wealth for themselves and in so doing create jobs for many within the SME sector, thereby bolstering the middle class and positively impactina the economies in which we operate, and to do so in a financially sustainable manner



Enabling

#### Enabling entrepreneurs

to create wealth for themselves and in so doing create jobs for many within the SME sector



**Entrepreneurs** 

#### Partnering with individuals

who are creative, resilient, determined and intrinsically motivated



Impacting economies

**Bolstering the** 

middle class

impacting the

we operate

#### through empowering entrepreneurs and thereby positively economies in which support

Ensuring our sustainability to continue providing SMEs with access to funding and business

Financial sustainability



For more information on the challenges and our solutions for development in Africa, see our strategic focus from page 21.

## How we do it: our impact model

Our unique approach is honed by extensive experience and deep sector knowledge. We remove barriers to entry for SMEs in Africa to access finance and support for business growth, job creation and the growth and development of economies.



•	Our success is built on six pi	lars of strength	To fulfil our purpose
//////////////////////////////////////	Focusing on SMEs  We reach the underserved family and lifestyle SME segment that contributes to the fabric of the economy.	√ 42 years of extensive experience in assisting family and lifestyle SMEs	<ul> <li>Reaching more family and lifestyle SMEs and bolstering the segment</li> <li>Capital invested in FY2023 (US\$9.98 million)</li> <li>50 investments in SMEs approved in FY 2023 (FY2022: 38)</li> <li>48 investments disbursed to SMEs in FY2023 (FY2022: 27)</li> <li>53% year-on-year increase in SME investment activity levels</li> </ul>
(Ç) <sup>(Ç)</sup>	Efficiency in process  Our unique capabilities in credit risk analysis help to streamline due diligence and minimise costs.	<ul> <li>✓ Database of investment information accumulated over 42 years</li> <li>✓ Proprietary processes and systems, certified to ISO standards for quality management</li> </ul>	<ul> <li>Ensuring our business sustainability to continue providing SMEs with access to funding and business support</li> <li>27,9% improvement in investment portfolio growth year-on-year</li> <li>5,47% reduction in risk exposure</li> </ul>
®	Flexibility in financing  We offer a flexible combination of secured, partially secured, cash flow, and equity financing which is tailored to suit individual needs.	√ Self-liquidating investment instruments and preferential cash flow rights mitigate risk	<b>Matching</b> finance solutions to entrepreneurial needs using debt, quasi equity or equity instruments
	Diversification across sectors  We leverage group knowledge across investment teams to provide maximum support to SMEs across a wide range of industry sectors.	<ul> <li>✓ Range of value-adding services</li> <li>✓ Dedicated technical assistance facilities</li> <li>✓ Database of 300+ experienced mentors</li> <li>✓ Providing entrepreneurs with access to non-financial support, business expertise and resources, good management practices, information and know-how, and learning and networking opportunities</li> </ul>	Boosting SMEs' success across sectors to grow and develop economies     Expert resource centre providing all staff access to proprietary systems, software, documentation and standard forms
<u></u>	Value beyond financing We facilitate technical assistance and mentoring at every stage of the investment process.	<ul> <li>✓ Sector-specific knowledge from 70 000+ transactions</li> <li>✓ Detailed sector understanding of key financial drivers</li> <li>✓ Web-based tools accessible to all investment teams lower our due diligence costs</li> </ul>	<ul> <li>Enhancing accessibility to support services for entrepreneurs</li> <li>Value of technical assistance approved in FY2023 US\$363 327 (FY2022: US\$225 646)</li> </ul>
agail	Driven by impact Our development impact incentives are designed to ensure alignment between shareholders, stakeholders, the company and our people.	<ul> <li>✓ Performance measures are assessed by both development impact contribution as well as business profitability</li> <li>✓ Development Impact measures include investments in locally owned SMEs, women-owned SMEs, rural areas and SME-focused skills development</li> </ul>	<ul> <li>Growing our development impact through measure and reward</li> <li>Scorecard development impact weighting: 40%</li> <li>Scorecard business profitability weighting: 60%</li> </ul>

In support of the United Nations Sustainable **Development Goals** 



Achieve gender equality and empower women

33,2% of BPI Africa's approvals given to women-owned businesses since inception



Read about how we remove barriers to entry for female entrepreneurs on page 24.





Promote sustained, inclusive economic growth, employment and decent work for all

BPI Africa facilitated 10 117 jobs since inception



Read about our growing impact in Africa from page 13.



Reduce inequality within and among countries

BPI Africa supports 100% local entrepreneurs in each country



Read about how we leverage can knowledge and experience across investment teams to bolster our impact in each country from page 26.



Our growing impact

### Our investment roadmap

We are increasing our development impact by reaching more local SMEs and helping them expand, create jobs and stimulate the economies in which they operate.

2015

**Business Partners International East Africa** LLC is established as a permanent investment

Leveraging off the proven Business Partners Limited business model, BPI East Africa (now BPI Africa) was formed as a permanent company to provide long-term support to SMEs in Africa with access to finance and technical assistance.

Investment of US\$35.7 million







BPI Kenya

**BPI Rwanda** 

BPI Uganda

Investing in selected **African countries** through single country and regional SME focused funds

2006

Name change to BPI Africa. BPI Africa current expansion period

Enhancing the company's capacity to finance and serve viable SMEs in Africa, and changing its name to BPI Africa:



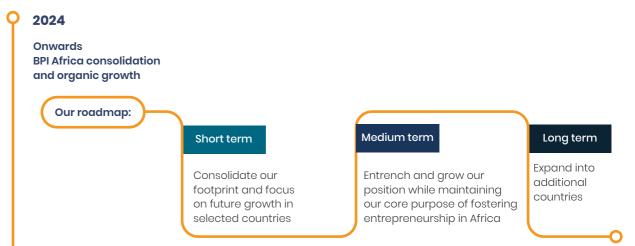
**BPI Namibia** Investing since 1 June 2022



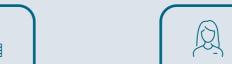
**BPI** Malawi Investing since 1 August 2022

2022-2023





#### Our impact in Africa since inception



SME business finance Total investments: US\$70 848 824 256 SMEs supported and 33,2% to women-owned 10 117 jobs facilitated businesses

> 28,5% to business owners outside large economic hubs



Value of technical assistance disbursed: US\$1 095 791 and **466** technical assistance interventions

### 2023 impact snapshot

**Touching more SMEs** Portfolio growth of 27,9%

**Growing our SMEs** Investment activity levels: 15,4% increase year on year

Funding local entrepreneurs in each country of 100%

Gender-smart investing: 16 investments disbursed to female entrepreneurs

More than 1180

50 investments in SMEs approved (FY2022: 38)

48 investments disbursed to SMEs (FY2022: 27)

to the value of US\$11,5 million year increase in technical assistance through our programme

61% year-on-



For more information on our impact per country, including investee profiles, see pages 28 to 37.



## Chairperson's review

BPI Africa has identified a relatively unique space in the financial landscape of Africa, in which the consolidated company is poised to grow and deliver on its potential for meaningful socioeconomic impact in each country of operation.



"Having joined the board of BPI Africa as an independent chairperson in November 2021, I am delighted to witness a young and promising company on its trajectory of growing maturity." -

Thos Gieskes, chairperson

#### Socioeconomic context of SMEs in Africa

Whether in developed or emerging countries, the SME segment typically represents the largest contribution to job creation in any economy. This need to support the SME segment has been of primary importance in the wake of the global COVID-19 pandemic, with the economic effects still being felt across Africa. Few small businesses are geared to withstand the degree of disruption the pandemic caused. Nevertheless, entrepreneurs have emerged with the seed of good, solid ideas that require a more tailored funding solution than the traditional banking model can offer.

BPI Africa is ideally suited to provide access to the affordable, flexible funding and technical assistance that SMEs require to grow and leverage off in an improving business environment as the impact of the pandemic recedes and economies start to recover.



For more information on the challenges and our solutions in Africa, see pages 21 to 25.

#### **Balancing our strategy and** impact objectives

BPI Africa's unique approach to matching funding solutions to individual entrepreneurial needs is based on supporting a balance between financial and social objectives, in an environment where access to funding may be hampered by more stringent risk and return constraints and regulations. Our model is to extend finance solutions to individual entrepreneurs while reaching more entrepreneurs through our efficient processes. This ability to scale our offerings, combined with the technical support we offer to entrepreneurs at each stage of the investment process, increases our own success as well that of the SMEs

Through our model, we can reach more SMEs, facilitate more jobs and stimulate local economies across diverse SME sectors. We fund local entrepreneurs in each country. with an emphasis on advocating for more female representation to enhance gender equality. BPI Africa has set parameters for achieving these impacts, and the board closely monitors progress in each country.



For a closer look at our impact in each country, refer to pages 28 to 37.

#### **BPI Africa's developing independence**

Although a relatively young company, BPI Africa draws on the depth of experience and infrastructure in the form of shared services and knowledge with Business Partners Limited. Business Partners Limited has managed SME funds in various southern African countries since 2011 and has been investing in SMEs in South Africa for 42 years. This cumulative experience is available to BPI Africa as we forge our own track record of increasing the investment impact in each country we operate in.



See how the Group is structured on page 40.

#### **Our supportive governance structure** and role

The BPI Africa board comprises a healthy diversity of experience, skills and global perspectives. Its role is to oversee the company's overall strategic direction and monitor impact progress, while supporting a degree of managerial autonomy in each country.

Directors are nominated by the shareholders with the exception of the two (2) independent Mauritian Directors and the Chairperson, who are selected by the Board Nominations Committee. Unlike a typical fund structure, some of these directors are not employees of the shareholders, which increases their independence. This approach creates a clear distinction between shareholder representation and board directorship. The directors serve the interests of the broader stakeholder group, while shareholder interests are represented at the annual general meeting (AGM). We encourage a regular exchange of opinions and expectations between our board, management and our shareholders to ensure continued mutual relevance and to capture cross-learning opportunities on BPI Africa's maturity journey.

Our governance structure functions as a safety net, tracking progress and providing governance support for countries with relatively small resources. The board comprises 10 individuals contributing to our diverse skills mix and depth of experience. We regularly review our skills and division of responsibilities, maintaining a flexible approach towards streamlining as the company matures.



For more information on our approach to governance, our governance structure and our leadership, see pages 40 to 47.

#### **Our priorities**

The board's immediate focus is overseeing the quality and continued growth of our investment portfolios in the aftermath of the pandemic. We regularly review proposals and progress on our impact goals, while ensuring that a deep understanding of the company's strategic rationale is embedded across the organisation. We will continue to monitor realistic budgets, company reputation and risk exposure. We are satisfied that management performance is excellent, and confident in the integrity of our teams and their ability to grow their country portfolios and the business capacity of the SMEs therein.

To date, our investments have been funded through shareholder capital provided. The next step in BPI Africa's maturation journey will be to attract debt from the financial markets to fund further growth. This development will potentially introduce new stakeholders and we will continue to work closely with management throughout this process.

#### With gratitude and acknowledgement

I am thankful to be part of this dynamic organisation that, although globally dispersed, functions as a united family. I would like to thank my colleagues on the board for their input and excellent counsel, as well as all the people across this integrated organisation. We are all grateful for our shareholders' support and belief in our ability to maintain steady growth as we expand our footprint in Africa.

I would particularly like to recognise the contribution of our chief executive officer (CEO), Mark Paper, for his role in proposing the establishment of the company and imbuing it with his business and social sense. As he retires in August, he leaves behind a successful company and a culture that will continue to grow, based on the immensely strong foundation and vision he has set. This is a profound achievement, and we wish him well.



**Theodorus Gieskes** Chairperson

## Chief executive officer's report



BPI Africa launched in 2016 with a clear and defined five-year business plan in which to establish the company, entrench our positioning in the market and positively impact the small and medium business sector. This critical set-up period ended in 2020, coinciding with the outbreak of the COVID-19 pandemic, resulting in a refinement to our subsequent growth strategy in an evolving environment. We have emerged on sound footing, poised to grow both our impact and financial sustainability."

#### **Our evolving journey in context**

Building a permanent investment vehicle requires a mature investment team and a wellpaced approach to growth and financial sustainability.

As agreed with our shareholders at the outset, our aim was to build the BPI Africa portfolio over time, allowing for an initial set-up period, followed by steady growth with clearly defined stages towards reaching our targets.

### The foundation: establishing BPI Africa

Our initial five-year plan focused on the establishment of BPI Africa in our selected countries, which involved embracing the existing team and portfolio in Rwanda, applying new investment activity in Kenya, and start-up operations in Uganda. The successful implementation of this phase of the business placed us in good stead to embark on the next phase, earmarked to begin in 2020, when the COVID-19 pandemic caused global social and economic disruption.

### Adapting to a disruptive pandemic

The macroeconomic impact of the pandemic required considerable adaptation as we navigated an environment

in which SMEs required far greater support to help them through it, and even more flexibility in our approach to doing so. It also required more patience, commitment and understanding from our shareholders as we learnt to adapt over the subsequent two years.

It became clear that our role in supporting the SME segment was more crucial than ever, and as such, we made an important strategic decision to adjust our impact reach through supporting more SMEs with smaller volume transactions, providing technical assistance, and extending loan periods where needed. As a result, in this period, we enhanced our own perspective and approach to sustainable investment and deepened the maturity of our investment teams' experience in maintaining resilience and adapting to changing market conditions.

An additional cause for celebration over this past year is that despite the impact of COVID-19 on our portfolio companies and our business, our commitment to what we do remained true, allowing us to expand our operations further with the establishment of new operations in Malawi and Namibia

Based on our sound financial performance, improved quality investment portfolio and mature investment teams, we now find ourselves in a strong position to deliver future growth and impact in economies that are emerging from the shadow of the pandemic, and in markets that are arowina.

#### 2023 operating environment and performance overview

Despite a degree of recovery, the impact of COVID-19 on economies lingers. Many small businesses depleted their reserves in the process of survival and have limited reserves for any future shocks, with the financial sector remaining cautious. Given the fragility of SMEs and their limited support in the marketplace, BPI Africa's unique value proposition, including the provision of technical assistance, has elevated our responsibility to reach more SMEs and is crucial in supporting sustainable development in Africa.

A key aspect of our performance in FY2023 is reflected in our strategic decision to increase our level of smaller volume investments. We have approved **15,4% more in** funding in comparison with FY2022 and disbursed 72,9% more into the hands of small business owners over the same period. With our support, these small business owners are able to create jobs for their communities and contribute to growing their countries' economies. We have also grown our **overall portfolio size by 27,9%.** This translates into a material improvement in our objective to strengthen financial sustainability, with profits up by 30,6% year on year.

#### 2023 impact performance

We are pleased to report a 31% increase in the number of SMEs supported this year and a growth in distribution by reaching 42,5% outside of the major economic hubs. Women-owned businesses represent 16,3% of our investment activity. We are implementing solutions and seeking partnership opportunities to increase our women-owned business investment activity to reach our targeted 40%, such as developing the successfully piloted second chance programme into a permanent solution over the next few years.

An area of significant impact is seen in our technical assistance, with 61% more interest-free loans granted for non-financial business support, resulting in the long-term implementation of improved business skills for those SMEs. We sustained 1180 direct jobs through our activities, and we are confident in our ability to facilitate more as we move into an improved business environment.

#### **Future focus**

We are pursuing further growth in 2024. Our aim is to scale up our investment activity level by a further 48% in the next financial year and increase the value of our investments by 24%. Operationally, we will be focusing on capacitating our investment teams through further recruitment and training to maximise our efficiency. The improved quality of our existing client portfolio reflects what we wish to sustain moving forward, although there are pockets that require further work to ensure consistency.

As we move from the third year of our five-year growth strategy, we aim to expand our partnerships with third parties that are aligned with our desire to grow female entrepreneurship by leveraging our platform. We also intend developing our broad-reaching technical assistance partnerships to establish more specific technical assistance programmes within BPI Africa.

The next phase of our growth strategy will be to introduce debt onto our balance sheet for the first time. This will allow us to further grow our investment activity levels, create a hedging mechanism against foreign exchange movement and introduce leverage for improved shareholder return.

#### In appreciation

As I retire from my position as CEO of BPI Africa at the end of August 2023, I take comfort in knowing that the company's foundations are strong and we have commenced on a well-defined growth trajectory. I am grateful for the chance to have been involved in the formation and leadership of this purpose-driven organisation, and for the support of the board, management and all our staff over the years, all of whom are united in believing in the purpose of our company and what it stands for. I am confident that our mutual values are embedded in the culture, and I look forward to watching BPI Africa's further success unfold.

**Mark Paper** CEO



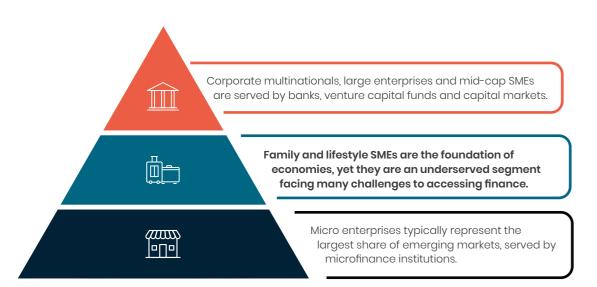


Challenges and solutions for development

## Why we focus on SMEs

Our single-minded focus on the SME segment is based on our belief that they are vital to driving economic growth, job creation and innovation on the continent. BPI Africa has identified that family and lifestyle SMEs – which are usually

set up and run by their founders primarily with the aim of living or maintaining a certain lifestyle – are the most underserved segment requiring support.



#### Addressing challenges to SME access to finance

#### Typical challenges to sustainable investment How we address the challenges The development of suitable financing for SMEs In our experience, these challenges can be addressed through faces some important challenges: our efficiency in process and our: Lack of collateral and weak enforceability Focusing on SMEs rights discourage traditional financial Efficiency in process Flexibility in financing High cost of appraisal caused by reliance Diversification across sectors on cash flow-based lending, which is Value beyond financing more costly High cost of investment due to one-person Driven by impact management SMEs who lack financial, human resources and marketing expertise Limited scalability potential, combined with frequent business failure over the longer term due to financial management weaknesses and poor record-keeping

### Enhancing SME success through technical assistance

The power of combining flexible, tailored risk finance and technical assistance solutions ensures that we nurture SMEs at every stage of development and provide step-by-step guidance and technical support.

The BPI Africa strategy combines innovative risk finance instruments with value-adding technical assistance interventions and active portfolio management to maximise socioeconomic returns. Investees are supported with technical assistance to help them to realise their growth strategies and to mitigate inherent financial and management risks.

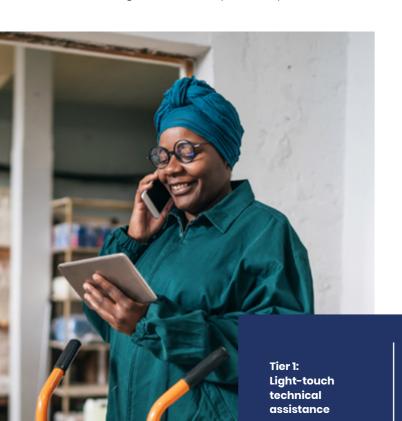
#### Selecting and implementing technical assistance programmes



### Financing female entrepreneurs in Africa

Studies on the dynamics of gender inequality in Africa show that increasing female entrepreneurial participation in the economy enhances growth.

Although women operate over 40% of SMEs in Africa, female entrepreneurs continue to face obstacles such as adverse social or cultural traditions that inhibit access to finance. As such, one of our primary focus areas remains investing in women-owned businesses and advocating for female entrepreneurship.



#### Removing barriers for female entrepreneurs with the second chance programme

The second chance programme is specifically focused on supporting women-owned businesses, aiming to build their capacity and empowering them to grow their businesses through investments. In a strategic partnership with the United States Agency for International Development and the Mennonite Economic Development Associates, we launched an initial two-year pilot programme, specifically targeting female entrepreneurs in Kenya and Rwanda. These two countries face significant disparities between women and men in terms of legal, social and economic aspects. This reality often results in challenges such as low confidence levels among women in business, a lack of understanding of their unique financial needs, complex investment rules and regulations, and prevailing gender-related stereotypes and biases.

Through the pilot programme, we approved 30 businesses to receive light-touch technical assistance, aimed at providing support and guidance in overcoming their specific challenges. Additionally, five businesses were selected for more in depth technical assistance, which included monitoring and comprehensive guidance. Three businesses were chosen as successful recipients of investment funding.

These candidates may require assistance in the form of basic business insight and understanding to build capacity and improve their investment readiness.

In-depth technical assistance

Candidates who were declined for investment funding receive in-depth correctable technical assistance funding to improve their financial management systems and skills set in terms of infrastructure and knowledge.

Tier 3: **Funding approval**  Six months after in-depth technical assistance, we review their business performance with a view to full investment funding approval.

Our technical assistance initiatives focused on enabling the SMEs to analyse and manage business data effectively, address skills requirements and focus on products or services that would lead to business growth. By mapping business processes, the entrepreneurs were able to improve operational efficiencies, increasing their ability to get access to finance.

In the short term, the goal of the programme was to further enhance the knowledge and skills of women-owned businesses by connecting them to networking forums and promoting investor readiness. The project also aimed to improve business operations and management, thereby enhancing investment prospects.

Given the success of this pilot programme, we are planning the permanent implementation of the programme with the aim to provide data that will build investor confidence and create an enabling environment for investment in womenowned SMEs. We are committed to sharing the lessons we have learned with industry stakeholders to emphasise the importance of being aware of and responsive to female entrepreneurs' technical and financial needs.

The pilot programme served as an important platform to address the needs of female entrepreneurs, empower them, and mitigate the barriers they face in accessing financing and support, and we look forward to permanently implementing the programme in our other geographies. We remain committed to bridging the gender gap in entrepreneurship and providing opportunities for women to thrive and succeed in their business endeavours.

Some examples of technical assistance we provide through the programme include:

- Building robust governance structures, operations and financial management
- Compliance and tax returns
- Marketing and digitisation of business systems to streamline operations



#### Ruiri Hospital

**Grace Wanjiku Miringu** is a pharmacist and clinician by profession and CEO of Ruiri Hospital in the greater Nairobi metropolitan region of Kenya. Her passion for the healthcare sector began as a young woman. She started her clinic in 1998. The facility offers a range of services, including general outpatient and inpatient care, an antenatal and maternity clinic, and laboratory

Ruiri Hospital was one of the first recipients of the second chance project and received an offer to participate. Grace was initially hesitant as she thought her business was running smoothly, but as the training progressed, she realised it was necessary.

The programme spanned six months, over which several interventions were conducted in the areas of quality assurance and health and safety. In addition, the programme provided Grace with coaching and mentorship from an expert in the health industry to help her govern her organisation.

"As a woman in business. I have encountered a number of challenges along my journey. One of the banks I approached said I looked too young."

As a result of these interventions, BPI Africa has been able to reconsider and approve Ruiri Hospital's request for funding to acquire a property to expand to a new location and fully equip it.

Grace's advice to other women in business looking for opportunities is to be responsive to technical assistance to improve their businesses, attract investors, and build sustainable investor relationships.



Watch the Ruiri Hospital story here [hyperlink: https://www.youtube.com/watch?v=n7BYA-N4VOE]

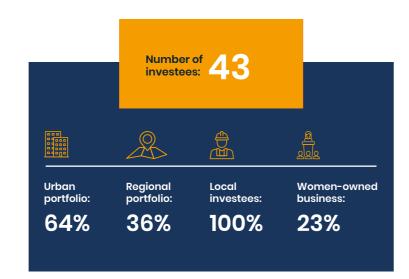
Country impact: a closer look



### Kenya enjoys a relatively stable and strong socioeconomic position on the continent, with a GDP growth projection of 4 % in 2024.

Kenya is emerging from a difficult macroeconomic environment due to three years of drought affecting the economy, with 2023 being the first year of significant rainfall and relief from those conditions. Although inflation was at a high of 9,2% in March 2023, this was reflective of the global impact of rising fuel costs and is expected to stabilise with geopolitical developments. Political stability has been maintained since the general elections held in August 2022, and the government is progressively digitising the land registry.

BPI Kenya's investment activity is widespread across SME sectors. The investment team continues to seek opportunities for empowering women in business across all sectors.



#### **Investment team**



#### **Investee spotlight**

#### Reaching more patients through a one-stop professional medical centre

City Health Hospital is an outpatient centre based in Nairobi's central business district (CBD), serving a large population of the middle to lower income community.

Jobs facilitated: 31 **Sector:** healthcare/medical

#### Impact:

The aim of City Health Hospital is to consolidate full service professional care in one centre for the densely populated CBD and surrounding areas. The one-stop facility provides ease of access and efficiency for the busy population. BPI Africa facilitated working capital and funding for the clinic's costly heavy equipment, such as CT scans, X-rays and ultrasounds. This type of equipment is key to the scientific basis for providing the best possible patient care



Dr Gakuo Karuga

City Health Ltd

Today, the hospital offers holistic medical care, ranging from general care to specialist care, such as ear, nose and throat; obstetrics and gynaecology; dermatology, surgical clinics; endoscopy; and dental care. The centre includes an in-house pharmacy, a fully stocked laboratory and radiological services.

"Over and above the funding of equipment, BPI Africa also provided technical assistance funding, which was a game-changer for us. Help with our marketing strategy, training of staff, fire drills and other safety measures represented a major boost for our business, enabling us to progress in ways that we could not have done with direct financing alone."

"When we approached BPI Africa with a view to funding, we found they had a different and personal view to understanding our business. When we had approached potential funders in the past, we perceived them to be desktop financiers. But BPI took the time to truly understand our business and our impact in the context of our location."



Watch City Health Hospital's funding story here [hyperlink: https://www.youtube.com/watch?v=IrK7JdXe5EI]

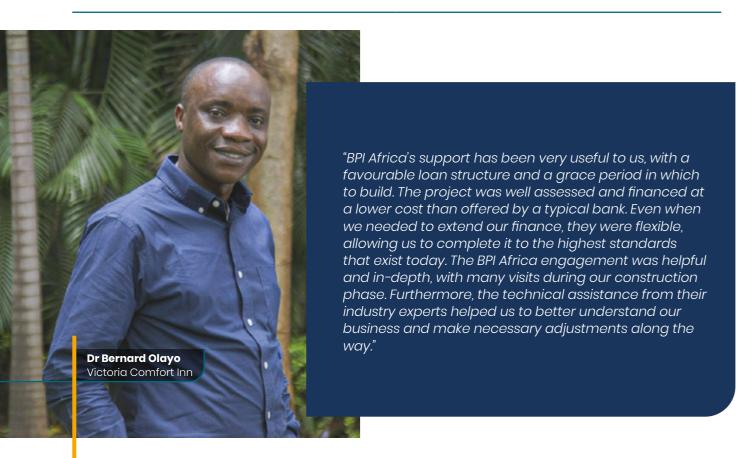
#### **Investee spotlight**

#### Hosting and facilitating optimal conferencing for business travellers

Victoria Comfort Inn is a boutique hotel in the city of Kisumu, Western Kenya. The aim of the inn is to offer a homely place for business travellers in a quiet part of the city with pleasant, green gardens and a conducive atmosphere for conferencing productivity.

Jobs facilitated: 81% staff increase **Sector:** hospitality

Dr Bernard Olayo is the proprietor of Victoria Comfort Inn. The hotel was built in phases, starting with an old house that Bernard purchased in 2010 and converted into a 12-room guest house and a small meeting room. The subsequent demand was higher than he anticipated, so he bought the next-door plot and expanded the building with an additional 35 rooms and basic conferencing facilities. To upgrade the standard of the conference facilities for guests, Bernard approached BPI Africa for funding, which he used to build the existing state-of-the-art conferencing centre, infused with the latest technology and purpose-built rooms for optimal conferencing.







Rwanda is a small, landlocked country with a dynamic and growing economy despite relatively fewer natural resources than its neighbours on the continent. It maintains a 6% GDP growth trajectory.

Given the overall small size of the country, the capital city of Kigali is densely populated and contributes up to 90 % to the country's economy, with the youth segment representing 35% of the population. The country has rebuilt over the past 30 years, developing a strong service sector and a growth economy on the back of tea and coffee exports. The business environment has steadily improved, and the country is now ranked second on the continent in terms of ease of doing business



Number of 6 investees:

portfolio: 86%

14%

Local investees: 100% Women-owned business: 28%

#### BPI Rwanda recently celebrated its 10th anniversary

We are proud of the contributions we have made to the SME ecosystem in Rwanda. Our company has not only approved more than US\$33 million for 113 local businesses but we have also succeeded in supporting the creation of 8 858 jobs since 2012.

Our investment team has been well trained in facilitating technical assistance solutions to build our customers' business capacity. Our development impact efforts have included attracting women-owned businesses and diversifying our portfolio across SME sectors. We maintain this focus while also seeking future opportunities to reach businesses outside of the capital city.



Investment Officer; Jean-Claude Mutajogire Ishimwe, Country Manager; Ally Rugumbwa, Investment Officer; Joyce Mihara, Administration

"We have provided financial and technical assistance to businesses in most sectors of the economy, especially to those that have a development impact on the economy by generating jobs, reducing imports or increasing exports." -Jean-Claude Mutajogire, Rwanda Country Manager

#### **Investee spotlight**

#### **Enhancing access to patient care**

Polyclinique de l'Etoile is a private healthcare business, called a polyclinic, in the CBD of Kigali, Rwanda.

Jobs facilitated: 93 Sector: healthcare

A polyclinic is more comprehensive than a clinic, but not yet classified as a hospital which requires a capacity of more than 80 hospitalised patients. Dr Birahira William's Polyclinique de l'Etoile has a current capacity of 20 hospitalised patients and provides specialised services and a laboratory for diagnosis. Their professional healthcare services include gynaecology, paediatric care, internal medicine and dentistry.

> Today, Polyclinique de l'Etoile considers BPI Africa their partner and call on us for guidance whenever they face a new challenge. Based in the centre of the city, the polyclinic serves a vast population, seeing between 150 and 300 patients per day. It provides employment to over 70 people, helping many families to grow financially. It also donates an annual sum to medical insurance for those unable to cover their expenses.





Watch Polyclinique de l'Etoile's funding story here [hyperlink: https://www.youtube.com/watch?v=\_iF5I4c.Jui4]

#### **Investee spotlight**

#### **Catering to success**

Precious Dishes provides outside catering for large festivals, weddings and conferences, including private events from 10 up to 1 000 people. Their brand is showcased at their restaurant in Kigali, Rwanda.

Jobs facilitated: 12 **Sector:** hospitality

Kanyi Longolongo initially turned her passion for cooking into a small catering service, operating from her kitchen. Her excellent meals and service were soon recognised, and she started to gain clients by word of mouth. Despite that, Kanyi faced uncertainty about the professionalism of presenting her services from a home base and approached BPI Africa for funding to purchase a restaurant. Her business showed promise, but she soon realised that the formulation of a business plan and strategy, supported by facts, figures and future projections, was a necessary step in the process.

> Today, Precious Dishes has added the systems and business training received from BPI Africa into its recipe for success. Despite the unexpected challenges presented by the COVID-19 pandemic and lockdown, BPI Africa helped to support the business through the pandemic, and their restaurant is now established and serving delectable dishes to customers and a growing base of prospective catering clients.



"I was introduced to BPI Africa through a friend who had received funding for her business. I approached them with a view to funding the purchase of a restaurant, together with my sister. I received a lot more than that when I realised that I wasn't prepared for the accounting, booking system and procurement questions they asked. BPI Africa offered us technical assistance in the form of business training and help with understanding how to sustain our catering business, which I accepted, and it has proved invaluable to the success we enjoy today. We gained clarity on our business and marketing strategy, systems and processes, as well as securing the funds to purchase our restaurant."



Watch Precious Dishes' story here [hyperlink: https://www.youtube.com/watch?v=T8BF2yd5x8o]



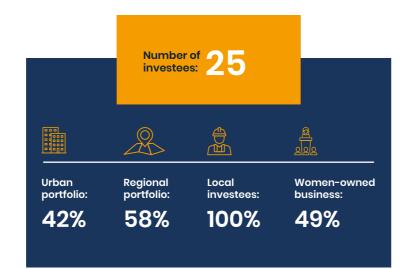
### Uganda is a growing economy, classified by the World Bank as a middleincome category with historical GDP growth of around 6% per annum.

Agriculture represents the backbone of Uganda's economy, with crops such as coffee, tea and tobacco accounting for up to 70% of GDP, including subsistence agriculture with the opportunity to commercialise. The population is young and energetic, with 75% falling within the 18 to 25 youth segment.

Following the COVID-19 contraction in the economy, GDP growth of 3% is forecast for 2024, and the current inflation rate of 7,8% is expected to stabilise. Among analysts, the outlook is generally optimistic. As a tourist destination, Uganda is seen as a welcoming environment and the relatively stable political framework is conducive for investment.

The Ugandan SME sector is underserved, with few lenders structured to offer sustainable investment. BPI Africa enjoys a unique positioning with our favourable and holistic offering, and we are now into our seventh year of a positive portfolio growth trajectory. The BPI Africa brand position is strong, and our investment team can draw on strong technical skills and quickly discern quality transactions with minimum risk. Our focus areas for impact development include the SME trade and manufacturing sectors, as well as the private health sector.

Traditionally, few women in business venture out on their own to attract capital. As such, BPI Africa works with the private sector and women-led groups to advocate for female entrepreneurship. We host sessions in which we invite successful, influential businesswomen to share their experiences. This renewed focus on women-led businesses, together with seeking partnerships for growth, particularly in the commercial property and housing sector,



#### **Investment team**



#### Investee spotlight

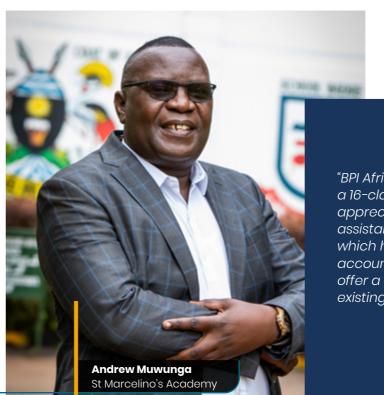
#### Keeping the dream alive

**St Marcelino's Academy** is a private primary day and boarding school based in Matugga in the central region of Uganda. The aim is to provide access to quality and affordable education for children in this remote area of the country.

Jobs facilitated: 105 **Sector:** education

#### Social impact

Andrew Muwanga and his wife, a teacher, were initially inspired to start their business because children were ferried from Matugga to Kampara for a good education, and this presented a clear need for a quality school in the village. They wanted to create a school with good facilities and a healthy environment, complete with door-to-door and safe school buses. The idea was successful, and when demand exceeded capacity, BPI Africa approved the funding to expand. Today, the top-quality primary school boasts over 1000 students, and in the 2022 national examinations, St Marcelino's Academy was rated among the top in the country. They also provide scholarships to those who cannot afford it, identified by local counsellors as needing assistance.



The school also benefited from the 2020 BPI Africa relief payment programme after the outbreak of COVID-19. Andrew has subsequently approached BPI Africa this year for a second round of funding to purchase vacant land to expand their extracurricular activities.

"BPI Africa funded the expansion of our building from a 16-classroom block to 32 classrooms. What we appreciated most was the zero-interest technical assistance loan for school management software which helped us with our academics, inventory and accounts. My dream is to reach 2 000 learners and offer a dual Cambridge curriculum along with our existing national curriculum."



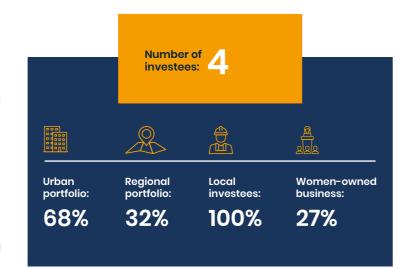


### Malawi

Malawi has a relatively small agricultural-based economy, with good prospects for developing its export capacity, growing its foreign exchange reserves and enhancing the private SME sector.

With an economy largely dependent on agriculture and with the tobacco industry facing pressure from the international community to limit production, the government of Malawi is taking deliberate measures to facilitate overall trade and attract investment for more diversified development.

Given the relatively small economy, the country experienced a profound economic impact in the wake of the COVID-19 pandemic in the form of high inflation and unemployment. On top of this, the country experienced extreme weather in the form of a deadly cyclone in 2023, further impacting the economy. There is subsequently a renewed governmental focus on climate risk and prevention, particularly in the agricultural space.



#### Rebuilding the economy and supporting SME business development

The economic environment is slowly improving as the effects of the pandemic and storms recede, and there is an evident rebound in business activity in 2023. The country has the potential to develop its vibrant private sector and stimulate job creation through well-structured support for the SME sector.

BPI Africa was granted a licence to operate in August 2022. The aim is to build the portfolio, enhancing brand awareness in the market and strengthening the skills of the investment team. Our focus is on developing the non-agricultural SME sector with a diversified portfolio to build development impact.

Socially, women were not traditionally associated with business ownership, but with more female cabinet appointments in the government, and with this perception filtering through to the private sector, female entrepreneurship represents a growing opportunity for enhancing the economy.

BPI Africa is focused on building the business capacity of the SMEs in its newly formed portfolio, and we have good growth expectations as the economy improves.





Namibia is an economically and politically stable country with growth potential, classified by the World Bank as a higher-middle-income country, although a large portion of the population in the vast regional areas relies on subsistence farming for income.

Agriculture, tourism and mining form the basis of the economy, and its performance mirrors South Africa, with much of its imports originating from there. This integration is reflected in the current subdued GDP growth, but the country enjoys a stable power supply, a growing indigenous middle-income bracket and strong development activity in the capital of Windhoek.

### Growing our development impact potential

BPI Africa restarted investment activity in Namibia in June 2022, with the aim of growing and building capacity for the local base of SMEs in Windhoek. Our intention is to establish operations, create brand awareness, and in this nascent stage, aim for steady and sustainable growth while maintaining a degree of risk-averse awareness.



#### Initial and future focus areas

We are sector-agnostic regarding the type of SMEs we fund and seek opportunities for development across a broad range including services, manufacturing, property, and township development. We are actively engaging in the market to advocate for gender-based investment and job creation.

Our medium-term objectives include building our portfolio base, growing our investment team and expanding our operations to grow the business capacity of local, middle-income SMEs.

#### **Investment team**





Ensuring ethical governance

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### Our Group structure

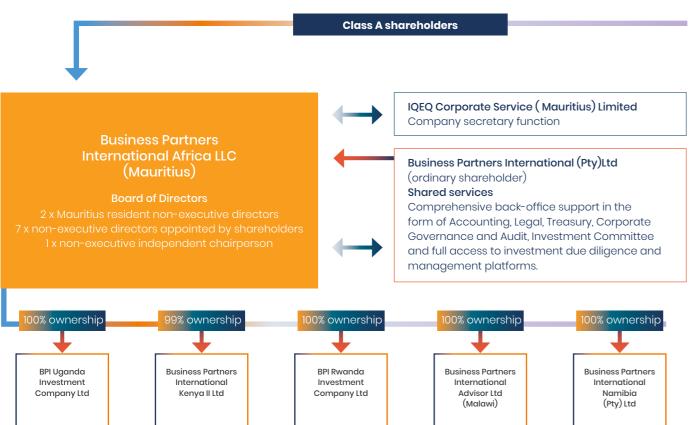
#### BPI Africa is supported by the shared services, knowledge and resources of Business Partners Limited.

Unlike a typical fund, BPI Africa is structured as an independent company, with shareholders' interests represented at the AGM, while our board is appointed to act in the interests of our broader stakeholder group. BPI Africa leverages off the shared services of Business Partners International (Pty) Ltd for corporate governance, accounting, legal, HR, marketing, IT and treasury functions.



Refer to Business Partners Limited 2023 integrated report for the full governance structure.







## Our leadership

#### **Our board of directors**

#### **Independent non-executive directors**



#### Thos Gieskes (61)

Appointed: 1 December 2021

Ouglifications: MA Economics

Nationality and country of residence: Dutch, Netherlands







#### Hyder Aboobakar (43)

Appointed: 9 June 2022 Qualifications: BSc Economics and Finance, Financial Risk Management, CFA charterholder

Nationality and country of residence: Mauritian,



Appointed: 4 April 2018 LLM (Financial Services Law), ICSA Chartered Secretary







#### Claire Anne Busetti (65)

Appointed: 12 February 2021 **Qualifications:** BSc Chemistry, Master of Business Administration (MBA)

Nationality and country of residence: South African, South Africa







#### Rayna Dolphin (42)

Appointed: 1 April 2022 Qualifications: BCom, PGDA, CA(SA), MBA

Nationality and country of residence: South African, South Africa





#### Vegard Halvorsen (55)

Appointed: 24 May 2016 Qualifications: MSc Business, MSc African Studies

Nationality and country of residence: Norwegian,







#### Rhema Devi Narveena Imrith (41)

Qualifications: BA Hons Law and Management,

Nationality and country of residence: Mauritian,





#### Chukwujekwu Ozoemene (50)

Appointed: 20 April 2019 Qualifications: Chartered Banker MBA, Doctor of Business Administration (DBA) Banking and Finance, MBA (Finance), BA

Nationality and country of residence: Nigerian, Nigeria







#### Marcia Scheffler (51)

Appointed: 25 June 2021 Qualifications: BA French and Political Science, Graduate Certficate Human Resources, Graduate Diploma Democratic Administration, MA Political Science







#### Jan Pieter van den Haspel (62)

Appointed: 19 December 2017 **Qualifications:** BSc Applied Physics Nationality and country of

Nationality and country of residence: Canadian, Canada





residence: Dutch, Netherlands

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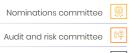
#### Philip Anthony Walker (59)

Appointed: 24 May 2016 Resigned: 28 February 2023 Qualifications: BA Geography and MSc in Finance

Nationality and country of













## Our approach to governance

## Our approach to governance is shaped by our purpose of fostering entrepreneurship in Africa.

Our culture of robust governance is built on earning the trust of our stakeholders through our integrity, transparency, accountability and a deep commitment to entrepreneurs and SMEs, upon which our business is built. Our ethical culture is embedded throughout our company and is in line with our values and the terms of our board charter.

#### Creating societal value through good governance

#### **Ethical culture**

The board's role is to maintain, measure and foster an ethical culture throughout the company to ensure that SMEs and entrepreneurs are supported with responsibility and fairness.

#### **Good performance**

BPI Africa strives for a balance between financial performance and social development impact, as measured by our performance metrics.

Our financial sustainability enables us to continue to deliver on our goal of supporting entrepreneurs.

#### **Effective control**

At BPI Africa, our board ensures strategic oversight, while empowering the investment team and country managers to serve their markets with insight.

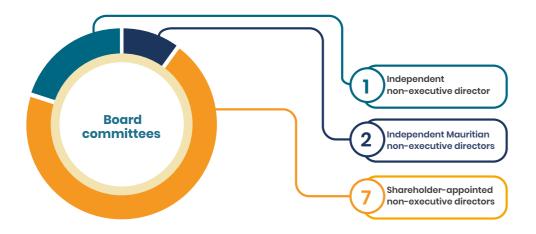
#### Legitimacy

We strive to be scrupulous in the way we conduct our business and maintain our reputation as a trusted and informed advocate for SMEs and entrepreneurs. This legitimacy is linked to our leading brand reputation in our markets, and the strength of our leadership teams.

Our governance approach results in ethical and effective leadership from our board, board committees and investment committee.

#### **Board composition**

Our board composition reflects the appropriate balance of knowledge, skills, experience, diversity and independence needed to discharge its governance role and responsibilities objectively and effectively. The chairperson of the board is independent, ensuring a balance of power so that no individual director has undue influence on board processes and decision making.



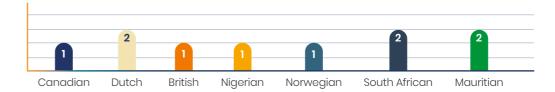
#### **Board demographics**

The board promotes diversity in its membership across a variety of attributes.



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#### Nationality (number)



#### Balance of skills and experience\*

Governance experience	Investment Industry and relevant sector experience		Geographical business experience	Relevant managerial experience
<ul> <li>100% prior board memberships</li> <li>100% prior committee memberships</li> <li>100% other leadership positions</li> <li>89% investor relations</li> <li>89% legal and regulatory</li> </ul>	<ul> <li>78% mergers and acquisitions</li> <li>67% exits</li> <li>78% accounting and auditing</li> </ul>	<ul> <li>89% operations and operating models</li> <li>89% SME sector</li> <li>89% financial institutions</li> <li>89% banking</li> <li>78% treasury</li> <li>78% forex</li> <li>89% law</li> <li>100% economics</li> <li>67% public and international affairs</li> </ul>	- 78% East Africa - 44% Mauritius - 78% Kenya - 44% Rwanda - 56% Uganda - 44% Namibia - 56% Malawi	<ul> <li>100% management of environmental and social risks</li> <li>100% corporate governance best practice</li> <li>100% compliance</li> <li>67% loan/investment workout</li> <li>100% risk management</li> <li>78% cybersecurity</li> <li>78% human resource/ personne</li> <li>89% marketing</li> </ul>

% represents the percentage of the Board proficient in the skill.\*

#### Our board processes

#### Board performance and effectiveness

Our board is governed by the board of directors charter. The board and the committees have been functioning well and have discharged their duties and obligations for the year under review.

#### Company secretary

BPI Africa, having a Global Business Licence in Mauritius, is required to appoint a Mauritian management company to perform the role of company secretary. The company secretarial department of Business Partners International, together with the management company IQ EQ Corporate Services (Mauritius) Ltd (company secretary), guides the board collectively, and the directors individually, with regard to their duties, matters of ethics and good governance, and discharging their directors' responsibilities in the best interests of BPI Africa. The company secretary has unfettered access to the board but is not a member of the board.

#### Board and committee evaluation

The board has introduced annual committee assessments and, going forward, each committee member will assess the committee's performance against the duties and responsibilities set out in the respective approved charters. The board is, however, satisfied that it and its various committees have fulfilled their responsibilities.

#### Succession planning

Succession planning is considered by the board on an ongoing basis. Succession planning is deliberated with due regard to the circumstances of the company, continuity, the skills, knowledge and diversity of the incumbent board, and the continued independence of the board.

#### **Board committees**

Our board of directors acknowledges its responsibility to effectively discharge its duties, ensuring that the delegation of powers within our governance and business structures promotes independent judgement.

The board committees have matured their governance processes using committee annual workplans and agendas aligned with their duties and responsibilities, as set out in their respective charters. Committee charters are annually reviewed to ensure that they remain relevant to the committees' authority, objectives and responsibilities.

#### Human Resource committee

Governed by the personnel committee charter

#### Role

- Assessing and reviewing remuneration policies
- Governance of remuneration policies
- Application of remuneration policies
- Aligning the company's strategic goals with measures of performance

#### Composition

- Non-executive directors: Vegard Halvorsen, Jan Pieter van den Haspel
- Chairperson: Marcia Scheffler

#### Audit and risk committee

Governed by the audit and risk committee charter

- Financial reporting
- Internal control and management of risks
- Internal audit
- External audit
- Compliance with laws and regulations
- Operational overview
- Investment portfolio review

- Chairperson: Chukwujekwu Ozoemene
- Non-executive directors: Claire Busetti. Thos Gieskes

#### Nominations committee

Governed by the nominations committee charter

- Nominating candidates to the board for appointment of the chairperson of the board and board members, and chairperson of the various committees, and independent Mauritius non-executive directors
- Remuneration of chairpersons, directors and committee members
- Annual travel and accommodation costs of the board
- Reviewing and evaluating performance and effectiveness of the board and committees

#### Composition

- Chairperson: Jan Pieter van den Haspel
- Non-executive directors: Vegard Halvorsen, Thos Gieskes



#### **BPI Africa investment committee**

In all its investment activities, BPI Africa relies on the rigour and robustness of its financing model – rather than the capabilities of specific individuals – to ensure consistent results and favourable outcomes. Nevertheless, BPI Africa's investment committee is made up of the BPI Africa CEO, senior Business Partners Limited executives (managing director, chief investment officer and chief risk officer) as well as country managers who provide strategic guidance on all investment decisions. BPI Africa's investment committee members are appointed on a rotating basis and dependent on the investment committee mandate.



#### Directors' meeting attendance for the year ended 31 March 2023

Members	Board	Audit and risk	Nominations	Personnel
Mr T Gieskes (non-executive chairperson)	4/4	3/3	3/3	N/A
Mr V Halvorsen	3/4	N/A	1/1	2/2
Mr P Walker*	3/3	N/A	2/2	N/A
Mr JP van den Haspel	4/4	N/A	3/3	2/2
Mr H Aboobakar	3/4	N/A	N/A	N/A
Mr N Madhour**	1/1	N/A	N/A	N/A
Mr C Ozoemene	4/4	4/4	N/A	N/A
Ms R Imrith	4/4	N/A	N/A	N/A
Ms C Busetti	4/4	4/4	N/A	N/A
Ms M Scheffler	4/4	N/A	N/A	2/2
Ms R Dolphin	4/4	N/A	N/A	N/A

- \* Resigned from 28 February 2023.
- \*\* Alternate to Mr H Aboobakar.



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#### **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### **COMPANY INFORMATION**

The business of the Company is carried out under the name Business Partners International Africa LLC. The Company has seven shareholders, a list of which is available for inspection at the registered office.

The Company was incorporated on 26th May 2015 under the Laws of Mauritius as a private company limited by shares. The registered office is IQ EQ Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, Mauritius.

The object for which the Group was established is to offer financial and technical assistance to small and medium enterprises ("SMEs") in a manner that is commercially sustainable and that generates an acceptable return to the members.

Through the indirect acquisition of the Studio 45 Partners Limited the Group also generates rental income through an investment property.

The Company holds 100% of the issued share capital of BPI Rwanda Investment Company Ltd incorporated under the Laws of Rwanda.

Registration number:

The Company holds 100% of the issued share capital of BPI Uganda Investment Company Ltd incorporated under the Laws of Uganda. BPI Uganda Investment Company Ltd indirectly owns 75% of the issued share capital of Studio 45 Partners Limited.

The Company holds 99.99% of the issued share capital of Business Partners International Kenya (II) Ltd incorporated under the Laws of Kenya.

The Company holds 100% of the issued share capital of BPI Namibia (Proprietary) Ltd incorporated under the Laws of Namibia.

The Company holds 100% of the issued share capital of BPI Advisor Ltd incorporated under the Laws of Malawi.

The Company, together with the five subsidiaries listed above, represents the Group.

130558 C1/GBL

Directors	Date of appointment:	Date of resignation:
The directors of the Company are as follows:		
Barend Daniel Bierman	31 March 2016	01 April 2022
Philip Anthony Walker	24 May 2016	28 February 2023
Vegard Halvorsen	24 May 2016	
Jan Pieter van den Haspel	19 December 2017	
Rehma Imrith	04 April 2018	
Chukwujekwu Ozoemene	20 August 2019	
Claire Anne Busetti	12 February 2021	
Marcia Scheffler	25 June 2021	
Theodorus Henny Lambertus Johannes Maria Gieskes	01 December 2021	
Rayna Dolphin	01 April 2022	
Mohamed Hyder Aboobakar	09 June 2022	
Directors		

<sup>\* -</sup> Kindly refer to the directors report for more information.

Alternate		
Vegard Benterud (alternate to Vegard Halvorsen)	24 May 2016	
Andrea Elizabeth Heinzer (alternate to Philip Anthony Walker)	24 May 2016	28 February 2023
Michelle de Rijk (alternate to Jan Pieter van den Haspel)	19 December 2017	
Neernaysingh Madhour (alternate to Rehma Imrith)	17 March 2022	

#### Company secretary

IQ EQ Corporate Services (Mauritius) Ltd

#### **Business address**

IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, Mauritius

#### **Registered office**

IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, Mauritius

#### Auditor

PricewaterhouseCoopers Inc.
PwC Centre
Avenue de Telfair
Telfair 80829
Moka
Republic of Mauritius

#### CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2023

SECRETARY'S CERTIFICATE - 31 March 2023

SECRETARY'S REPORT TO THE MEMBERS OF **BUSINESS PARTNERS INTERNATIONAL AFRICA LLC** 

Under section 166(d) of the Mauritian Companies Act 2001

We certify that based on our records and information made available to us by the directors and shareholders of the Company, we have filed with the Registrar of Companies for the financial year ended 31 March 2023, all such returns as are required of the Company under the Mauritian Companies Act 2001.

IQ EQ Corporate Services (Mauritius) Ltd Secretary

Date: 29 June 2023

#### CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### **DIRECTORS' REPORT**

The Directors have pleasure in submitting their annual report together with the Group's audited consolidated and separate annual financial statements for the year ended 31 March 2023.

The Directors are responsible for the preparation of the consolidated Group and separate annual financial statements. In discharging this responsibility, the Directors rely on management to prepare the annual financial statements in accordance with International Financial Reporting Standards. The annual financial statements include amounts based on judgments and estimates made by management.

#### Nature of business

The principal activity of the Group is to offer financial and technical assistance to Small and Medium Enterprises ("SME's") in a manner that is commercially sustainable and that generates an acceptable return to members.

#### Significant transactions

During the current financial year the Group have acquired the following subsidiaries:

- 100% of BPI Namibia Proprietary Limited on 1 June 2022;
- 100% of BPI Advisor Limited on the 1st August 2022; and
- 75% of Studio 45 Limited indirectly through BPI Uganda Investment Company on the 1 January 2023.



Refer to note 5.6.1 for further details.

#### Results for the year

The results for the year of the Group and the Company are shown in the Statement of Profit or Loss and Other Comprehensive Income on page 10 of the annual financial statements

#### **Dividends**

The Directors do not recommend the payment of a dividend for the year under review (2022: nil).

Statement of directors' responsibilities in respect of the financial statements



**Theodorus Gieskes** Director

Company law requires the Directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have confirmed that they have complied with the above requirements in preparing the annual financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Going Concern**

The going concern status has been evaluated based on the most relevant and up to date information when preparing the annual financial statements as well as the budgeting process that was performed for the 2024 financial year.

Based on the assumptions applied, the Group is expected to continue to be a going concern.

#### **Auditor**

PricewaterhouseCoopers performed the audit services for the Group during the 2023 financial year. The replacement of PricewaterhouseCoopers for the 2024 financial year will be considered at the Audit and Risk Committee meeting where the financial statements are approved and recommended to the Shareholders.



The audit report is presented on page 5 - 8.



Chukwujekwu Ozoemene **Director** 

### Independent Auditor's Report To the Shareholders of Business Partners International Africa LLC

#### **Our Opinion**

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Business Partners International Africa LLC (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 31 March 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritian Companies Act 2001

#### What we have audited

Business Partners International Africa LLC's consolidated and separate financial statements set out on pages 9 to 44 comprise:

- The consolidated and separate statements of financial position as at 31 March 2023;
- The consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- The consolidated and separate statements of changes in equity for the year then ended;
- The consolidated and separate statements of cash flows for the year then ended; and
- The notes to the consolidated and separate financial statements, which include significant
- Accounting policies and other explanatory information.

#### **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 Consolidated and Separate Financial Statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### Other Information

The directors are responsible for the other information. The other information comprises the company information, the secretary's certificate and the directors' report but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other

information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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 the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement
of the consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding
  the financial information of the entities or business
  activities within the Group to express an opinion on the
  financial statements. We are responsible for the direction,
  supervision and performance of the Group audit. We
  remain solely responsible for our audit opinion.

We communicate with the 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

#### Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- a. we have no relationship with or interests in the Company or any of its subsidiaries other than in
- b. our capacity as auditor of the Company;
- c. we have obtained all the information and explanations we have required; and
- d. in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

#### Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose.

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers 8 August 2023



Olivier Rey, licensed by FRC

#### **CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**

As at 31 March 2023

			GROUP		COMPANY
	-	2023	2022	2023	2022
	Notes	USD	USD	USD	USE
Assets					
Non-current assets		23 883 533	19 499 039	31 116 898	23,861,848
Loans and receivables	8	19 279 014			
Repossessed properties	9	106 844	16 474 001	-	-
Investment in subsidiaries	10	-	96 034	-	
Loans to subsidiaries	27	-	-	13 637 374	10 482 559
Investments held at fair value through OCI	11	120 978	-	17 479 524	13 379 289
Property and equipment	12	54 448	39 685	-	
Right-of-use-asset	13	266 545	11 160	-	
Deferred tax asset	14	921 383	188 235	-	
Goodwill	15	1836 245	916 718	-	
Investment properties	28	1298 076	1773 206	-	-
Current assets		8 979 953	6 633 306	53 432	1 090 32
Cash and cash equivalents	16	6 182 938	4 168 876	4 168 876	1 090 23
Accounts receivable	17	199 258	62 749	62 749	90
Current tax asset	26.5	-	73 967	73 967	-
Loans and receivables	8	2 597 757	2 327 714	2 327 714	
Total assets		32 863 486	26 132 345	31 170 330	24 952 173
Equity and liabilities Capital and reserves - Equity attributable to		21101402	05.024.040	20.000.055	04704145
owners of the company		31 161 403	25 234 942	30 969 255	24 794 145
Share capital	18	35 750 002	28 758 616	35 750 002	00.750.010
Foreign currency translation reserves		(, ====================================			28 /58 616
		(4 590 324)	(2 409 974)	-	28 /58 61
Fair value reserves		(4 590 324) 107 745	(2 409 974) 26 803	-	28 /58 610
Fair value reserves Accumulated losses		-		- - (4 780 747)	
Accumulated losses		107 745	26 803	- - (4780747) -	-
Accumulated losses  Non-controlling shareholders' interest	_	107 745 (106 020)	26 803	- (4780747) - 30 969 255	(3 964 471
	_	107 745 (106 020) 327 155	26 803 (1140 503)	-	(3 964 471
Accumulated losses  Non-controlling shareholders' interest  Total equity	13	107 745 (106 020) 327 155 31 488 558	26 803 (1 140 503) - 25 234 942	-	(3 964 471
Accumulated losses  Non-controlling shareholders' interest  Total equity  Non-current liabilities	13 27.3	107 745 (106 020) 327 155 31 488 558 617 079	26 803 (1140 503) - 25 234 942 439 376	-	(3 964 471
Accumulated losses Non-controlling shareholders' interest Total equity Non-current liabilities Lease liability		107 745 (106 020) 327 155 31 488 558 617 079 178 209	26 803 (1 140 503) - 25 234 942 439 376 136 172	-	(3 964 471 - 24 794 14!
Accumulated losses  Non-controlling shareholders' interest  Total equity  Non-current liabilities  Lease liability  MEDA Second Chance Loan  Current liabilities		107 745 (106 020) 327 155 31 488 558 617 079 178 209 438 870	26 803 (1140 503) - 25 234 942 439 376 136 172 303 204	30 969 255 - - -	(3 964 471 24 794 145 
Accumulated losses Non-controlling shareholders' interest Total equity Non-current liabilities Lease liability MEDA Second Chance Loan Current liabilities Accounts payable	27.3	107 745 (106 020) 327 155 31 488 558 617 079 178 209 438 870 757 849	26 803 (1140 503) - 25 234 942 439 376 136 172 303 204 458 027	- 30 969 255 - - - 201 075	(3 964 471 24 794 141 158 028
Accumulated losses  Non-controlling shareholders' interest  Total equity  Non-current liabilities  Lease liability  MEDA Second Chance Loan  Current liabilities  Accounts payable  Current tax liability	27.3	107 745 (106 020) 327 155 31 488 558 617 079 178 209 438 870 757 849 457 049	26 803 (1140 503) - 25 234 942 439 376 136 172 303 204 458 027	- 30 969 255 - - - 201 075	24 794 145 
Accumulated losses Non-controlling shareholders' interest Total equity Non-current liabilities Lease liability MEDA Second Chance Loan Current liabilities Accounts payable Current tax liability Lease liability	27.3 19 26.5	107 745 (106 020) 327 155 31 488 558 617 079 178 209 438 870 757 849 457 049 68 613	26 803 (1140 503) - 25 234 942 439 376 136 172 303 204 458 027 307 518	- 30 969 255 - - - 201 075	24 794 145 
Accumulated losses  Non-controlling shareholders' interest  Total equity  Non-current liabilities  Lease liability  MEDA Second Chance Loan	27.3 19 26.5 13	107 745 (106 020) 327 155 31 488 558 617 079 178 209 438 870 757 849 457 049 68 613 123 826	26 803 (1140 503) - 25 234 942 439 376 136 172 303 204 458 027 307 518 - 84 407	- 30 969 255 - - - 201 075	28 758 616 (3 964 47) - 24 794 145 158 028

#### **CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**

As at 31 March 2023

The notes on pages 13 to 43 form an integral part of these financial statements.

These financial statements have been approved for issue by the Board of Directors on 29 June 2023 and signed on its

Thos Gestes	4
Theodorus Gieskes	Chukwujekwu Ozoemene
Director	Director

#### CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER **COMPREHENSIVE INCOME**

For the year ended 31 March 2023

			GROUP		COMPANY
		2023	2022	2023	2022
	Notes	USD	USD	USD	USD
Interest income		3 682 082	3 641 025	178 813	30 575
Fee revenue		7 992	8 978	1/0013	30 373
reerevende		7 992	0 970	_	
Total revenue from contracts with customers	21	3 690 074	3 650 003	178 813	30 575
Other operating income	22	182 562	151 226	-	58 982
Interest lease expense	13	(63 668)	(27 977)	-	-
Other operating expenses	23	(2 475 287)	(1 883 977)	(998 701)	(771 533)
Profit / (Loss) from operations		1 333 681	1 889 275	(819 888)	(681 976)
Credit gains / (losses) on financial assets	24	98 214	(485 662)	-	420 572
Net foreign exchange differences		202 426	(47 195)	3 612	52
Profit / (Loss) before taxation		1 634 321	1 356 418	(816 276)	(261 352)
Tax expense	25	(599 838)	(564 808)	-	(40 846)
Net Profit / (Loss) after taxation		1034 483	791 610	(816 276)	(816 276)
Other comprehensive income, net of income tax					
Items that may be reclassified subsequently to profit or loss					
Fair value adjustment of investments held at fair value through OCI		83 748	1776	-	-
Currency translation differences		(2 180 350)	(654 307)	-	
Other comprehensive loss, net of income tax		(2 096 602)	(652 531)	-	
Total comprehensive (loss) / income for the period		(1 062 119)	139 079	(816 276)	(816 276)



The notes on pages 13 to 43 form an integral part of these financial statements.

#### **CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2023

		Attributable to Parent					
		Share capital	Foreign currency translation reserve	Fair value reserve	Accumulated losses	Non- controlling shareholder's interest	Total equity
	Notes	USD	USD	USD	USD	USD	USD
Group							
Balance as at 31 March 2021		28 398 766	(1755 667)	25 027	(1 932 113)	_	24 736 013
Profit for the period		20 330 700	(1733 007)	25 027	791 610	_	791 610
Other comprehensive loss for the period		_	(654 307)	1 776	701010	_	(652 531)
Shares issued during the period	18	359 850	-	-	_	_	359 850
Balance as at 31 March 2022		28 758 616	(2 409 974)	26 803	(1 140 503)	_	25 234 942
			( , , , , ,		( , , , , , , , , , , , , , , , , , , ,		_
Group							_
							-
Balance as at 31 March 2022		28 758 616	(2 409 974)	26 803	(1 140 503)	(1140 503)	25 234 942
Profit for the period		-	-	-	1034 483	1034 483	1 041 832
Shares issued during the period	18	6 991 386	-	-	-	-	6 991 386
Foreign exchange differences on translation		-	-	(2 806)	-	-	(2 806)
Other comprehensive loss for the period		-	(2 180 350)	83 748	-	-	(2 096 602)
Purchase of subsidiary							319 806
Balance as at 31 March 2023		35 750 002	(4 590 324)	107 745	(106 020)	(106 020)	31 488 558
							-
Company							-
							_
Balance as at 31 March 2021		28 398 766	_	-	(3 662 273)	-	24 736 493
Loss for the period		-	-	-	(302 198)	_	(302 198)
Shares issued during the period	18	359 850	-	-	-	_	359 850
Balance as at 31 March 2022		28 758 616	-	-	(3 964 471)	-	24 794 145
							-
Company							_
							-
Balance as at 31 March 2022		28 758 616	_	-	(3 964 471)	-	24 794 145
Loss for the period		_	-	-	(816 276)	-	(816 276)
Shares issued during the year	18	6 991 386	-	-	_	-	6 991 386
Balance as at 31 March 2023		35 750 002	-	-	(4 780 747)	-	30 969 255



The notes on pages 13 to 43 form an integral part of these financial statements.

#### **CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS**

		GROUP			COMPANY
		2023	2022	2023	2022
	Notes	USD	USD	USD	USD
Cash flow from operating activities					
Profit / (Loss) before taxation		1634 321	1 356 418	(816 276)	(261 352)
Adjustments for non cash items	26.1	173 400	740 831	(3 612)	(421 728)
Adjustments for net interest income per income statement	26.2	(3 772 137)	(3 624 860)	(178 813)	(30 575)
Net interest received in cash	26.3	2 364 832	2 444 538	-	-
Other movements in assets and liabilities	26.4	54 075	(142 199)	40 084	82 237
Cash generated from / (utilised in) operating activities		454 491	774 728	(958 617)	(631 418)
Net outflow on loans and receivables		(4 961 244)	(707 670)	-	_
Loans and receivables advanced		(6 380 493)	(4 008 399)	-	-
Loans and receivables advanced		1 419 249	3 300 729	-	-
Taxation paid	26.5	(647 842)	(660 647)	-	(39 742)
Net cash (utilised in) / generated from operating activities		(5 154 595)	(593 589)	(958 617)	(671 160)
Cash flow from investing activities					
Shares acquired in subsidiaries	10	-	-	(3 154 814)	(1 000 000)
Purchase of property and equipment	12	(50 690)	(6 186)	-	-
Purchase of repossessed property	9	-	-	-	-
Investments held at fair value through OCI purchased	11	-	-	-	_
Net cash utilised in investing activities		(50 690)	(6 186)	(3 154 814)	(1 000 000)
Cash flow from investing activities					
Shares issued during the current period	18	6 991 386	359 850	6 991 386	359 850
Principal elements of lease payments	13	(110 132)	(76 377)	-	-
Loan received from MEDA	27.3	135 666	303 204	-	-
Loans advanced to subsidiaries	27.1	-	-	(4 452 422)	(500 000)
Loans repayments received from subsidiaries	27.1	-	-	531 000	2 539 742
Net cash generated from financing activities		7 016 921	586 677	3 069 964	2 399 592
Net increase / (decrease) in cash and cash equivalents		1 811 636	(13 098)	(1043 467)	728 432
Exchange rate differences on cash and cash equivalents		202 426	(47 195)	3 611	52
Cash and cash equivalents at the beginning of the year	16	4 168 876	4 229 169	1090235	361 751
Cash and cash equivalents at the end of the year	16	6 182 938	4 168 876	50 379	1 090 235

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 1. Reporting entity

The Company was incorporated on 26 May 2015 under the Laws of Mauritius as a private company limited by shares. The registered office is IQ EQ Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, Mauritius.

The objective for which the Group is established is to offer financial and technical assistance to small and medium enterprises (SMEs) in a manner that is commercially sustainable and that generates an acceptable return to the members.

#### 2. Basis of preparation

The financial statements of the Group comply with the Mauritian Companies Act 2001. The financial statements are prepared in accordance with, and comply with International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the revaluation of financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period, based on the Directors' best knowledge of current events and actions. Actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 5.

#### 3. New and amended standards

#### 3.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 April 2022: New and amended standards (continued)

#### 3.2 New and amended standards not yet effective or adopted

Standard	Effective date	Executive summary
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	1 January 2022	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.  Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.  The amendments did not have a material impact on the annual financial statements.

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Standard	Effective date	Executive summary
Reference to the Conceptual amendments were made to IFRS 3	1 January 2022	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.  The amendments did not have a material impact on the annual financial statements.
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.  The amendments did not have a material impact on the annual financial statements.
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	<ul> <li>The following improvements were finalised in May 2020:</li> <li>IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.</li> <li>IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.</li> <li>IFRS 1 First–time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.</li> <li>IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.</li> <li>The amendments did not have a material impact on the annual financial statements.</li> </ul>
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	Annual periods beginning on or after 1 January 2021	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.  The amendments did not have a material impact on the annual financial statements.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2023

The following standards are applicable to periods beginning on or after 1 April 2022 and the Group has not early adopted them. The impact of these standards on the Group has not yet been determined:

Standard	Effective date	Executive summary
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023 (deferred from 1 January 2022)**	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.  They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.  ** Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	The IASB amended IAS I to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.  To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.  The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Standard	Effective date	Executive summary
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.  The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:  • right-of-use assets and lease liabilities, and  • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.  The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.  IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 4. Summary of accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated annual financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of the Company and it's subsidiaries.

#### 4.1 Summary of significant accounting policies

#### 4.1.1 Financial assets and liabilities

#### Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method or any difference between that initial amount and the maturity amount and , for financial assets , adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs and fees received that are integral to the effective interest rate.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchased and sales or financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. In the case of financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial assets or financial liabilities are added or subtracted to the fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance is recognised for financial asset measured at amortised cost which results in an accounting loss being recognised in profit or loss.

When the fair value of financial asset and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- a) When the fair value is evidenced by quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from unobservable markets (i.e a Level 2 or 3 input), the difference is recognised as a gain or loss.
- b) In all other cases, the difference is deferred and the timing of the recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

#### For the year ended 31 March 2023

#### 4.1.1.1 New and amended standards not yet effective or adopted

#### i) Classification and subsequent measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI").

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial asset, such as loans and receivables,

Classification and subsequent measurement of debt instruments depend on:

- i) the Group's business model for managing the assets; and
- ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely
  payments of principal and interest ("SPPI"), and that are not designated at fair value through profit or loss ("FVPL"), are
  measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance
  recognised and measured as described in 7.1.2.3. Interest income form these financial assets is included in "Interest
  income" using the effective interest rate method.
- Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represents solely payments if principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to retained earnings. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Business Model: The business Model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows to collect contractual cash flows to sell the asset, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest included only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

#### Equity investments

Equity investments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Example of equity investments include ordinary shares.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocable designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the other operating income or expenses line in the statement of profit and loss and other comprehensive income.

#### ii) Expected credit loss

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased an probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about
  past events, current conditions and forecasts of future economic conditions.
- Note 7.1.2 provides more detail of how the expected credit loss allowance is measured.

#### iii) Modifications of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduced the contractual cash flows to amount the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of the renegotiation is consequently considered to be the date of the initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial assets recognised is deemed to be credit-impaired at initial recognition, especially in circumstance where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

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#### For the year ended 31 March 2023

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows as the original effective interest rate.

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 7.1.6.

#### iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- i) The Group transfers substantially all the risk and reward of ownership; or
- ii) The Group either transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Collateral furnished by the Group under borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards and therefore the derecognition criteria are not met.

#### v) Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

#### vi) Accounts receivable

Cash and cash equivalents comprises of cash on hand and cash at bank. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to any insignificant risk of changes in value.

#### 4.1.1.2 Financial liabilities

#### i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost except for loan commitments (see note 4.1.2).

#### ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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#### iii) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are capitalised as a prepayment of liquidity services and amortised over the period of the facility to which it relates.

#### iv) Accounts payable

Accounts payable consist mainly of value added tax payable. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

#### 4.1.2 Loan commitments

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 7.1.2). The Group has not provided any commitment to provide loans at a below market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component form those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

#### 4.1.3 Group accounting

### 4.1.3.1 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as and when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent change in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss and other comprehensive income.

#### 4.1.3.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intra-company transactions, balances and unrealised gains or losses on transactions with the Group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the annual financial statements of the Company. The investment is tested for impairment when the subsidiary declares a dividend to its Holding Company.

#### 4.1.3.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### 4.1.4 Foreign currencies

#### 4.1.4.1 Functional and presentation currency

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

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#### 4.1.4.2 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement of profit or loss and other comprehensive income are translated at a verage exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of equity.

#### 4.1.5 Current and deferred income tax

The tax expense for the Group comprises of current income tax and the change in deferred tax. Tax is recognised in the profit or loss component of the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group does not offset current tax assets and current tax liabilities as the Group utilises all current tax assets before recognising any current tax liabilities.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group offsets the deferred income tax assets and liabilities as the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relates to the same entity.

Indirect taxes, including non-recoverable VAT, are recognised in the statement of profit or loss and other comprehensive income as part of 'operating expenses'.

#### 4.1.6 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Provisions for future operating losses are not recognised.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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Contingent liabilities, which include certain guarantees other than financial guarantees, and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements.

#### 4.1.7 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. The carrying amount of a replaced part of an asset is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to the residual values over the estimated useful lives of the assets, as follows:

Machinery, equipment, furniture and fittingsComputer hardware and computer software3 years

The residual value and the useful life of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss and other comprehensive income within 'other operating expenses'.

#### 4.1.8 Revenue from contracts with customers

#### a) Disaggregation of revenue

The Company determines that the categories of business activities can be used to meet the objective of the disaggregation disclosure requirement, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors, namely:

- i) Net interest revenue
- ii) Fee revenue

#### a) Recognition and measurement

Financing arrangements consists of term finance and term finance with royalty fee, property finance and property finance with royalty fees, and equity investments which are funding options that are provided to small medium enterprises (customers). The financing options are provided in the form of loan facilities and equity instruments which generate (where applicable) the following revenue streams: interest income (and penalty interest income), royalty fees and contract fees.

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### i) Net interest income (and penalty interest income)

Interest income (and penalty interest income) generated due to the long-term repayment terms afforded to borrowers on the loan facilities are fully outlined in IFRS 9 because the interest is an integral component of the effective interest rate of the loan. As a result interest income (and penalty interest income) fall outside the scope of IFRS 15. Previously interest income fell within the scope of IAS 18 under the principle that interest income was recognised on a time apportionment basis, taking account of the principal outstanding and the effective rate over the period to maturity.

#### ii) Fee revenue

Fee revenue are generated upon the provision of services as follows:

- Amendment fee: consideration, approval and implementation of a customer request for amendments to the terms and conditions of the loan agreement. These fees charged are an integral part of the financing arrangement and as per IFRS 9 should be amortised over the term of the loan to profit and loss using the effective interest method.
- Raising (due diligence), legal and valuation fees: the customer pays the raising, legal and valuation expenses in connection with the agreement. The Company makes payment directly to the attorneys and/or land surveyors and subsequently recovers these fees directly from the customer or alternatively from the proceeds of the facility. The Company employs the services of the professional service providers in its capacity as a principal, to provide consulting services in implementing due diligence, legal or valuation services as a subcontractor, on its behalf. Therefore, the raising fees, legal and valuation fees are revenue in nature and recovered from the client. However the fees charged form an integral part of the financing arrangement and as per IFRS 9 should be amortised over the term of the loan to profit and loss using the effective interest method.
- Administration fee: monthly administration fee for the period that the loan facility is active.

The contract fees are recognised as revenue from contracts with customers and charged to the customer upon invoicing once the efforts (output) to fulfil the service have been satisfied (at a point in time) and can be quantified.

#### 4.1.9 Leases

The Group assesses at the inception of a contract whether it contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT and office equipment that are considered to be low value. Low value assets are those assets that has a carrying amount of USD 1000 or less at inception of the lease.

#### Right-of-use asset ("ROU")

The Group recognises a ROU at the commencement date of the lease (i.e. the date the underlying asset is available for use). The ROU is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for a remeasurement of the lease liability. The cost of the ROU includes the amount of the lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date leases less lease incentives received. The ROU is depreciated on a straight line basis over the lease term.

The ROU is presented within note 13 and are subjected to impairment in line with the Group's policy.

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#### Lease liabilities

At the commencement date of the of lease, the Group recognises the lease liability measured at the present value of lease payments to be made over the term of the lease. The lease payments include fixed payments and service charges (less any lease incentives receivable).

The present value of the contractual payments due to the lessor over the lease term is discounted using the incremental borrowing rate. The incremental borrowing rate has been determined by using a risk free rate and adjusting this rate for the credit risk of the lessee as well as the risk associated with the property that is being leased.

A lease finance cost, determined with reference to the Group's incremental borrowing rate, is recognised within interest expense over the lease period.

Lease payments are allocated between principal and finance cost. The finance cost is, determined with reference to the Group's incremental borrowing rate, is recognised within interest expense in profit or loss over the lease period. Payments associated with short-term leases of property are recognised on a straight line-basis as an expense in profit and loss.

#### 4.1.10 Leases

#### (a) Retirement benefit obligations

The Group and all its employees contribute to the Social Security Funds in each respective country in which the Group operates, which is a defined contribution scheme.

The Group's contributions to the defined contribution schemes are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

The Group has no further obligation once the contributions have been paid.

#### (b) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

### 4.1.11 Repossessed properties

The Group classifies repossessed properties as assets held for resale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

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#### 4.1.12 Investment properties

Investment properties are recognised as assets when it is probable that the future economic benefits associated with the investment properties will flow to the Group in the form of long term rental yields and capital appreciation, and the costs of the investment properties can be reliably measured.

Investment properties are initially recorded at cost including transaction costs. Subsequent to initial measurement, investment properties are measured at fair value. Fair value is determined using the discounted cash flow method as performed by suitably qualified personnel. A gain or loss arising from a change in fair value is included in the statement of comprehensive income within investment income and gains.

Investment properties are not occupied by the Group. Owner-occupied offices are recognised as part of property and equipment. A property is considered to be owner-occupied when the Group occupies the majority of the lettable area and the portion not occupied by the Group cannot be sold separately. Further details is set out in note 28.

### 5. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

#### 5.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 7.1.2, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- · Determining criteria for significant increase in credit risk;
- · Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 7.1.2.

#### 5.2 Income taxes

The Group is subject to direct and indirect taxation in a number of jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expense in the period in which such determination is made.

#### 5.3 Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. 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.

Management's judgement regarding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

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#### 5.4 Provisions

The accounting policy for provisions is set out in accounting policy note 4.1.6. The principal assumptions taken into account in determining the value at which provisions are recorded at in the Group's results include determining whether there is an obligation as well as assumptions about the probability of the outflow of resources occurring and the estimate of the amount and timing for the settlement of the obligation.

The probability of an event of a significant nature occurring will be assessed by management and where applicable, consultation with the Group's legal counsel. In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the balance sheet date up to the date of the approval of the financial statements.

#### 5.5 Royalty products

Under IFRS 9 a financial asset can be classified as either under the amortised cost or fair value model. For a financial asset to be classified as amortised cost one of the criteria is that the cash flows should solely consist of principal and interest.

IFRS 9 prescribes that if a cash flow is de minimus it does not affect the overall classification of the instrument and therefore it can be classified as amortised cost.

The royalty products that are part of the financing package that the Group provides to its clients has an additional royalty component that is linked to a certain variable. This variable causes uncertainty as to whether the product should be classified under the amortised cost or fair value model.

Management has therefore performed a detailed analysis of all historical royalties received and has determined that the additional royalty component is de minimus. Further management has also estimated the fair value of the royalty product as a whole and determined that amortised cost approximates fair value.

As a result, the royalty product has been classified as a financial asset at amortised cost.

#### 5.6 Consolidation of entities

IFRS requires the Group to consolidate an entity where the Group has power; is exposed to variable returns from its involvement with the investee; and has the ability to use it's power to affect the returns through its power over the entity, including structured entities. Determining whether the Group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the Group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights, including whether such rights are substantive.

#### Control over BPI Uganda Investment Company Ltd

The Company holds 100% of the issued share capital and voting rights of BPI Uganda Investment Company Ltd. BPI Uganda Investment Company holds 75% of the shares of Studio 45 Partners Limited.

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### Control over Business Partners International Kenya (II) Ltd

The Company holds 99% of the issued share capital and voting rights of Business Partners International Kenya (II) Ltd.

#### Control over BPI Rwanda Investment Company Ltd

The Company holds 100% of the issued share capital of BPI Rwanda Investment Company Ltd.

#### Control over Business Partners International Advisor Ltd

The Company holds 100% of the issued share capital of Business Partners International Advisor Ltd.

### Control over Business Partners International Namibia (Proprietary) Ltd

The Company holds 100% of the issued share capital of BPI Namibia (Proprietary) Ltd.

The Directors assessed whether or not the Group has control over the above entities based on whether the Group has the practical ability to direct the relevant activities of the entities unilaterally. In making their judgement, the directors considered the Group's absolute size of holding and concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of the above entities and therefore the Group has control over BPI Rwanda Investment Company Ltd, BPI Uganda Investment Company Ltd, Business Partners International Kenya (II) Ltd, Business Partners International Advisor Ltd, Namibia (Proprietary) Ltd and Studio 45 Partners Ltd.

#### 5.6.1 Income taxes

The following subsidiaries were acquired by the Group during the year at the respective dates.

- Business Partners International Advisor Ltd (Acquisition date 1 August 2022)
- Business Partners International Namibia (Proprietary) Ltd (Acquisition date 1 June 2022)
- Studio 45 Partners Limited (Acquisition date 1 January 2023)

Included in the identifiable assets and liabilities acquired at the date of acquisition of the subsidiaries are inputs (assets, liabilities and customer relationships) processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

Taking control of subsidiaries acquired will enable the Group with an increased share of the standard market. The Group also expects to reduce costs through economies of scale.

	BPI Namibia	BPI Advisor Limited	Studio 45
Consideration transferred	5 000		133
Non-Controlling Interest		5 000	(319 806)
Fair value of pre-existing relationship			(207 092)
Fair value of pre-existing relationship	5 000		463 991
Goodwill recognised through purchase	-	5 000	(62 774)

#### 5.6.1 Impairment of goodwill

The Group assesses whether goodwill has suffered any impairment on an annual basis and in order to determine whether there is any impairment the underlying net asset value of the investment is used.

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#### 6. Fair values of assets and liabilities

The Group uses the following fair value measurement hierarchy to measure the assets and liabilities on the statement of financial position:

- Level 1: Unadjusted quoted prices in active markets for identical asset or liabilities that are accessible at the measurement date.
- Level 2: Valuation techniques using market data that is either directly or indirectly observable. Various factors influence
  the availability of observable data which include for example, the depth of activity in the relevant market, the type of
  product.
- Level 3: Valuation techniques that include significant inputs that are unobservable. To the extent that a valuation is based on inputs that are not market-observable the determination of the fair value can be more subjective, dependent on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined based on the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

#### 6.1 Fair values of assets and liabilities held at fair value

#### 6.1.1 Valuation methodology

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions

A fair value measurement includes, but is not limited to, consideration of the following:

- · The particular asset or liability that is being measured.
- · The particular asset or liability that is being measured.
- The valuation technique(s) appropriate for the measurement, consider the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy which the inputs are categorised.

### Valuation techniques

If the market for a financial instrument is not active, the Group establishes fair value by using various valuation techniques.

These valuation techniques may include:

- using recent arm's length market transactions between knowledgeable, willing parties;
- · reference to the current fair value of another instrument that is substantially the same in nature; and
- · discounted-cash flow analysis.

If there is a valuation technique that is commonly used by market participants to price the financial instrument and that technique has been demonstrated to provide reasonable estimates of prices obtained in actual market transactions, the Group will use that technique. In applying valuation techniques, and to the extent possible, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

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#### 6.1.2 Valuation technique by instrument

#### Investments held at fair value through OCI

The fair value of investments held at fair value through OCI are determined through the use of valuation techniques which are commonly used by market participants by taking into account the type of business over which the valuation is performed.

The value of the instruments are determined by management and presented to the Board of Directors for approval.

#### 6.1.3 Fair value hierarchy of financial assets and liabilities held at fair value

	Level 1	Level 2	Level 3	Total balance
	USD	USD	USD	USD
GROUP				
At 31 March 2023				
Non-Financial Assets				
Investment properties	-	-	1298 076	1298 076
Financial Assets				
Investments held at fair value through OCI	-	-	120 978	120 978
At 31 March 2022				
Non-Financial Assets				
Investment properties	-	-	1298 076	1298 076
Financial Assets				
Investments held at fair value through OCI	-	-	39 685	39 685

### 6.1.4 Level 3 reconciliation

	Opening balance as at 1 April 2022	Gain recognised in other comprehensive income	Acquisitions of subsidiaries	Sold	Intergroup elimination	Closing balance as at 31 March 2023
	USD	USD	USD	USD	USD	USD
At 31 March 2023						
Non-Financial Assets						
Investment properties	-	-	1 419 054	-	-	1 298 076
Financial Assets						
Investments held at fair value through OCI	39 685	81 426	-	-	133	120 978
	39 685	81 426	1298 076	-	(133)	1 419 054

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	Opening balance as at 1 April 2022	Gain recognised in other comprehensive income	Acquisitions of subsidiaries	Sold	Intergroup elimination	Closing balance as at 31 March 2023
	USD	USD	USD	USD	USD	USD
At 31 March 2022						
Non-Financial Assets						
Investment properties	-	-	-	-	-	-
Financial Assets						
Investments held at fair value through OCI	37 165	2 520	-	-	-	39 685
	37 165	2 520	-	-	-	39 685

There were no significant transfers between the fair value level throughout the financial year.

#### 6.1.5 Unrealised gains on level 3 instruments

The unrealised gains arising on instruments classified as level 3 include the following:

	2023	2022
	USD	USD
Financial Assets		
Investments held at fair value through OCI	81 426	2 520

### 6.1.6 Effect of changes in significant unobservable assumptions to reasonable possible alternatives

The following table shows the effect on fair value of changes in unobservable input parameters to reasonable possible alternative assumptions:

### Change in fair value

	Valuation technique	Significant unobservable inputs	Change factor	Favourable change in fair value	Unfavourable change in fair value
	USD	USD	USD	USD	USD
At 31 March 2023					
Non-Financial Assets					
Investment properties	Income capitalisation	Capitalisation rate	1% increase in capitalsation rate	144 471	(117 810)
Financial Assets					
Investments held at fair value through OCI	Net asset value	Net asset value	10% increase in net asset value	12 098	(12 098)
At 31 March 2023					
Financial Assets					
Investments held at fair value through OCI	Net asset value	Net asset value	10% increase in net asset value	3 969	(3 969)

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#### 6.2 Financial assets and liabilities not held at fair value

The table below summarises the carrying amounts and approximate fair values of those financial assets and liabilities not held at fair value:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total balance
The Group	USD	USD	USD	USD	USD	USD
At 31 March 2023						
Financial assets						
Loans and receivables	21 876 771	21 876 771	-	-	21 876 771	21 876 771
Accounts receivable	193 141	193 141	-	193 141	-	193 141
Cash and cash equivalents	6 182 938	6 182 938	-	6 182 938	-	6 182 938
Financial liabilities						
Accounts payable	457 049	457 049	-	457 049	-	457 049
MEDA Second Chance Loan	438 870	-	-	438 870	-	438 870
Lease liability	302 035	302 035	-	302 035	-	302 035
At 31 March 2022						
Financial assets						
Loans and receivables	18 801 715	18 801 715	-	-	18 801 715	18 801 715
Accounts receivable	56 632	56 632	-	56 632	-	56 632
Cash and cash equivalents	4 168 876	4 168 876	4 168 876	-	-	4 168 876
Financial liabilities						
Accounts payable	307 518	307 518	-	307 518	-	307 518
MEDA Second Chance Loan	303 204	-	-	303 204	-	303 204
Lease liability	220 579	220 579	-	220 579		220 579

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	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total balance
The Company	USD	USD	USD	USD	USD	USD
At 31 March 2023						
Financial assets						
Loan to subsidiaries	17 479 524	17 479 524	-	17 479 524	-	17 479 524
Accounts receivable	3 053	3 053	-	3 053	-	3 053
Cash and cash equivalents	50 379	50 379	50 379	-	-	50 379
Financial liabilities						
Accounts payable	201 075	201 075	-	201 075	-	201 075
At 31 March 2022						
Financial assets						
Loan to subsidiaries	13 379 289	13 379 289	_	13 379 289	-	13 379 289
Accounts receivable	90	90	-	90	-	90
Cash and cash equivalents	1 090 235	1 090 235	1 090 235	-	-	1 090 235
Financial liabilities						
Accounts payable	158 028	158 028	-	158 028	-	158 028

### Valuation methodology – non-fair value items

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of certain financial assets and financial liabilities have been determined using measurement bases other than fair value. IFRS 13 Fair Value ("IFRS 13") imposes specific fair value disclosure requirements on these items that fall within the scope of the standard.

The carrying value of financial assets and liabilities held at amortised cost is determined in accordance with the accounting policy. In all cases, the disclosed fair value approximates the carrying value because the instruments have interest rates that reflect market interest rates.

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### 7. Financial risk management

The following section discusses the Group's risk management policies and relates to accounting policies applied. The measurement of ECL under IFRS 9 uses the information and approaches that the Group uses to manage credit risk, through certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is discussed separately in note 4.1.1.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Group's management. In addition, internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks to which the Group is exposed to are credit risk, market risk, interest rate risk and liquidity risk.

#### 7.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group clients or market counter-parties fail to fulfil their contractual obligations to the Group.

Credit risk arises mainly from loans and advances, loan commitments arising from such lending activities, cash and cash equivalents and trade and other receivables.

Credit risk is the single largest risk for the Group's business. Management therefore carefully manages its exposure to credit risk.

### 7.1.1 Credit risk measurement

The credit risk for loans and receivables at the investment stage of any potential investment is analysed and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other risk indicators are determined, verified and benchmarked.

#### 7.1.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 7.1.2.1 for a description of how the Group determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 7.1.2.2 for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime
  expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2
  or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 7.1.2.3 for a
  description of input, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 7.1.2.4 includes an explanation of how the Group has incorporated this in its ECL models.

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The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit - impairment financial assets):

### Change in credit quality since initial recognition

 Stage 1
 Stage 2
 Stage 3

 (Initial recognition)
 (Significant increase in credit risk since initial recognition)
 (Credit-impaired assets)

 12-month expected credit losses
 Lifetime expected credit losses

Lifetime expected credit losses

#### 7.1.2.1 Significant increase in credit risk ("SICR")

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

The Group considers a financial instrument to have experience a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

#### Quantitative criteria:

The Group uses the following criteria to assess whether there has been an SICR:

- The client has no arrears, however they have missed more than two instalments in the past six months;
- The client has been in arrears for 30 89 days.

#### Qualitative criteria and backstop:

IFRS 9 provides for a rebuttable presumption where it is assumed that there has been an SICR when a client is in more than 30 days past due on its contractual payments.

The Group has applied the backstop in determining whether there has been an SICR as the Group is still in the process of developing a set of qualitative criteria which can be back tested and proven to be accurate.

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#### 7.1.2.2 Definition of default in credit-impaired assets

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

#### Quantitative criteria:

The client is more than 90 days past due on its contractual payments.

#### Qualitative criteria:

The client is in legal control and the Group has instituted legal action against the client.

A client is placed in legal control when one or more of the following criteria are met:

- Legal judgements are issued against the client;
- The client has been placed under liquidation, judicial management, business rescue or has stopped trading;
- The ownership within the clients company changes;
- The client fails to comply with any of the terms and conditions, or acts in conflict with any of the provisions of the Loan, Shareholders or Royalty agreement; or
- The client has supplied false information or withheld material information from the Group.

The criteria above has been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. The period of six months has been determined based on past experience of behavioural patterns of clients.

#### 7.1.2.3 Measuring Expected Credit Loss

The Expected Credit Loss ("ECL") is measured on either a 12 month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD.

The inputs to the ECL is defined as follows:

- · The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (i.e. 12 month PD), or over the remaining lifetime (i.e. lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (i.e. 12 months EAD) or over the remaining lifetime (i.e. lifetime EAD).
- LGD represents the Group's expectation for the extent of loss on a defaulted exposure. LGD varies by type of counterparty and availability of collateral. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months. Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for future quarters and for each product segment. These three components are multiplied together and this effectively calculates an ECL for each future quarter, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is an approximation of the original effective interest rate.

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The PD is calculated through a migration matrix approach. The average quarterly migrations over 2 years are taken as the base matrix, and subsequently multiplied to obtain a probability of default curve over 10 years. The PD curve is then finally adjusted for the likelihood of survival. A PD curve is constructed for each product. The migration matrix is based on historical observed data and is assumed to be the same across all exposures within a product segment. The 12-month PD is then taken as the probability after default on the 12 month tenor on the PD curve, while the Lifetime PD is calculated as the tenor on the PD curve which equals the remaining lifetime of the particular exposure.

The 12-month and lifetime EAD is determined based on an expected payment profile up until default. The profile is based on historical observed contractual repayments. The profile incorporates any overpayment or early repayment made by a borrower.

The LGD is estimated by multiplying of the probability of write-off ("POW") by the loss given write-off ("LGW"). The POW based on a curve over time in default, and the POW curve is calculated by taking into account the number of writeoffs per each time in default. The POW curve is then adjusted for the likelihood of survival. The exposures which are not in default will receive the POW as on the first point of the curve, while the POW of exposures which are in default is taken as the tenor on the curve which is equal to the time the exposure has been in default. The LGW is calculated by aggregating all the recoveries made on an exposure from default to write-off, which includes the sale of any collateral, and subtracting it from the amount at the point of default in order to obtain the loss amount. The ratio of the loss amount over the default amount is the LGW.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

#### 7.1.2.4 Forward-looking information incorporated in the ECL model

The Group obtained macroeconomic forecasts from external sources in order to incorporate forward-looking information ("FLI") in the ECL model. The main macro economic factor that was utilised was GDP forecasts in order to estimate the forward looking impact on the IFRS 9 ECL provision. GDP forecasts were used as it was found that there was a direct correlation between the movement in GDP versus the movement in PD's. The results can be summarised as follows:

#### At 31 March 2023

#### **Rwanda:**

	Base scenario	Downside scenario	Upside scenario
Macroeconomic forecast			
GDP - Rwanda (next 12 months)	5,45%	4,65%	4,77%
Weight (assumption)	60,0%	25,0%	15,0%

### Kenya:

Macroeconomic forecast	Base	Downside	Upside
	scenario	scenario	scenario
GDP - Kenya (next 12 months) Weight (assumption)	6,58%	5,93%	7,05%
	60,0%	25,0%	15,0%

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#### At 31 March 2023

At 31 March 2023			
Uganda:			
	Base scenario	Downside scenario	Upside scenario
Macroeconomic forecast			
GDP - Uganda (next 12 months)	6,63%	4,05%	7,55%
Weight (assumption)	60,0%	25,0%	15,0%
Namibia:			
	Base scenario	Downside scenario	Upside scenario
Macroeconomic forecast			
GDP - Namibia (next 12 months)	2,75%	2,25%	4,50%
Weight (assumption)	60,0%	25,0%	15,0%
Malawi:			
	Base	Downside	Upside
Macroeconomic forecast	scenario	scenario	scenario
GDP - Malawi (next 12 months)	3,38%	2,49%	4,05%
Weight (assumption)	60,0%	25,0%	15,0%
Rwanda:			
	Base scenario	Downside scenario	Upside scenario
Macroeconomic forecast			
GDP - Rwanda (next 12 months)	7,3%	6,5%	8,9%
Weight (assumption)	60,0%	25,0%	15,0%
Kenya:			
	Base scenario	Downside scenario	Upside scenario
Macroeconomic forecast			
GDP - Kenya (next 12 months)	5,4%	7,2%	3,6%
Weight (assumption)	60,0%	25,0%	15,0%

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### Uganda:

Macroeconomic forecast	Base	Downside	Upside
	scenario	scenario	scenario
GDP - Uganda (next 12 months) Weight (assumption)	5.5%	2.8%	6.5%
	60.0%	25.0%	15.0%

The Probability of Default's (PD's) of the loans and receivables book were adjusted to incorporate the above forward looking information (across scenarios and weights) in order to determine the ECL provision of USD 2 887 747 (2022: USD 3 448 370).

The sensitivity of the IFRS 9 provision against this forward looking information is as follows:

#### As at 31 March 2023

As at 31 March 2023		
	IFRS9 ECL Provision	% change in IFRS 9 ECL Provision
	USD	USD
The Group:		
ECL provision based on the different scenarios:		
1% change in GDP upwards	2 858 026	-1,03%
1% change in GDP downward	2 917 468	1,03%
	IFRS9 ECL Provision	% change in IFRS 9 ECL Provision
	USD	USD
The Company:		
ECL provision based on the different scenarios:		
1% change in GDP upwards	-	0,00%
1% change in GDP downward	-	0,00%

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#### As at 31 March 2022

	IFRS9 ECL Provision	% change in IFRS 9 ECL Provision
The Output	USD	USD
The Group:		
ECL provision based on the different scenarios:		
1% change in GDP upwards	3 443 141	-0,15%
1% change in GDP downward	3 453 607	0,15%
	IFRS9 ECL Provision	% change in IFRS 9 ECL Provision
	USD	USD
The Company:		
ECL provision based on the different scenarios:		
1% change in GDP upwards	207 219	4,81%
1% change in GDP downward	188 189	-4,81%

### 7.1.3 Credit risk exposure

### 7.1.3.1 Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

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### As at 31 March 2023

	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
The Group				
Loans and receivables				
Interest-bearing loans	336 583	594 891	510 627	1 442 101
Interest bearing loans with royalty agreements	8 329 731	3 840 850	9 748 558	21 919 139
Interest bearing loans with shareholding	1 263 584	-	139 694	1 403 278
Gross carrying amount	9 929 898	4 435 741	10 398 879	24 764 518
Expected credit loss allowance	(58 374)	(83 799)	(2 745 574)	(2 887 747)
Carrying amount	9 871 524	4 351 942	7 653 305	21 876 771
Loan commitments	2 304 652	313 120	-	2 617 772
	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
The Company				
Loans to subsidiaries				
Interest-bearing loans	-	17 677 228	-	17 677 228
Gross carrying amount	-	17 677 228	-	17 677 228
Expected credit loss allowance	_	(197 704)	-	(197 704)
Carrying amount	_	17 479 524	-	17 479 524
Loan commitments	-	-	-	-

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#### As at 31 March 2022

	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
The Group:				
Loans and receivables				
Interest-bearing loans	36 847	501 891	745 856	1284 594
Interest bearing loans with royalty agreements	5 489 824	2 014 168	10 527 340	18 031 332
Interest bearing loans with shareholding	1 421 785	-	1 512 374	2 934 159
Gross carrying amount	6 948 456	2 516 059	12 785 570	22 250 085
Expected credit loss allowance	(51 468)	(53 653)	(3 343 249)	(3 448 370)
Carrying amount	6 896 988	2 462 406	9 442 321	18 801 715
Loan commitments	3 657 386	100 072	43 545	3 801 003
	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
The Company:				
Loans to subsidiaries				
Interest-bearing loans	-	13 576 993	-	13 576 993
Gross carrying amount	-	13 576 993	-	13 576 993
Expected credit loss allowance	-	(197 704)	_	(197 704)
Carrying amount	-	13 379 289	-	13 379 289
Loan commitments	-	-	-	-

Information on how the ECL is measured and how the three stages above are determined is included in note 7.1.2.

The maximum credit risk exposure related to loans and receivables is analysed as follows:

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	2023	2022
	USD	USD
The Group:		
Industry sector exposure		
Construction	3 445 926	2 552 138
Financial Intermediation	3 523 733	3 428 886
Leisure	636 469	306 030
Manufacturing	4 864 371	4 886 409
Motor Trade	2 915 931	1 676 980
Personal Services	3 811 021	4 036 02
Quarrying	838 196	1 079 738
Retail	1 311 136	1 284 472
Transport & Communication	342 780	17 298
Travel and Tourism	2 087 950	2 463 772
Wholesale	987 005	518 34
	24 764 518	22 250 085
Geographical exposure		
Kenya	9 084 726	8 884 07
Rwanda	7 797 630	7 997 035
Uganda	6 237 424	5 368 979
Malawi	984 968	-
Namibia	659 770	-
	24 764 518	22 250 085
Product type exposure		
<i></i>		
Interest bearing loans	1 442 101	1 284 594
Interest bearing loans with royalty agreements	21 919 139	18 031 332
Interest bearing loans with shareholding	1 403 278	2 934 159
	24 764 518	22 250 085
The Company:		
Industry sector exposure Financial Services	17 677 220	10 576 000
Financial Services	17 677 228	13 576 993
Occasion biordesses	17 677 228	13 576 993
Geographical exposure	0047047	0.550.540
Kenya	6 347 347	6 556 540
Rwanda	5 064 931	4 278 634
Uganda	3 671 442	2 741 819
Malawi	1332 805	-
Namibia	1260 703	
	17 677 228	13 576 993
Product type exposure		
Shareholder loans	17 677 228	13 576 993
	17 677 228	13 576 993

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#### 7.1.3.2 Maximum credit exposure to credit risk - Other financial instruments subject to ECL

The following table contains an analysis of the credit risk exposure of other financial instruments which are subject to the ECL allowance, however due to the short-term nature of these instruments no ECL has been provided for as it is not material:

	Maximum credit ri	sk exposure
	2023	2022
	USD	USD
The Group:		
Related to trade and other receivables:	178 691	42 182
Other receivables	178 691	42 182
Cash and cash equivalents	6 182 938	4 168 876
	6 361 629	4 211 058
The Company:		
Related to trade and other receivables:	3 053	90
<ul> <li>Other receivables</li> </ul>	3 053	90
Cash and cash equivalents	50 379	1090 235
	53 432	1090 325

#### 7.1.3.3 Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on acceptability of specific classes of collateral or credit risk mitigation.

The Group values collateral pledged based of off valuation methodologies appropriate for the specific type of collateral. When a client has been classified under legal control the collateral in place over the deal will be revalued at the start of the legal control process and then subsequently every six months.

The principal collateral types for loans and advances are:

- Mortgages over commercial and residential properties; and
- Other asset of the business (i.e. motor vehicles, office furniture, machinery, investments).

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses

#### As at 31 March 2023

	Gross exposure	ECL allowance	Carrying amount	Fair value of collateral held
	USD	USD	USD	USD
Loans and receivables				
Interest-bearing loans	510 627	(42 464)	468 163	444 244
Interest bearing loans with royalty agreements	9 748 558	(2 700 902)	7 047 656	5 249 542
Interest bearing loans with shareholding	139 694	(2 208)	137 486	133 645
	10 398 879	(2 745 574)	7 653 305	5 827 431
As at 31 March 2022				
	Gross exposure	ECL allowance	Carrying amount	Fair value of collateral held
	USD	USD	USD	USD
Loans and receivables				
Interest-bearing loans	745 856	(3 591)	742 265	572 478
Interest bearing loans with royalty agreements	10 527 340	(3 031 480)	7 495 860	9 622 636
Interest bearing loans with shareholding	1 512 374	(308 178)	1 204 196	223 313
	12 785 570	(3 343 249)	9 442 321	10 418 427

#### 7.1.4 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

• Transfers between Stage 1 and Stages 2 or 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.

- Additional allowances for new financial instruments recognised during the period.
- Impact on the measurement of ECL due to changes in PD's, EAD's and LGD's in the period, arising from refreshing inputs to the model.
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis.
- · Financial assets derecognised during the period and write-offs of allowance related to assets that were written off during the period (refer to note 7.1.5).

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

## For the year ended 31 March 2023

	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
Interest bearing loans				
Loss allowance as at 1 April 2021	-	-	199 234	199 234
Existing loans transfers between stages	11 460	-	(11 460)	-
Existing loans net ECL (released) / raised	(11 275)	-	(178 894)	(190 169)
Exchange rate difference	-	-		
Loss allowance as at 31 March 2023	185	-	8 880	9 065
Loss allowance as at 1 April 2022	185	-	8 880	9 065
Existing loans net ECL raised	9	8	(163 965)	(163 948)
New loans	228	205	-	433
Exchange rate difference	(24)	2 571	202 838	205 385
Loss allowance as at 31 March 2023	398	2784	47 753	50 935
Interest bearing loans with royalty agreements				
Loss allowance as at 1 April 2021	44 523	45 479	3 841 455	3 931 457
Existing loans transfers between stages	229 758	176 708	(406 466)	-
Existing loans net ECL raised	(242 402)	(173 877)	477 805	61 526
New loans	16 744	8 399	60 672	85 815
Written off / dormant loans	(199)	(1 366)	(1 101 802)	(1 103 367)
Exchange rate difference	(1 483)	(1 690)	159 819	156 646
Loss allowance as at 31 March 2022	46 941	53 653	3 031 483	3 132 077
Loss allowance as at 1 April 2022	46 941	53 653	3 031 483	3 132 077
Existing loans transfers between stages	192 589	(23 170)	(169 419)	-
Existing loans net ECL (released) / raised	(204 240)	17 048	298 642	111 450
New loans	26 152	40 953	-	67 105
Written off / dormant loans	(2 475)	-	(252 820)	(255 295)
Exchange rate difference	(4 628)	(7 470)	(206 984)	(219 082)
Loss allowance as at 31 March 2023	54 339	81 014	2 700 902	2 836 255
Interest bearing loans with shareholding				
Loss allowance as at 1 April 2021	12 666	_	53 208	65 874
Existing loans transfers between stages	(6 359)	_	6 359	_
Existing loans net ECL raised	(2 178)	-	249 732	247 554
Exchange rate difference	214	-	(1 125)	(911)
Loss allowance as at 31 March 2022	4 3 4 3	-	308 174	312 517
Loss allowance as at 1 April 2022	4 343	_	308 174	312 517
Existing loans net ECL released	(461)	_	(40 790)	(41 251)
Written off / dormant loans	-	_	(52 466)	(52 466)
Exchange rate difference	(244)	_	(212 710)	(212 954)
<b>○</b>	3 638		2 208	5 846

There were no significant changes in the gross carrying value of financial assets that contributed to changes in the loss allowance for the period.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

	The Group		The Company		
	IFRS 9 ECL Provision	in IFRS 9 FCI		% change in IFRS 9 ECL Provision	
	USD	USD	USD	USD	
Haircut is increased by 5%	2 207 507	-23,56%	212 370	7,42%	
Haircut is decreased by 5%	2 004 036	-30,60%	183 038	-7,42%	
	The Gr	The Group		The Company	
	IFRS 9 ECL Provision	% change in IFRS 9 ECL Provision	IFRS 9 ECL Provision	% change in IFRS 9 ECL Provision	
	USD	USD	USD	USD	
Haircut is increased by 5%	3 598 898	4,37%	212 370	7,42%	
Haircut is decreased by 5%	3 300 461	-4,29%	183 038	-7,42%	

#### Write-off policy

The Group writes off financial assets as a whole if during the re-evaluation of securities and collateral, the cover is found to be less than 0.5 and one or more of the following criteria are met:

- · No payment of contractual cash flows has been received during the preceding 12 months;
- The client has absconded or cannot be traced;
- The client is sequestrated, liquidated or the business is in business rescue;
- · The business has ceased trading;
- The possible protracted litigation or the availability of court dates and the subsequent impact on arrears and the value of any underlying security may be a cause to transfer the account to bad debt
- The viability of the business is doubtful and or the business is trading under insolvent circumstances.

The above indicators represents instances where the Group has concluded that there is no reasonable expectation of recovery.

The Group may write-off financial assets which are still subject to enforcement activities. The outstanding contractual amounts of such assets written off during the year ended 31 March 2023 was USD 1719 968 (2022: USD 2 254 119).

The Group still seeks to recover amounts it is legally owed in full, but which have written off due to no reasonable expectation of recovery.

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# **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 7.1.5 Modification of financial assets

The Group may modify the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximise recovery.

Such restructuring activities include extending payment term arrangements and renegotiation of the interest charged. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets.

The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The gross carrying amount of such assets held as at 31 March 2023 was USD 2 757 923 (2022: USD 3 767 804).

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to financial assets where the terms have been modified.

#### 7.2 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

#### 7.2.1 Interest rate risk

#### The Group:

Changes in interest rates will affect the revenue stream of the Group, as most of the interest bearing investment products are linked to the general level of interest rates in Kenya, Rwanda, Namibia, Malawi and Uganda. The sensitivity to interest rate changes is decreased by alternative revenue streams from the investment portfolio, such as dividends and royalty fees. If the general level of interest rates in the operating jurisdictions were to be one percent higher the Group's net profit before tax would have increased by USD 247 645 (2022: USD 222 501). Conversely if the interest rates were one percent lower the Group's net profit before tax would decrease by USD 247 645 (2022: USD 222 501). This analysis assumes that all other variables remain constant.

#### The Company:

Changes in interest rates will affect the revenue stream of the Company, as the loans that are provided to the subsidiaries are linked to SOFR. If the general level of interest rates in the operating jurisdictions were to be one percent higher the Companies net loss before tax would have increased by USD 143 037 (2022: net profit decreased by USD 102 352). Conversely if the interest rates were one percent lower the Company's net loss before tax would decreased by USD 143 037 (2022: net profit increased by USD 102 352). This analysis assumes that all other variables remain constant.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 7.2.2 Foreign exchange risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates in terms of its financial position and cash flows.

If the average exchange rate between the Kenyan Shilling and the US Dollar, had strengthened by 5%, the net profit before tax would have decrease by USD 62 767 (2022: USD 6 499). Conversely, if the average exchange rate had weakened by 5%, the net profit before tax would have increased by USD 62 767 (2022: USD 6 499).

If the average exchange rate between the Rwandan Franc and the US Dollar, had strengthened by 5%, the net profit before tax would have decrease by USD 36 001 (2021: USD 36 001). Conversely, if the average exchange rate had weakened by 5%, the net profit before tax would have increased by USD 36 001 (2022: USD 36 001).

If the average exchange rate between the Ugandan Schilling and the US Dollar, had strengthened by 5%, the net profit before tax would have decrease by USD 13 881 (2021: USD 13 051). Conversely, if the average exchange rate had weakened by 5%, the net profit before tax would have increased by USD 13 881 (2022: USD 13 051).

If the average exchange rate between the Malawian Kwacha and the US Dollar, had strengthened by 5%, the net profit before tax would have decrease by USD 20723 (2022: Not applicable). Conversely, if the average exchange rate had weakened by 5%, the net profit before tax would have increased by USD 20 723 (2022: Nil).

#### 7.2.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations of the commitment to lend. During the commitment period (as defined by the Subscription and shareholders' agreement) draw downs of the committed capital for the Group are scheduled in line with expected investment activity, thereby eliminating any liquidity risks for the Group. Investments will not be approved should the maximum invested funds be reached.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Accounts payable has not been discounted because the impact of discounting is not material:

	Less than 1 year	•	Between 2 and 5 years	Over 5 years	Total
Proup	'				
1 March 2023					
ccounts payable	457 049	-	-	-	457 049
MEDA Second Chance Loan	-	-	-	438 870	438 870
ease liability	100 603	113 106	54 094	-	267 803
1 March 2022					
accounts payable	307 518	_	-	_	307 518
MEDA Second Chance Loan	-	-	-	303 204	303 204
ease liability	84 407	113 106	54 094	-	251 607
Company					
1 March 2023					
ccounts payable	201 075	-	-	-	201 075
1 March 2022					
accounts payable	158 028	-	-	-	158 028

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### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 7.3 **Capital management**

The Group and Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern.
- · To maintain a strong capital base to support the development and growth of the business.

The table below summarises the composition of capital:

	Group		Company			
	2023	2023 2022 202	2023	2023 2022	2023	2022
	USD	USD	USD	USD		
Share capital	35 750 002	28 758 616	35 750 002	28 758 616		
Accumulated loss	(106 020)	(1140 503)	(4 780 747)	(3 964 471)		
Total capital	35 643 982	27 618 113	30 969 255	24 794 145		
rotal capital	35 043 962	27 018 113	30 909 255	24 / 94 145		

The Company holds 100% of the issued share capital of BPI Rwanda Investment Company Ltd, 100% of the issued share capital of BPI Uganda Investment Company Ltd, 99% of the issued share capital of Business Partners International Kenya (II) Ltd, 100% of the issued share capital of BPI Namibia (Proprietary) Ltd, 100% of the issued share capital of BPI Advisor Ltd and 75% indirectly in Studio 45 Partners Limited. The principal activity of these companies is to furnish investment and technical assistance directed at SMEs in their respective countries.

The shareholders have committed capital to the value of USD 35 750 000 for a five year period. Draw downs from this capital take place as and when the funds are required and according to the process set out in the Subscription and Shareholders' Deed. The Deed stipulates where the capital may be applied.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 7.3 Capital management

Accounts payable

	Amortised Cost	Fair value through OCI	Total
Group			
At 31 March 2023			
Assets per statement of financial position			
Cash and cash equivalents	6 182 938	-	6 182 938
Accounts receivable	199 258	-	199 258
Loans and receivables	21 876 771	-	21 876 771
Investments held at fair value through OCI	-	120 978	120 978
Liabilities per statement of financial position			
Accounts payable	457 049		457 049
MEDA Second Chance Loan	438 870	-	438 870
Lease liability	302 035	-	302 035
At 31 March 2022			
Assets per statement of financial position			
Cash and cash equivalents	4 168 876	-	4 168 876
Accounts receivable	56 632	-	56 632
Loans and receivables	18 801 715	-	18 801 715
Investments held at fair value through OCI	-	39 685	39 685
Liabilities per statement of financial position			
Accounts payable	307 518	-	307 518
Lease liability	220 579	-	220 579
Company			
At 31 March 2023			
Assets per statement of financial position			
Cash and cash equivalents	50 379	-	50 379
Loans to subsidiaries	17 479 524	-	17 479 524
Accounts receivable	3 053	-	3 053
Liabilities per statement of financial position			
Accounts payable	201 075		201 075
At 31 March 2022			
Assets per statement of financial position			
Cash and cash equivalents	1 090 235	-	1090 235
Accounts receivable	90	-	90
Loans and receivables	13 379 289	-	13 379 289
Liabilities per statement of financial position			
A a a superta para para da la	150 000		

158 028

158 028

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

	GROUP		СОМ	PANY
	2023	2022	2023	2022
	USD	USD	USD	USD
8. Loans and receivables				
Gross loans and receivables	24 764 518	22 250 085	-	-
Less: Expected Credit Loss	(2 887 747)	(3 448 370)	-	-
Carrying value of loans and receivables	21 876 771	18 801 715	-	-
Due greater than 12 months	19 279 014	16 474 001	-	_
Due within 12 months	2 597 757	2 327 714	-	-
	21 876 771	18 801 715	-	_

#### Interest bearing loans

These loans are partially secured and are priced at market related rates relative to the quality and quantum of the underlying security. The loans are initially recorded at fair value and thereafter measured at amortised cost, at a level yield to maturity of between 11 and 28 percent (2022: 13 and 26 percent).

#### Interest bearing loans with royalty agreements

The cash flows resulting from the royalty agreements are adjusted to expected royalty payments by applying a risk premium to contracted royalty payments. These expected royalty payments are discounted at a rate intrinsic to the total investment to which the royalty agreement relates and measured at amortised cost. The rates vary between 1 and 27 percent (2022: 1 and 27 percent).

#### 9. Repossessed properties

#### Kenya

On 9 February 2021, the Investment Committee approved a decision to purchase and re-sell the property Nakuru Municipality Block 4/306 in Kenya Industrial Estate for the recovery of the loan advanced to Rivanas Properties Limited in order for the proceeds to be applied to the outstanding client balance. The sale of the property is expected to be completed within a year from the reporting date. At 31 March 2023, the property is classified as a current asset held for sale at the fair value less costs to sell.

Opening balance	96 034	136 955	-	-
Repossessed property purchased	-	-	-	-
Fair value adjustment	-	(35 811)	-	-
Foreign exchange movements	10 810	(5 110)	-	-
Closing balance	106 844	96 034	-	

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

	GROUP	COMPANY
	2023	2022
	USD	USD
10. Investment in subsidiaries		
Investment in subsidiaries consist of the following:		
125 000 Class A shares held in BPI Rwanda Investment Company Ltd	125 000	125 000
Opening balance	125 000	125 000
New shares acquired	-	-
3 475 000 Class B shares held in BPI Rwanda Investment Company Ltd	3 541 186	3 541 186
Opening balance	3 541 186	3 541 186
New shares acquired	-	-
3 224 849 ordinary shares held in BPI Uganda Investment Company Ltd	3 724 849	3 224 849
Opening balance	3 224 849	3 224 849
New shares acquired	500 000	-
4 786 338 ordinary shares held in Business Partners International Kenya (II) Ltd	4 786 338	3 591 524
Opening balance	3 591 524	2 591 524
New shares acquired	1194 814	1 000 000
713 699 312 ordinary shares held in Business Partners International Advisor Limited	705 000	-
Opening balance	-	-
New shares acquired	705 000	-
1 000 ordinary shares held in Business Partners International Namibia (Proprietary) Limited	1000	-
11 940 000 ordinary class A shares held in Business Partners International Namibia (Proprietary) Limited	754 000	
Opening balance	-	-
New shares acquired	755 000	
	13 637 373	10 482 559

Investment are valued at cost less impairment. The Directors have assessed the carrying value and are of the opinion that the investment did not suffer any impairment loss and the carrying value is fairly stated. The activities of the subsidiaries are to offer financial and technical assistance to SMEs in a manner that is commercially sustainable and that generates an acceptable return to the members. All subsidiaries have a 31 March year end.

#### 11. Investments held at fair value through OCI

Balance at beginning of year	39 685	37 165	-	-
Intergroup elimination	(133)		-	-
Revaluations	83 748	2 364	-	-
Foreign translation differences	(2 322)	156	-	-
Balance at end of year	120 978	39 685	-	-

Investments held by the Group are equity accounted for in terms of IAS 28 when the Group has the power to exert significant influence over the operations of the investee. In cases where the investment held does not constitute significant influence the investments are accounted for in terms of IFRS 9.

A register containing details of all unlisted investments is available at the registered office.

For the year ended 31 March 2023

	GROUP		СОМ	COMPANY		
	2023	2022	2023	2022		
	USD	USD	USD	USD		
12. Property and equipment						
12.1 Machinery, equipment, furniture and fitting						
Cost – beginning of period	17 540	17 367	-	-		
Additions	49 118	173	-	-		
Purchase of subsidiary	18 177	-				
Cost – end of period	84 835	17 540	-	-		
Accumulated depreciation – beginning of period	(11 485)	(8 417)	-	-		
Purchase of subsidiary	(17 807)	-				
Depreciation charged	(5 472)	(3 343)	-	-		
Exchange rate differences	(1206)	275	-	-		
Accumulated depreciation – end of period	(35 971)	(11 485)	-	-		
Carrying amount - end of the period	48 864	6 055	-	-		
12.2 Computer hardware and computer software						
Cost – beginning of period	9 164	3 151	_	_		
Additions	1572	6 013	_	_		
Purchase of subsidiary	7 623	-				
Disposals	-	-				
Cost – end of period	18 359	9 164	_	_		
		, ,				
Accumulated depreciation – beginning of period	(4 059)	(1838)	-	-		
Depreciation charged	(3 529)	(2 305)				
Exchange rate differences	(5 186)	84	-	_		
Accumulated depreciation – end of period	(12 774)	(4 059)	-	-		
Carrying amount - end of the period	5 585	5 105	-	-		
Total carrying amount - end of period	54 449	11 160	-	-		

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### 13. Leases

The subsidiaries of the Group maintained the following leases for the period ending 31 March 2023:

#### Rwanda

In terms of the lease contract rent is payable quarterly in advance and includes a 3% escalation clause at the beginning of every 2 years. The duration of the lease is from 1 June 2022 - 30 April 2027.

#### Kenya

In terms of the lease contract rent is payable quarterly in advance and includes a 15% escalation clause at the beginning of the 3rd and 5th year. The duration of the lease is from 1 April 2018 - 31 March 2024.

#### Uganda

In terms of the lease contract rent is payable quarterly in advance. The lease contract contains an escalation clause of 5% every second year and the duration of the lease is from 1 January 2016 - 31 December 2020. On 1 January 2021 the lease term was extended to 31 December 2026 with the same lease terms as the previous lease.

#### Namibia

In terms of the lease contract rent is payable monthly in advance. The lease contract contains an escalation clause equal to the current report rate as prescribed by the Bank of Namibia. The lease will run from 1 March 2023 until 28 February 2028.

### Malawi

In terms of the lease contract rent is payable 6 months in advance. The lease contract contains no annual escalation clause and the duration of the lease is from 1 February 2022 - 1 January 2025.

#### 13.1 Balance sheet reconciliation of leases

### 13.1.1 Right-of-use-asset

<b>g</b>		
Rental of office space	266 545	188 235
- Cost	370 318	366 123
<ul> <li>Accumulated depreciation</li> </ul>	(103 773)	(177 888)
Reconciliation of Right-of-use-asset		
Balance at beginning of the year	188 235	263 552
Remeasurement	(9 059)	104
Additions	156 388	_
Purchase of subsidiary	5 483	-
Foreign exchange movements	12 298	251
Depreciation	(86 800)	(75 672)
Balance at end of the year	266 545	188 235

### For the year ended 31 March 2023

13.1.2 Lease liability	302 035	220 579
Current	123 826	84 407
Non-current	178 209	136 172
Reconciliation of Right-of-use-asset		
Balance at beginning of the year	220 579	301 656
Remeasurement	5 661	104
Additions	148 780	
Purchase of subsidiary	6 223	-
Principal elements of lease payments	(110 132)	(76 377)
Foreign exchange movements	30 924	(4 804)
Balance at end of the year	302 035	220 579
13.1.2 Amounts recognised in in the statement of profit and loss:		
Depreciation charge of right-of-use assets	86 800	75 672
Interest expense	31 075	27 977
	117 874	103 649

The total cash outflow for the leases held by the Group for 2023 was USD 119 388 (2022: USD 104 363).

#### 14. Deferred tax asset

Deferred tax is calculated on all temporary differences under the liability method using the effective tax rate of the respective countries.

The movement in the deferred tax account is as follows:

At beginning of the year	916 718	1 073 782	-	-
Charge to profit and loss component of the statement of comprehensive income				
<ul><li>Provisions</li></ul>	12 590	(940)	-	-
- Fixed assets	(522)	589	-	-
<ul> <li>Repossessed properties</li> </ul>	(8 855)	10 621	-	-
<ul> <li>Unrealised foreign exchange movements</li> </ul>	259 946	(56 180)	-	-
- Royalty fees	(67 820)	(19 585)	-	-
<ul> <li>Expected credit loss</li> </ul>	79 720	23 600	-	-
<ul> <li>Deferred investigation fees</li> </ul>	4 026	4 219	-	-
<ul> <li>Investments held at fair value through OCI</li> </ul>	(16 872)	1 412	-	-
- Lease reserve	(4 781)	1 811	-	-
- Prepaid expenses	(214)	-	-	-
Exchange differences	(252 553)	(122 611)	-	-
At end of the year	921 383	916 718	-	-

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

### For the year ended 31 March 2023

Deferred tax assets on assessed losses are recognised only to the extent that it is probable that sufficient taxable profit will be available in the near future against which those unused tax losses can be utilised. This assessment requires significant management judgements and assumptions. In determining unrecognised deferred tax assets, information on historical tax capacity and forecasted operating results, based upon approved business plans were employed.

Unrecognised deferred tax asset	649 000	615 790	121 961	93 724
Deferred tax assets consist of temporary differences relating to:				
<ul> <li>Fixed assets</li> </ul>	443	835	-	-
<ul><li>Provisions</li></ul>	29 450	31 139	-	-
<ul> <li>Repossessed properties</li> </ul>	886	10 348	-	_
<ul> <li>Investments held at fair value through OCI</li> </ul>	(21 197)	(9 374)	-	-
<ul> <li>Expected credit loss</li> </ul>	733 541	1 010 596	-	_
<ul> <li>Unrealised foreign exchange movements</li> </ul>	360 835	83 805	-	-
<ul> <li>Royalty fees</li> </ul>	(205 486)	(248 006)	-	_
<ul> <li>Deferred investigation fees</li> </ul>	19 315	29 452	-	-
- Leases	3 596	7 923	-	-
	921 383	916 718	-	

#### 14.1 Amounts recognised in in the statement of profit and loss:

The Company holds a Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as of 01 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies that had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

Post 30 June 2021, under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission ("FSC"), the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) an exemption of 80% of some of the income derived, including but not limited to foreign-source dividends and interest income.

At 31 March 2023, the Company has accumulated tax losses of USD 3 079 985 (2022: USD 3 318 856) carried forward and was therefore not liable to income tax. The tax losses as at 31 March 2023 are available to set off against any future taxable income as follows:

Year of assessment 2017-2018	553 227	553 227
Year of assessment 2018-2019	547 025	547 025
Year of assessment 2019-2020	422 260	422 260
Year of assessment 2020-2021	456 274	456 274
Year of assessment 2021-2022	686 107	686 107
Year of assessment 2022-2023	415 092	-
Tax losses available to be offset against taxable income	3 079 985	3 318 856

## For the year ended 31 March 2023

#### 15. Goodwill

Bank accounts

Cost - beginning of period	1773 206	-	-	-
Additions - Studio 45	63 039	1773 206	-	-
Cost – end of period	1836 245	1773 206	-	-
Accumulated impairment – beginning of period	-	-	-	-
Impairment charge	-	-	-	-
Accumulated depreciation – end of period	-	-	-	-
Carrying amount - end of the period	1836 245	1773 206	-	_

The Group assesses whether goodwill has suffered any impairment on an annual basis. In order to do this assessment the Group has applied the principals as stated in IAS 36: Impairment of Assets. Based on the assessment performed the goodwill does not need to be impaired (2022: nil).

6 182 938

4 168 876

50 379

1090235

### 16. Cash and cash equivalents

2 ordinary shares of USD 1 each

17. Accounts receivable				
Neither past due nor impaired:				
Other receivables	178 691	42 182	3 053	90
Value added tax	20 567	20 567	-	-
	199 258	62 749	3 053	90
Accounts receivable are summarised as follows:				
Due within 12 months	199 258	62 749	3 053	90
Due in more than 12 months	-	-	-	-
	199 258	62 749	3 053	90
18. Share capital				
Ordinary Shares				
18.1 Ordinary Shares				
2 ordinary shares of USD 1 each	2	2	2	2
18.2 Issued	2	2	2	2

100% of the ordinary shares are held by Business Partners International (Pty) Limited. Ordinary shares are not entitled to dividends.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

#### **Class A Shares**

35 750 000 Class A shares of USD 1 each	35 750 000	35 750 000	35 750 000	35 750 000
18.4 Issued				
35 750 000 Class A shares of USD 1 each	35 750 000	28 758 614	35 750 000	28 758 614
Opening balance	28 758 614	28 398 764	28 758 614	28 398 764
New shares issued	6 991 386	359 850	6 991 386	359 850

Class A shares are held by the Shareholders in the Company and have the right to remove the Administrator with or without cause at any time by means of an appropriate resolution. They take no direct part in the management or control of the business affairs of the Company. If the Administrator is removed by the Class A shareholders, the Administrator shall transfer its ordinary shares to such person as determined by the Board of Directors. Each Class A shareholder is entitled to appoint one non-executive director. Class A shares are entitled to dividends.

### 19. Accounts payable

Payables and accruals	136 156	66 247	154 465	98 205
Deferred investigation fees	125 670	104 330	-	-
Leave pay accrual	55 998	47 360	-	-
Audit fees accrual	139 225	89 581	46 610	59 823
	457 049	307 518	201 075	158 028

### 20. Provisions

Bonuses	108 361	66 102	-	-
Opening balance	66 102	81 695	-	-
Acquisition of subsidiary	24 584	-		
Amounts paid throughout the year	(72 022)	(64 395)	-	-
Provisions recognised through profit or loss	89 697	48 802	-	-
	108 361	66 102	-	-

#### 21. Revenue

Interest on loans and receivables	3 069 319	2 982 379	178 813	30 575
Royalty fees	733 406	593 363	-	-
Fair value adjustments	(120 643)	65 283	-	-
Fee revenue	7 992	8 978	-	-
	3 690 074	3 650 003	178 813	30 575

# For the year ended 31 March 2023

# 22. Other operating income

Management fee from MEDA second chance project	10 726	54 816	-	46 000
Reversal of fines and penalties	-	6 261	-	-
Interest on cash and cash equivalents	33 080	77 095	-	-
Profits on disposal of fixed assets	36 275	-	-	-
Rental income	41 005	-	-	-
Property revaluation	56 045	-	-	-
Other income	5 431	13 054	-	12 982
	182 562	151 226	-	58 982

## 23. Operating expenses

Staff costs	959 223	737 900	-	-
Management fees paid	727 000	600 000	727 000	600 000
Audit fees	140 958	93 767	40 807	61 952
Directors fees	138 529	28 718	138 529	28 718
Professional fees	119 973	98 519	22 601	29 492
Depreciation	97 650	81 320	-	-
Advertising expenses	71 434	44 793	42 783	28 957
Office expenses	62 261	7 552	-	-
Travel and accommodation	51 321	45 325	14 098	12 516
Conventions and seminars	15 830	2 674	-	-
Company duty	14 829	11 665	4 530	2 260
Legal expenses	14 549	29 464	-	-
Postage and printing expenses	13 427	7 470	2 135	1 688
Telephone expenses	11 501	13 213	-	-
Bank charges	10 134	23 519	6 218	5 950
Information technology expenses	5 063	2 250	-	-
Other expenses	4 607	1 161	-	-
VAT input apportionment	15 513	16 855	-	-
Security Costs	413	-	-	-
Property expenses	1 072	-	-	-
Fair value adjustment - reposessed property	-	35 811	-	-
Bursaries	-	2 001	-	-
	2 475 287	1 883 977	998 701	771 533

# 24. Credit (gains) / losses on financial assets

Bad debts written off	123 618	1 314 912	-	-
Expected credit gain on loans and receivables	(31 955)	(678 086)	-	(420 572)
Recoveries of amounts previously written-off	(189 877)	(151 164)	-	-
	(98 214)	485 662	-	(420 572)

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

# For the year ended 31 March 2023

### 25. Tax expense

### 25.1 Tax credit though profit and loss component of comprehensive income

Normal tax current year	823 865	519 829	-	39 742
Normal tax prior year under	-	15 320	-	1 104
Deferred tax current year	(218 183)	54 057	-	-
Deferred tax prior year under provision	(5 844)	(24 398)	-	-
	599 838	564 808	-	40 846

#### 25.2 Reconciliation of rate of taxation

Normal tax rate - Company (Mauritius)		15 00%	15,00%	15,00%	15,00%
, , ,		15,00%	,	•	,
Tax credit		-12,00%	-12,00%	-12,00%	-12,00%
Normal tax rate - Subsidiary (Kenya)	30%				
Normal tax rate - Subsidiary (Rwanda)	30%				
Normal tax rate - Subsidiary (Uganda)	30%				
Normal tax rate - Subsidiary (Namibia)	32%				
Normal tax rate - Subsidiary (Malawi)	30%				
Adjusted for:		34,69%	38,64%	-3,00%	-18,63%
Tax rate differential arising on different tax rate		50,84%	41,59%	0,00%	0,00%
Prior year deferred tax adjustment		2,61%	-0,16%	0,33%	-0,42%
Non deductible expenses		0,14%	2,49%	0,00%	-15,21%
Unrecognised deferred tax asset		2,29%	-0,75%	-3,33%	-3,00%
Unrecognised deferred tax asset utilised		0,00%	0,00%	0,00%	0,00%
Acquisition of subsidiary		-8,06%	0,00%	0,00%	0,00%
Other		-13,13%	-4,53%	0,00%	0,00%
Total effective rate on profit before taxation		36,70%	41,64%	0,00%	-15,63%

### 26. Cash flow information

### 26.1 Adjustments for non cash items

Expected credit gain on loans and receivables	(31 955)	(678 086)	-	(420 572)
Depreciation	97 650	81 320	-	-
VAT input apportionment	14 549	16 855	-	-
Bad debts written off	123 618	1 314 912	-	-
Fair value adjustment - reposessed property	51 321	35 811	-	-
Fair value adjustment on royalties	120 643	(65 283)	-	-
Other income	-	(13 054)	-	(1 104)
Other expenses	-	1 161	-	-
Foreign currency movements	(202 426)	47 195	(3 612)	(52)
	173 400	740 831	(3 612)	(421 728)

### For the year ended 31 March 2023

#### 26.2 Adjustments for net interest income per income statement

Deduct interest income (refer note 21)	(3 835 805)	(3 652 837)	(178 813)	(30 575)
Add back interest expense	63 668	27 977	-	-
·	(3 772 137)	(3 624 860)	(178 813)	(30 575)
26.3 Net interest received in cash				
Interest income received in cash	2 428 500	2 472 515	-	-
Interest expense paid in cash	(63 668)	(27 977)	-	-
	2 364 832	2 444 538	-	-
26.4 Other movements in assets and liabilities				
(Increase) / decrease in accounts receivable	(136 509)	(19 036)	(2 963)	1 014
Increase / (decrease) in provisions	42 259	(15 593)	-	-
Acqusition of subsidiaries	(1 206)	-	-	-
Increase / (decrease) in accounts payable	149 531	(107 570)	43 047	81 223
	54 075	(142 199)	40 084	82 237
26.5 Taxation paid				
Current tax (asset) / payable at the beginning of the year	(73 967)	68 572	-	-
Income tax expense	823 865	535 149	-	39 742
Exchange rate differences	(33 443)	(17 041)	-	-
Tax paid	(647 842)	(660 647)	-	(39 742)
Current tax payable / (asset) at the end of the year	68 613	(73 967)	-	-
26.6 Net debt reconciliation				
Cash and cash equivalents	6 182 938	4 168 876	50 379	1 090 235
Lease liability	(302 035)	(220 579)	-	
	5 880 903	3 948 297	50 379	1 090 235

Included in cash and cash equivalents is a movement related to foreign exchange gains/losses. Refer to the cash flow statement for this amount.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

### For the year ended 31 March 2023

#### 27. Related parties

Business Partners Limited owns 16.8 percent of the share capital in Business Partners International East Africa LLC ("Holding Company"), the remaining 83.2 percent of the share capital is held by various other Shareholders.

Business Partners Limited owns 100 percent of the share capital in Business Partners International (Pty) Limited ("the Administrator

The Holding Company owns 100 percent of the share capital of BPI Rwanda Investment Company Ltd.

The Holding Company owns 100 percent of the share capital of BPI Uganda Investment Company Ltd.

The Holding Company owns 99.99 percent of the share capital of Business Partners International Kenya (II) Ltd.

The Holding Company owns 100 percent of the share capital of Business Partners International Namibia (Proprietary) Limited.

The Holding Company owns 100 percent of the share capital of Business Partners International Advisor Limited.

The Holding Company indirectly owns 75 percent of the share capital of Studio 45 Partners Limited.

Loans to subsidiary companies:

Business Partners International Kenya (II) Ltd	6 347 347	6 556 540
BPI Rwanda Investment Company Ltd	5 064 931	4 278 634
BPI Uganda Investment Company Ltd	3 671 442	2 741 819
BPI Namibia	1 260 703	-
BPI Advisor Limited	1 332 805	
Total gross loans	17 677 228	13 576 993
ECL provision	(197 704)	(197 704)
Total net loans	17 479 524	13 379 289

#### 27.1 Loans to subsidiaries

#### 27.1.1 Fixed repayment dates

Balance at the beginning of the period	10 066 124	11 754 267
Amounts advanced during the period	4 452 422	500 000
Repayments received during the period	(531 000)	(2 539 742)
Interest accrued	178 813	30 575
ECL Provision	-	321 024
Balance at the end of the period	14 166 359	10 066 124

#### **BPI Rwanda Investment Company Ltd**

Shareholders loans of above the committed capital of USD 7 200 000 accrue interest at a rate not exceeding 12 month SOFR plus 72bps per annum compounded on a monthly basis. The total amount of these loans provided is USD 1 869 062 and are repayable from 1 April 2022.

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#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

### For the year ended 31 March 2023

### Business Partners International Kenya (II) Ltd

A total amount of USD 5 500 000 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis. The remainder of the shareholder loan does not bear any interest. The shareholder loans are repayable from 1 April 2021.

A total amount of USD 1 044 735 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis. The remainder of the shareholder loan does not bear any interest. The shareholder loans are repayable from 1 April 2022.

#### **BPI Uganda Investment Company Ltd**

A total amount of USD 1830 000 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis. The remainder of the shareholder loan does not bear any interest. The shareholder loans are repayable from 01 April 2021.

A total amount of USD 497 155 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis. The shareholder loans are repayable from 01 April 2022.

A total amount of USD 500 000 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis repayable from 01 April 2022. The remainder of the shareholder loan does not bear any interest.

It is not the intention of the Company to recall these loans within the next 12 months and the Company considers this to form part of the long term capital requirements of the subsidiary companies. Past practice indicates that the Company has not recalled any loans to date. This supports the classification of the loan as a non-current liability.

#### Business Partners International Namibia (Proprietary) Ltd

A total amount of USD 1 250 000 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis.

### **Business Partners International Advisor Ltd**

A total amount of USD 123 000 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis. Repayable from 1 April 2025, provided that Business Partners Intenational Advisor Ltd has sufficient cash to cover its operating expenses for a period of 6 months from the date of repayment.

A total amount of USD 1 177 000 of the shareholder loan bears interest at 12 month SOFR plus 72bps per annum compounded on a monthly basis.

### 27.1.2 No fixed repayments

Balance at the beginning of the period	-	-	3 313 165	3 213 617
ECL Provision	-	-	-	99 548
Balance at the end of the period	-	-	3 313 165	3 313 165

The loans are interest-free with no fixed terms of repayment and are measured at cost. It is not the intention of the Company to recall these loans within the next 12 months.

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

### For the year ended 31 March 2023

#### 27.2 Directors remuneration

Thos Gieskes	50 217	11 063	50 217	11 063
Jan Pieter van den Haspel	33 188	-	33 188	-
Chukwujekwu Ozoemene	26 528	8 842	26 528	8 842
Claire Busetti	24 098	5 813	24 098	5 813
Gyaneshwarnath Gowrea	1 500	1500	1 500	1 500
Mohamed Hyder Aboobakar	1 500	-	1 500	-
Rehma Imrith	1 500	1 500	1 500	1 500
	138 529	28 718	138 529	28 718

No other compensation was paid to directors or executive officers (2022: USD nil).

#### 27.3 MEDA Second Chance Loan

Balance at the beginning of the period	303 204	-	-	-
Amounts draw during the period	135 666	303 204	-	-
Balance at the end of the period	438 870	303 204	-	-

The Company entered into an agreement with one of its shareholders, Mennonite Economic Development Associates ("MEDA"), to obtain funds to support investments in Woman Owned Small Growing Businesses, with a particular focus on Kenya and Rwanda.

The principal amounts advanced under this programme and any cash proceeds generated through interest, fees or royalty payments will be repaid to MEDA in line with a waterfall distribution as stipulated in the agreement and will only be repayable once the cash proceeds from the client has been received. The company earns a management fee of 2% (before VAT) on the recoveries made under the program.

The maturity date of the agreement is 15 June 2028.

### 28. Investment Properties

Fair value – beginning of year	-	-	-	-
Acquisition of subsidiary	1242 031	-	-	-
Improvements	-	-	-	-
Disposals	-	-	-	-
Fair value adjustment	56 045	-	-	-
	1298 076	-	-	-

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### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2023

### 29. Going concern

The going concern has been evaluated based on the most relevant and up to date information when preparing the annual financial statements as well as the budgeting process that was performed for the 2023 financial year.

As at the reporting date, the Group made a net profit after tax of USD 1 034 483 (2022: USD 791 610) and the Group's total assets exceed the total liabilities by USD 31 161 403 (2022: USD 25 234 942). The going concern basis has been adopted in preparing the financial statements as the Directors have no reason to believe that the Group will not be a going concern in the future.

The Group is an investment company, with a perpetual life. The Group's ongoing business plan requires funds to advance the growth of the Group's business model.

The continued existence of the Group is dependent upon the sourcing of various capital funds in order to sustain the Group in its short and longterm working capital requirements. These requirements will be continuously monitored through cashflow projections in order to identify when the need for additional capital is required.

On the basis of cash flow and information prepared by the Directors and after consultation with its shareholders, the Directors consider that the Group will continue to operate for the foreseeable future within the available resources, the Directors are of the opinion that the preparation of these financial statements on the going concern basis is appropriate.

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### **BPI Africa LLC**



### **Registered office**

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