

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED**

COMPANY NUMBER: 20129967

**BALANCE SHEET AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

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**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967
DIRECTORS' REPORT**

Your directors have the pleasure in presenting the company's balance sheet and accounts as at 31st December, 2024 together with their annual report.

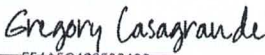
The accompanying balance sheet and accounts on pages 4 to 16 show that operations for the year ended 31st December 2024 resulted in a surplus of \$2,304,853 (2023: deficit of \$1,225,705) after charging income tax of \$nil (2023: \$20,000). These accounts have been prepared under the supervision of the directors and in the opinion of the board are drawn up so as to exhibit a true and fair view of the state of affairs of the company as at 31st December 2024 and of its results for the year then ended.

No dividends were declared or paid during the year ended 31st December 2024 (2023: \$nil).

The company is in the business of providing financial services (credit, micro-insurance and savings).

Dated at Honiara this 20th day of JUNE 2025.

BY ORDER OF THE BOARD

DocuSigned by:

CHAIRMAN

Independent Auditor's Report

To the Shareholder and the Board of Directors of South Pacific Business Development Microfinance (Solomon Islands) Limited

Opinion

We have audited the accompanying financial statements of South Pacific Business Development Microfinance (Solomon Islands) Limited (the Company), which comprise the balance sheet as at 31 December 2024, the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 16.

In our opinion:

- (a) the accompanying financial statements are in agreement with the books of account kept by the company and are properly drawn up:
 - (i) so as to give a true and fair view of the financial position of the company as of 31 December 2024, and of its financial performance and its cash flows for the year then ended; and
 - (ii) in accordance with the provisions of the Solomon Islands Companies Act 2009; and
 - (iii) in accordance with the significant accounting policies set out in note 1 to the financial statements.
- (b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit for the year ended 31 December 2024.
- (c) proper books and accounts have been kept by the company as far as it appears from the examination of those books.

Basis for Opinion

We conducted our audit in accordance with International standards on Auditing (ISAs). Our Responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to note 20 to the financial statements which details the basis for preparing the accounts on a going concern basis and notes that the company is dependent on the continuing support of its shareholders. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with significant accounting policies set out in note 1 to the financial statements and with the requirements of the Solomon Islands Companies Act 2009 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

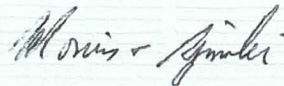
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

be expected to influence the economic decision of users taken on the basis of these financial statements.

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

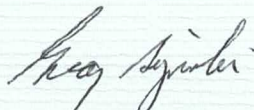
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

We communicate with those charged with governance regarding, among the 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.



MORRIS & SOJNOCKI
Chartered Accountants

Date: 20th, June 2025
Honiara



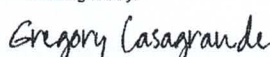
BY GREG SOJNOCKI
PARTNER

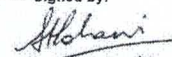
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**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967
BALANCE SHEET as at 31st December 2024**

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$ (restated)*
ASSETS			
Current assets			
Cash on hand and in bank	4	1,854,437	1,403,742
Loan portfolio outstanding	5	9,448,872	8,228,067
Other assets	6	312,225	212,075
Total current assets		<u>11,615,534</u>	<u>9,843,884</u>
Fixed assets			
Fixed assets	7	2,839,738	2,716,412
Less: Accumulated depreciation	7	(1,703,811)	(1,349,017)
Net fixed assets		<u>1,135,927</u>	<u>1,367,395</u>
TOTAL ASSETS		<u>12,751,461</u>	<u>11,211,279</u>
LIABILITIES			
Current liabilities			
Clients' savings deposits	8	2,727,408	2,268,817
Unsecured borrowings	10	8,006,448	9,738,744
Accounts payable	9	1,285,836	1,813,763
Lease liability	15	304,765	540,000
Death benefit reserve	11 (a)	41,448	35,448
Spousal death benefit reserve	11 (b)	20,161	17,161
Total current liabilities		<u>12,386,066</u>	<u>14,413,933</u>
Non Current liabilities			
Unsecured borrowings	10	21,841,628	23,330,701
Lease liability	15	-	247,731
Secured borrowing	10	3,000,000	-
Total non-current liabilities		<u>24,841,628</u>	<u>23,578,432</u>
TOTAL LIABILITIES		<u>37,227,694</u>	<u>37,992,365</u>
NET ASSETS / (LIABILITIES)		<u>(24,476,233)</u>	<u>(26,781,086)</u>
EQUITY			
Issued capital	13	1,047,425	1,047,425
Shareholders funds / (Deficit in shareholders funds)		(25,523,658)	(27,828,511)
TOTAL EQUITY / (DEFICIENCY IN EQUITY)		<u>(24,476,233)</u>	<u>(26,781,086)</u>

The balance sheet is to be read in conjunction with the notes to and forming part of the accounts set out on pages 8 to 16.

DocuSigned by:

Gregory F. Casagrande
Director

Signed by:

Sandeep Lohani
Director

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**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967**

PROFIT AND LOSS ACCOUNT for the year ended 31st December 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Financial Income			(restated)*
Interest on loans		4,420,277	3,890,735
Development fees		512,428	421,973
Member Death Loan Coverage Fees (MDLC)		492,416	394,307
Member Death Benefit fees		114,935	108,455
Financial booklet issuance fees		67,300	59,700
Spousal Death Benefit fees		68,895	52,200
Savings withdrawal fees		46,367	41,721
Loan write-off recoveries		9,048	17,493
Resignation fees		11,149	4,071
Other non-operating income		96,357	75,227
Gain on forgiveness of loans	10(c)	1,889,361	-
Total Financial Income		<u>7,728,533</u>	<u>5,065,882</u>
LESS : Financial Expenses			
Interest and fees on borrowed funds		1,577,187	2,097,307
Foreign exchange (gains)/losses		(947,427)	(266,773)
Total financial expenses		<u>629,760</u>	<u>1,830,534</u>
NET FINANCIAL INCOME		<u>7,098,773</u>	<u>3,235,348</u>
LESS : Provisions and write-offs			
Loan loss provision and write-offs	5	131,166	129,147
Death benefits provisions	11(a)	30,000	15,000
Spousal Death Benefit Provision		30,000	15,000
NET FINANCIAL MARGIN		<u>6,907,607</u>	<u>3,076,201</u>
Operating Expenses			
Bank charges		15,846	16,009
Computer support system		47,970	42,921
Conference and meetings		48,402	13,777
Depreciation	7	246,454	214,490
Depreciation-right of use assets	7	487,594	487,594
Electricity and water		174,662	165,880
Events and festivals		38,956	-
Insurance		46,767	36,971
Interest expense-lease liability		57,034	47,787
Marketing and advertisement		3,497	-
Office expenses		144,983	178,859
Postage, telephone and communications		168,362	197,598
Printing and office stationeries		123,554	111,417
Professional services (audit, legal, other professional)		230,169	199,167
Rentals		516,662	491,398
Repairs and maintenance		187,531	190,219
Registration fees		33,846	13,342
Salaries and benefits		1,506,079	1,346,196
Subscriptions		4,282	550
Transportation, fuel, oil		257,240	294,461
Travel		262,864	253,270
Total Operating Expenses		<u>4,602,754</u>	<u>4,301,906</u>
Net surplus/(deficit) before taxation		<u>2,304,853</u>	<u>(1,225,705)</u>
Income tax expense	12(a)	-	20,000
Net surplus/(deficit) after taxation		<u>2,304,853</u>	<u>(1,245,705)</u>

The profit and loss account is to be read in conjunction with the notes to and forming part of these accounts set out on pages 8 to 16.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967
STATEMENT OF CHANGES IN EQUITY for the year ended 31st December 2024**

	Share capital	Retained earnings/ (Accumulated losses)	Total
	\$	\$	\$
Balance at 1 January 2023	1,047,425	(26,582,806)	(25,535,381)
<i>Total comprehensive income for the year</i>			
Surplus/(deficit) for the year (restated)	-	(1,245,705)	(1,245,705)
Total other comprehensive income	-	-	-
Restated total comprehensive income/(loss) for the year	-	(1,245,705)	(1,245,705)
<i>Transactions with owners</i>			
Dividends	-	-	-
Issue of shares	-	-	-
Total transactions with owners	-	-	-
Restated balance at 31 December 2023	1,047,425	(27,828,511)	(26,781,086)
<i>Total comprehensive income for the year</i>			
Surplus/(deficit) for the year	-	2,304,853	2,304,853
Total other comprehensive income	-	-	-
Total comprehensive income/(loss) for the year	-	2,304,853	2,304,853
<i>Transactions with owners</i>			
Dividends	-	-	-
Issue of shares	-	-	-
Total transactions with owners	-	-	-
Balance at 31 December 2024	1,047,425	(25,523,658)	(24,476,233)

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the accounts set out on pages 8 to 16.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967**

STATEMENT OF CASH FLOWS for the year ended 31st December 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Cash flows from operating activities			
Funds advanced to customers		(17,543,386)	(14,356,350)
Funds repayment by customers		16,340,860	14,851,454
Interest received on loans		4,420,277	3,890,735
Other receipts		1,376,778	1,155,147
Interest payments on deposits		(2,062,258)	(873,794)
Interest on lease payments		(57,034)	(47,787)
Cash payments to employees and suppliers		(4,078,089)	(3,914,840)
Income taxes paid		(20,000)	(40,000)
Net cash flows from / (used in) operating activities		<u>(1,622,852)</u>	<u>664,565</u>
Cash flows from investing activities			
Purchase of fixed assets		(517,497)	(310,644)
Net cash flows from / (used in) investing activities		<u>(517,497)</u>	<u>(310,644)</u>
Cash flows from financing activities			
Proceeds from borrowing - Soft loans		6,387,041	4,668,380
Repayments of borrowing - Soft loans		(3,771,622)	(4,832,103)
Lease payments		(482,966)	(492,213)
Member savings net deposits/(withdrawals)		458,591	486,601
Net cash flows from / (used in) financing activities		<u>2,591,044</u>	<u>(169,335)</u>
Net increase / (decrease) in cash and cash equivalents		450,695	184,586
Cash and cash equivalents at the beginning of the financial year		<u>1,403,742</u>	<u>1,219,156</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>1,854,437</u></u>	<u><u>1,403,742</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the accounts set out on pages 8 to 16.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED**
COMPANY NUMBER: 20129967
NOTES TO AND FORMING PART OF THE ACCOUNTS
for the year ended 31st December 2024

1. REPORTING ENTITY

South Pacific Business Development Microfinance (Solomon Islands) Limited (or SPBD) is a privately owned microenterprise development organisation with a mission to provide financial services to economically disadvantaged people, particularly women who cannot access savings and loan products from traditional banks. SPBD provides unemployed and low income women entrepreneurs with financial services, training, ongoing guidance and motivation to help them start or grow micro-businesses so that they can improve their lives and that of their families. It was incorporated under the Companies Act 2009 on 13th April 2012. It's main office is located in Mataniko River Plaza, Chinatown in the capital, Honiara Solomon Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the company have been drawn up in accordance with the requirements of the laws of Solomon Islands, particularly the Companies Act 2009, and applicable accounting standards in Solomon Islands. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Except where stated, the accounting policies have been consistently applied.

Set out below is the summary of significant accounting methods adopted by the company in the preparation of the accounts.

(a) Reporting Currency

All amounts are expressed in Solomon Islands dollars (SBD).

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and balances held with banks but exclude short term deposits.

(c) Depreciation

Items of fixed assets are stated at the lower of historical cost and recoverable amount and are depreciated on a straight-line basis so as to write off the cost of the assets over their estimated economic life.

The rates of the depreciation used are based on the following estimated useful lives:

Furniture and fixtures	8 years
Computer equipment and peripherals	4 years
Motor vehicles	4 years
Office equipment	8 years
Software and electronic system	4 years
Leasehold & Improvements	8 years

Fixed assets are depreciated or amortised from the date of acquisition.

(d) Revenue

Revenues are presented as Financial Income in the income statement which is comprised of income generated from providing financial services to its target clientele. The main sources of financial income are:

- i. Interest Income - Interest income from loan portfolio and term deposits is recognised using the cash based method where they are recognised at the time they are received.
- ii. Development Fee - SPBD charges a fee of 3% of principal loan amount to be used to cover the cost of training the clients, loan evaluation and monitoring. This fee is deducted from the loan proceeds.
- iii. Member Death Loan Coverage Fee (MDLC) - This fee is of the loan principal to cover the risk in the event of death of the client. A member's loan obligations to SPBD will be eliminated upon the death of that member. The loan security fee of 3% of the loan principal is deducted from the loan proceeds.
- iv. Member Death Benefit Fee - SPBD offers a Death Benefit Product to help the families of SPBD members to reduce the burden of bereavement and funeral expenses when the member dies. When an SPBD member dies during the period of the loan, her beneficiaries will receive a fixed payment of SBD3000. The death benefit fee is deducted from the loan proceeds and is based on the period of 50 weeks for \$45.
- v. Savings Fees - A fee of \$5 is charged by SPBD to its member when they withdraw from their savings account and are recognised in the period in which they are received.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967
NOTES TO AND FORMING PART OF THE ACCOUNTS
for the year ended 31st December 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

(e) Expenses

Expenses are recorded on an accrual basis.

(f) Borrowing costs

All borrowing costs are expensed.

(g) Taxation

The taxes payable method is adopted. Under this method, income tax expense is based on accounting profit adjusted for permanent and timing differences between accounting profit and income chargeable to tax. The corporate income tax rate is 30%.

(h) Foreign currencies

Transactions in foreign currencies have been converted into Solomon Islands dollars (SBD) at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies have been converted into SBD at rates ruling at the particular balance sheet date.

Year end exchange rates used are the Group exchange rates used by the parent entity, sourced from www.oanda.com, consistent with the approach in 2023. Islands, as follows:

	<u>2024</u>	<u>2023</u>
USD to SBD	0.1208	0.1201
NZD to SBD	0.21392	0.1901
AUD to SBD	0.19396	0.1765

(i) Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

(j) Borrowings

Borrowings are initially measured at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

(k) Employee entitlements

Short term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to but not yet taken at balance date.

Long term employee entitlements

There are no long term employee entitlements.

(l) Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(m) New amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(n) Leases

IFRS 16 Leases

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for high value leases and has elected not to recognise right-of-use assets and lease liabilities for other leases of low value assets based on the value of underlying asset when new or for short-term leases with a lease term of 12 months or less.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to separately account for the service elements from the lease elements, i.e. it does not allocate any amount of the contractual payments to, and separately accounts for, any services provided by the supplier as part of the contract. The service components of the contract are recognised in the profit and loss on a straight-line basis. The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 10 %

The Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

a) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.

b) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED
COMPANY NUMBER: 20129967
NOTES TO AND FORMING PART OF THE ACCOUNTS
for the year ended 31st December 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

(n) Leases - cont'd

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if the rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company as a lessor

The company does not lease any property as a lessor.

3. CRITICAL ACCOUNTING ESTIMATE/JUDGEMENT

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans

The Company reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Extension options for leases

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (SOLOMON ISLANDS) LIMITED**
COMPANY NUMBER: 20129967
NOTES TO AND FORMING PART OF THE ACCOUNTS
for the year ended 31st December 2024

	2024	2023
	\$	\$
4. CASH ON HAND AND IN BANK		
<i>Cash in bank</i>		
ANZ SBD account	221,387	253,015
BSP SBD account	167,347	159,187
BSP Gizo SBD account	816	9,186
BSP Munda SBD account	363	511
POB SBD account	4,706	-
POB USD account	826,668	-
BSP-Term Deposit	590,602	590,602
BSP-Operating Account	13,139	334,980
Undeposited Collection	29,409	56,261
TOTAL	1,854,437	1,403,742
5. LOAN PORTFOLIO		
LOAN RECEIVABLES		
Accumulative since inception		
Total Loan disbursements	191,735,618	174,192,232
Less: Total principal loan repayments since inception	(178,670,070)	(162,470,829)
Less: Loan write-offs	(3,505,445)	(3,363,826)
Gross Loan Portfolio	9,560,103	8,357,577
Less: Loan loss reserve	(111,231)	(129,510)
Net Loan Portfolio	9,448,872	8,228,067
No. of Loans Outstanding		
SPBD Group Loan Product	2,046	1,900

Portfolio Quality Measurement

SPBD's main measure of loan delinquency is an aged portfolio-at-risk (PAR) ratio. Loans are separated into classes depending on the number of days they are in arrears. For each class of loans, the outstanding principal balance of such loans is divided by the outstanding principal balance of the gross loan portfolio. Loans are considered in arrears if any payment has fallen due and remained unpaid. Loan payments are applied first to any interest due, then to any instalment of principal that is due but unpaid, beginning with the earliest such instalment. The number of days of lateness is based on the due date of the earliest loan instalment that has not been fully paid.

Loan Provisioning and Loan Loss Reserve

Some loans in the portfolio will be uncollectible due to failure of individual members and/or the group/centre guarantee despite SPBD's best efforts. The purpose of loan loss provisioning is to set aside adequate funds or loan loss reserve to cover for potential losses. In 2024, SPBD updated its loan provisioning policy to ensure sufficient reserves for 2025 based on past results. Under this updated policy a 1% provision will now be applied to all current group loans. The loan loss reserve is to be reviewed quarterly and determined by applying predicted loss percentages to aged loans grouped by weeks in arrears.

		Micro- Enterprise Loans	Higher Education Loans	Seasonal Workers Loans	Business Revival Loans	White Goods Financing Loans	Staff Loans	Total	Loan Loss Prov. Amt
Provisioning Ratios for Group ALL loan types	Loan Loss Provision	Loan Outstanding	Loan Outstanding	Loan Outstanding	Loan Outstanding	Loan Outstanding	Loan Outstanding	Loan Outstanding	
Current Loan Portfolio	1%	8,983,488	102,997	96,985	29,875	39,695	178,575	9,431,615	94,316
1 week to 4 week late(<30 days)	3%	99,569	1,034	-	4,497	3,607	-	108,707	5,435
5 weeks to 8 weeks late(30 to 60 days late)	10%	7,757	1,467	-	-	-	-	9,224	922
9 weeks to 12 weeks late(60 to 90 days late)	25%	-	-	-	-	-	-	-	-
13 weeks to 16 weeks late(90 to 120 days late)	50%	-	-	-	-	-	-	-	-
17 weeks to 20 weeks late(120 to 150 days late)	75%	-	-	-	-	-	-	-	-
21 weeks or more(150 days)	100%	10,557	-	-	-	-	-	10,557	10,557
TOTAL PROVISIONING AS OF 31 DECEMBER 2024		9,101,371	105,498	96,985	34,372	43,302	178,575	9,560,103	111,231

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5. LOAN PORTFOLIO - cont'd

Loan Write-Off

The purpose of loan write-offs is to remove loans in arrears from SPBD's balance sheet, where there is significant doubt of any material loan payment recovery.

Any loan in arrears exceeding 26 weeks will be short-listed for potential write-off. Write-off decision will be made on a case-by-case basis by the company Director upon review of the recommendations of the General Manager. The amount of write-offs for 2024 were considered and approved by the Director.

Loan Types	# of Accounts	31-Dec-24			# of Accounts	31-Dec-23		
		Outstanding Principal Balance	PAR Amount SBD	PAR>30 days(%)		Outstanding Principal Balance	PAR Amount SBD	PAR>30 days(%)
Group Loans								
Current	1,826	8,983,488	-	-	1,488	7,117,937	-	-
1-4 weeks late	25	99,569	-	-	20	66,750	-	-
5-8 weeks late	4	7,757	7,757	0.08%	7	19,957	19,957	0.24%
9-12 weeks late	-	-	-	-	-	-	-	-
13-16 weeks late	-	-	-	-	-	-	-	-
17-20 weeks late	-	-	-	-	-	-	-	-
Over 21 weeks late	12	10,557	10,557	0.11%	48	117,461	117,461	1.41%
Sub-total	1,867	9,101,371	18,314	0.19%	1,563	7,322,105	137,418	1.64%
Higher Education Loans								
Current	48	102,997	-	-	34	54,877	-	-
1-4 weeks late	2	1,034	-	-	0	-	-	-
5-8 weeks late	1	1,467	1,467	0.02%	2	5,100	5,100	0.06%
17-20 weeks late	-	-	-	-	-	-	-	-
Over 21 weeks late	-	-	-	0.00%	2	2,440	2,440	0.03%
Sub-total	51	105,498	1,467	0.02%	38	62,417	7,540	0.09%
Staff Loans								
Current	35	178,575	-	-	35	178,544	-	-
1-4 weeks in arrears	-	-	-	-	-	-	-	-
5-8 weeks late	-	-	-	-	-	-	-	-
9-12 weeks late	-	-	-	-	-	-	-	-
13-16 weeks late	-	-	-	-	-	-	-	-
17-21 weeks late	-	-	-	-	-	-	-	-
Over 21 weeks late	-	-	-	-	-	-	-	-
Sub-total	35	178,575	-	-	35	178,544	-	-
Seasonal Workers Loans								
Current	31	96,985	-	-	65	118,521	-	-
1-4 weeks in arrears	-	-	-	-	-	-	-	-
5-8 weeks late	-	-	-	-	-	-	-	-
9-12 weeks late	-	-	-	-	-	-	-	-
13-16 weeks late	-	-	-	-	-	-	-	-
17-21 weeks late	-	-	-	-	-	-	-	-
Over 21 weeks late	-	-	-	-	-	-	-	-
Sub-total	31	96,985	-	-	65	118,521	-	-
White Financing Goods Loans								
Current	18	39,695	-	-	21	90,845	-	-
1-4 weeks in arrears	1	3,607	-	-	-	-	-	-
5-8 weeks late	-	-	-	-	-	-	-	-
9-12 weeks late	-	-	-	-	-	-	-	-
13-16 weeks late	-	-	-	-	-	-	-	-
17-21 weeks late	-	-	-	-	-	-	-	-
Over 21 weeks late	-	-	-	-	-	-	-	-
Sub-total	19	43,302	-	-	21	90,845	-	-
Business Revival Loans								
Current	39	29,875	-	-	172	581,296	-	-
1-4 weeks in arrears	4	4,497	-	-	-	-	-	-
5-8 weeks late	-	-	-	-	-	-	-	-
9-12 weeks late	-	-	-	-	-	-	-	-
13-16 weeks late	-	-	-	-	-	-	-	-
17-21 weeks late	-	-	-	-	-	-	-	-
Over 21 weeks late	0	0	-	0%	6	3,765	3,765	0.045%
Sub-total	43	34,372	0	0%	178	585,061	3,765	0.045%
Grand Total	2,046	9,560,103	19,781	0.21%	1,900	8,357,493	148,723	1.73%

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	<u>2024</u>	<u>2023</u>
	\$	\$
5. LOAN PORTFOLIO - cont'd		
Movement in Loan Loss Reserve		
Loan reserve, 1 January	129,510	417,167
Loan loss provision expense for the year	131,166	129,147
Less: Loans written-off during the year	(149,445)	(416,804)
Loan reserve, 31 December	<u>111,231</u>	<u>129,510</u>
6. OTHER ASSETS		
Stock - Passbooks	9,360	2,938
Stock - Receipt books	5,750	9,660
Rental bond - head office	139,978	143,978
Prepaid expenses	157,137	55,499
	<u>312,225</u>	<u>212,075</u>
7. FIXED ASSETS		

Type	Cost	Accumulated Depreciation	Depreciation for the year	Net Book Value
	\$	\$	\$	\$
Leasehold Improvements	430,746	271,326.0	53,843	159,420
Furniture and fixtures	184,523	128,221.0	21,617	56,302
Computer equipment and peripherals	163,156	108,162.0	24,805	54,994
Motor vehicles	838,000	328,333.0	127,500	509,667
Office equipment	184,977	113,863.0	18,689	71,114
Software and electronic system	63,148	63,148.0	-	-
Building-Right of Use	975,188	690,758.0	487,594	284,430
2024 TOTAL	<u>2,839,738</u>	<u>1,703,811</u>	<u>734,048</u>	<u>1,135,927</u>
2023 TOTAL	<u>2,716,412</u>	<u>1,349,017</u>	<u>702,084</u>	<u>1,367,395</u>

- 8. CLIENTS' SAVINGS DEPOSITS**
SPBD promotes good management of household finances by its members. It further promotes that a household with sufficient savings is assured of having cash when an unforeseen event occurs.
SPBD actively encourages its members to develop a regular habit of savings. All members are required to open a savings account and deposit an initial amount of SBD30. This must be performed prior to any 1st cycle loan disbursement occurring.
Members are also encouraged to make voluntary deposits during centre meetings or at the SPBD office. These voluntary deposits can be withdrawn at any time when needed by the member.
The number of savings accounts as of the end of the financial year is:

	<u>2024</u>	<u>2023</u>
	\$	\$
		(restated)*
Number of saving accounts		
Clients saving balances	5,780 (2023:5,056)	<u>2,268,817</u>
	<u>2,727,408</u>	<u>2,268,817</u>

9. ACCOUNTS PAYABLE		
Accrued Interest - holding company - SPBD Microfinance Holdings (Singapore) Pte Ltd.	845,484	1,393,633
Accrued Interest-Development Bank of Solomon Islands	63,078	-
Accounts payable - other	349,754	385,182
Employee deductions payable - PAYE, NPF and Basic rates	27,520	14,948
Provision for income tax (see note 13(b))	-	20,000
	<u>1,285,836</u>	<u>1,813,763</u>
10. UNSECURED BORROWINGS		
Current		
Kiva loan	2,967,122	2,866,317
MicroDreams Foundation	-	333,056
SPBD Microfinance Holdings (Singapore) Pte.Ltd	5,039,326	4,342,953
Gregory F. Casagrande	-	1,248,959
Evander Management Limited	-	789,058
Whole Planet Foundation	-	158,401
Total Current Unsecured Borrowings	<u>8,006,448</u>	<u>9,738,744</u>
Non-current		
MicroDreams Foundation	1,874,749	1,108,887
SPBD Microfinance Holdings (Singapore) Pte.Ltd	19,966,879	22,221,814
Whole Planet Foundation	-	-
Total Non-current Unsecured Borrowings	<u>21,841,628</u>	<u>23,330,701</u>
Total Unsecured Borrowings	<u>29,848,076</u>	<u>33,069,445</u>

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10. UNSECURED BORROWINGS - cont'd

2024	2023
\$	\$
	(restated)*
<u>2,967,122</u>	<u>2,866,317</u>

10 (a) KIVA Loan

KIVA Micro Funds is a non-profit organization based in California which established a website to pool lending funds at zero percent interest rate from individuals and channel the pooled funds to field partners. SPBD is one of the Experimental partners of KIVA, thereby entitling it to be included in the raising activities of KIVA Micro funds. The loan is unsecured and interest-free with on-going principal payment based on fund raising limit of SPBD.

10 (b) MicroDreams Foundation

The loans from MicroDreams Foundation are unsecured, with no deposits tied to them and no guarantees obtained to secure them. Loans obtained in 2023 will mature starting in 2027. During the year, one loan was fully repaid, and another loan amounting to USD100,000 was received.

Date	Currency	Amount	Interest	Maturity Date	Grace Period on Principal (yrs)	Amount Received (SBD)	Beginning balance from 1/01/2024	Principal repayment	Balance 31/12/2024 (SBD)	Interest repayment (SBD)2024	Interest payable as at 31/12/2024 (SBD)
19-Feb-21	USD	40,000	8.50%	30-Jun-24	3.8	315,706	333,056	344,537	-	10,998	-
19-Apr-23	USD	40,000	8.50%	31-Mar-27	4.1	-	333,056	-	331,126	14,580	-
19-Sept-23	NZD	50,000	8.50%	30-Sept-27	3.1	-	263,019	-	233,732	17,299	-
04-Dec-23	NZD	50,000	8.50%	31-Dec-27	3.1	-	263,019	-	233,732	12,754	-
15-Dec-23	USD	30,000	8.50%	31-Mar-28	4.4	-	249,792	-	248,344	11,810	-
31-Oct-24	USD	100,000	8.50%	31-Oct-28	36.6	-	-	-	827,815	-	-
						Total	315,706	1,441,942	344,537	1,874,749	67,441

10 (c) SPBD MicroFinance Holdings (Singapore) Pte. Ltd.

The loans with SPBD MicroFinance Holdings (Singapore) Pte Ltd. are unsecured. There are no deposits tied to these loans and no guarantee was obtained to secure them. SPBD Microfinance Holdings (Singapore) Pte Ltd. outstanding loans were re-structured in year 2023 to consolidate separate currencies denoted in AUD, USD, and NZD. Principal repayments are due from 2024 onwards. Loans of USD 50,000 and USD 100,000, with an interest rate of 2 and 8%, respectively, were received during the year. Additionally, the principal portion of three loans, two in the amount of USD100,000 each and one NZD50,000, were forgiven as at 31 December 2024 by SPBD MicroFinance Holdings (Singapore) Pte Ltd.

Date	Currency	Amount	Interest	Maturity Date	Grace Period on Principal (yrs)	Amount Received (SBD)	Beginning balance from 1/01/2024	Loans forgiven (2024)	Balance 31/12/2024 (SBD)	Interest repayment (SBD)	Interest payable as at 31/12/2024 (SBD)
01-Jan-19	USD	1,225,000	2.00%	31/12/2028	10	10,123,967	10,199,833	-	10,140,728	421,760	405,630
01-Jan-19	AUD	700,000	2.00%	31/12/2028	10	4,079,254	3,966,006	-	3,608,992	151,358	72,180
01-Jan-19	NZD	300,000	2.00%	31/12/2028	10	1,670,378	1,578,117	-	1,402,393	59,747	28,048
15-Apr-19	USD	40,000	2.00%	31/12/2023	3.9	1,598,721	333,056	-	331,126	-	-
28-Jun-19	NZD	100,000	6.00%	30/06/2025	6	531,401	526,039	-	467,464	29,876	28,048
28-Jun-19	USD	150,000	2.00%	31/12/2023	4.5	1,607,716	1,248,959	-	1,241,722	30,186	16,581
20-Aug-19	NZD	50,000	7.50%	31/12/2023	3.5	398,301	263,019	233,732	-	37,294	-
09-Dec-20	AUD	100,000	2.00%	31/12/2025	4	588,582	566,572	-	515,570	10,814	10,311
23-Dec-20	USD	100,000	2.00%	29/06/2023	3.6	791,879	832,639	-	827,815	54,331	16,565
12-Aug-21	USD	100,000	7.50%	31/12/2024	3.4	793,141	832,639	827,815	-	71,687	62,094
20-Jun-22	USD	100,000	8.00%	31/12/2024	2.6	808,572	832,639	827,815	-	82,392	66,233
12-Aug-22	USD	100,000	2.00%	31/12/2025	3.4	807,260	832,639	-	827,815	20,569	16,564,57
12-Oct-22	USD	100,000	6.50%	31/12/2025	3.2	804,103	832,639	-	827,815	91,463	53,816,23
18-Nov-22	USD	50,000	6.50%	30/09/2027	4.9	404,478	416,320	-	413,907	7,416	26,912
18-Dec-22	NZD	70,000	2.00%	31/12/2027	4.9	357,496	368,227	-	327,225	-	22,382
06-Jun-23	NZD	100,000	2.00%	31/12/2027	4.6	499,783	526,039	-	467,464	9,960	5,460
17-Jul-23	USD	100,000	2.00%	31/12/2027	4.6	821,865	832,639	-	827,815	67,857	7,583
18-Aug-23	USD	150,000	2.00%	31/12/2028	5.6	1,253,394	1,248,959	-	1,241,722	25,828	7,078
10-Dec-23	AUD	30,000	2.00%	31/12/2028	5	170,863	169,972	-	154,671	3,434	-
10-Dec-23	NZD	30,000	2.00%	31/12/2028	5	155,509	157,812	-	140,239	3,163	-
22-Feb-24	USD	50,000	2.00%	03/06/2029	5.5	-	-	-	413,907	-	-
25-Oct-24	USD	100,000	8.00%	30/06/2029	36	-	-	-	827,815	-	-
						Total	28,266,662	26,564,767	1,889,362	25,006,205	1,179,135

10 (d) CASAGRANDE GREGORY

25-Nov-21	USD	150,000	8.00%	31/12/2023	2.1	1,233,552	1,248,959	1,248,959	-	267,650	-
						Total	1,233,552	1,248,959	1,248,959	-	267,650

Evander Management Limited

21-May-20	NZD	150,000	6.00%	30/06/2023	3.5	1,002,004	789,038	794,608	-	48,231	-
						Total	1,002,004	789,038	794,608	-	48,231

The Evander Management Limited loan is for NZD \$200,000 at 6% interest for 4.5 years. It commenced on 20 May 2020 and runs until 31 December 2024. Interest is payable bi-annually from 31 December 2020 and bi-annual principal repayments of \$50,000 commence 30 June 2023. The loan was settled in 2024 and no new loans were obtained.

10 (f) Whole Planet Foundation

2024	2023
\$	\$
-	158,401

Founded in 2005, Whole Planet Foundation is a Whole Foods Market foundation that funds poverty alleviation worldwide where the company sources products. The non-profit's mission is to empower the world's poorest people with microcredit and the chance to create or expand a home-based business and lift themselves and their families out of poverty. The loan is interest free and unsecured and repayable in Solomon Island dollars. During the year, outstanding from prior year was fully repaid and no new loans were obtained.

10 (g) Development Bank of Solomon Islands

2024	2023
\$	\$
3,000,000	-

The loans with Development Bank of Solomon Islands are secured loans.

In 2024, South Pacific Business Development Microfinance (Solomon Islands) Limited (SPBD) secured a loan from the Development Bank of Solomon Islands (DBSI) to help grow its microfinance program, expand its loan portfolio, and introduce new loan products in collaboration with service providers. The total loan facility is \$5,000,000, with an initial disbursement of \$3,000,000 received in 2024, and the remaining \$2,000,000 expected in 2025. The loan carries an interest rate of 9% per annum and has a 5-year term, with quarterly interest payments starting from Year 1. Principal repayments will commence in Year 3 and continue through Years 4 and 5, in twelve quarterly installments. The loan is secured by a specific assignment over the loan portfolio, covering 100% of the outstanding principal balance, including accrued interest and bank fees. SPBD Microfinance Holding (Singapore) PTE LTD has provided cross guarantee and indemnity for the loan, ensuring coverage of the outstanding balance, including principal, interest, and fees. Additionally, a deed of subordination ensures that the loan takes priority over shareholder claims.

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11.	Movement in Other Reserves	2024	2023
11(a)	Movement in Death Benefit Reserve	\$	\$
	Death benefit reserve, 1 January	35,448	35,448
	Death benefit provision for the year	30,000	15,000
	Less: Amounts paid during the year	(24,000)	(15,000)
	Death benefit reserve, 31 December	41,448	35,448
11(b)	Movement in Spousal Death benefit reserve		
	Spousal death benefit reserve, 1 January	17,161	32,161
	Spousal death benefit provision for the year	30,000	15,000
	Less: Amounts paid during the year	(27,000)	(30,000)
	Spousal death benefit reserve, 31 December	20,161	17,161
12.	TAXATION	2024	2023
12(a)	Income tax expense	\$	\$
	Income tax expense is 30% of taxable income for the financial year, or 0.5% of revenue, to a maximum of \$20,000, if there is a taxable loss in the year		(restated)*
	Net surplus/(deficit) per the profit and loss account	2,304,853	(1,225,705)
	<i>Add: Non deductible expenses</i>		
	Depreciation and amortisation for accounting purposes	734,048	702,084
	Loan loss provision/Life insurance and spousal insurance	9,000	-
	Interest on lease liabilities	57,034	47,787
	Accrued interest-holding company	-	974,613
	Tax loss carry forward amount expired	-	699,779
		3,104,935	1,198,558
	<i>Less: Deductible expenses/non-assessable revenue</i>		
	Tax loss carried forward	8,667,672	8,806,388
	Depreciation for taxation purposes	272,255	212,185
	Loan loss provision/Life insurance and spousal insurance	-	302,657
	Lease payments	540,000	540,000
	Accrued interest-holding company	129,129	-
	Gain on disposal of assets	42,117	-
	Exempt interest income	5,000	5,000
	Taxable income / (loss)	(6,551,238)	(8,667,672)
	Income tax expense - turnover tax	-	20,000
12(b)	Provision for income tax		
	Provision for income tax at beginning of year	20,000	40,000
	Add: Income tax expense	-	20,000
	Less: Tax paid during the year	(20,000)	(40,000)
	Provision for income tax at end of year	-	20,000
12 (c)	Income tax losses		
	The estimated income tax losses available to be carried forward at 31st December, 2024 amounted to \$6,551,238 (2023: \$8,667,672).		
	The benefit of this loss which at the rates prevailing at balance date amounted to \$1,965,371 (2023: \$2,600,302) will be utilised only if the company earns sufficient income chargeable to tax in the future, continues to comply with the provisions of the Income Tax Act (Cap. 123) of Solomon Islands relating to the deduction of carried forward losses and no change in the income tax legislation adversely affects the company in realising the benefit of the deduction for itself.		
	<u>Expiry Year</u>	<u>Carry forward tax losses</u>	<u>Income Tax Benefit</u>
		<u>\$</u>	<u>\$</u>
	2025	2,552,922	765,877
	2026	1,760,958	528,287
	2027	1,676,295	502,888
	2028	561,063	168,319
	Total	6,551,238	1,965,371
13.	ISSUED CAPITAL	2024	2023
	SPBD Microfinance Holdings (Singapore) Pte Ltd	\$	\$
	Opening balance	1,047,425	1,047,425
	Movement during the year	-	-
	Closing balance	1,047,425	1,047,425

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14. RELATED PARTIES**Holding company**

The immediate holding company is SPBD Microfinance Holdings (Singapore) Pte Ltd.

Other Related Entities

Other related company includes Transformative Ventures LLC. Services provided by TVLCC includes professional fees.

Directors

The Directors of the company are Gregory Casagrande, Sandeep Lohani, Ajay Verma and Raymond McCarthy (appointed 10th May 2024). Directors' emoluments of \$183,639 (2023: \$nil) were paid during the year and are included in salaries and benefits in the profit and loss account.

15. LEASE LIABILITIES

The Company has a lease for its main office and parking space for a term of 2 years with an extension option for another 2 years. The Company has not included the extension option as part of its initial recognition of the lease liability. As at year end, the remaining term on the lease is 7 months.

Right-of-use assets

The movement in the right-of-use assets, as presented in the statement of financial position, is as follows:

	2024	2023
ROU-buildings balance as at 1 January	\$ 975,188	\$ 975,188
Accumulated depreciation	690,758	203,164
ROU-buildings balance as at 31 December	<u>284,430</u>	<u>772,024</u>
Lease liabilities		
Current	304,765	540,000
Non-Current	-	247,731
	<u>304,765</u>	<u>787,731</u>

The movement in lease liabilities for the year is as follows:

Lease liabilities -buildings balance as at 1 January	787,731	304,756
Additional lease during the year		975,188
Interest expense	57,034	47,787
Less: Lease payments	(540,000)	(540,000)
Lease liabilities -buildings balance as at 31 December	<u>304,765</u>	<u>787,731</u>

16. CORRECTION OF ERROR

During the preparation of the 2024 financial statements, management identified that the 2.5% fee charged by Kiva on the loan balance had not been accounted for in the 2023 financial statements. This omission resulted in the understatement of both the loan balance and the associated fees on borrowing. Consequently, the 2023 financial statements have been restated to reflect the correct loan balance and fees, in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The following tables summarise the impacts on the company's financial statements.

	As previously reported	Adjustments	As restated
Balance Sheet			
31st December 2023	\$	\$	\$
Total Assets	11,211,279	-	11,211,279
Unsecured borrowings	32,553,530	515,915	33,069,445
Accounts payable	1,332,234	481,529	1,813,763
Others	3,109,157	-	3,109,157
Total Liabilities	36,994,921	997,444	37,992,365
Shareholders funds / (Deficit in shareholders funds)	(26,831,067)	(997,444)	(27,828,511)
Others	1,047,425	-	1,047,425
Total Equity	(25,783,642)	(997,444)	(26,781,086)
Profit and Loss Account			
31st December 2023			
Interest and fees on borrowed funds	(1,206,681)	(890,626)	(2,097,307)
Foreign exchange (gains)/losses	373,591	(106,818)	266,773
Others	584,829	-	584,829
Net surplus/deficit	(248,261)	(997,444)	(1,245,705)

17. NON FINANCIAL SERVICES**Financial Diaries Programme**

SPBD Microfinance Solomon Islands offers a one day extensive financial literacy training as part of the 6 days of training which every borrower has to undergo before they become eligible to apply for a loan. The financial literacy training is aimed at training the borrowers to maintain their business and household income and expenses, and better manage their small business.

18. CAPITAL COMMITMENTS

There were no capital commitments as at 31st December 2024 (2023: \$nil).

19. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st December 2024 (2023: \$nil).

20. GOING CONCERN

The company made a surplus during the year but has a deficiency in equity of \$24,476,233 at 31st December 2024. As a going concern, the company is dependent on the continuing support of its shareholder. The Directors believe that they have appropriate arrangements and plans in place to successfully manage the company's operational risks and have a reasonable expectation that the company will have adequate funding to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. In the event this basis were not appropriate, it would be necessary to write fixed assets down to realisable value, reclassify long term liabilities as current and provide for closure and shut down costs.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on the date the financial statements were signed.