

Company registration number 06469886 (England and Wales)

BRAC SAAJAN EXCHANGE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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BRAC SAAJAN EXCHANGE LTD

COMPANY INFORMATION

Directors	Mr Kazi Mahmood Sattar Mr Selim Reza Farhad Hussain Mr Abdus Salam Dr Z Hussain (Appointed 3 January 2023)
Secretary	Mr M Rana
Company number	06469886
Registered office	160-162 Lozells Road Lozells Birmingham B19 2SX
Auditor	Reddy Siddiqui LLP 183-189 The Vale Acton London W3 7RW

BRAC SAAJAN EXCHANGE LTD

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BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair Review of the Business

The company, a subsidiary of BRAC Bank Limited of Bangladesh, provides remittance services and cross-border payment solutions for South Asian migrants living in UK and Europe. It offers a wide range of payment services principally to Bangladesh and Pakistan.

Revenue is earned through a combination of transaction fees and foreign exchange margin.

Key strategic priorities

1. **Sustain reputation** as one of the market-leading money transfer services for NRB communities in the UK
2. **Ensure reliable and compliant money services** along with competitive exchange rates and best in class customer service
3. **Focus on continuous expansion** of network for enhancing customer convenience

Who we are, what we do

- Total remittance in 2021 was £114.63 million
- Total head count in 2021 was 25
- Total expense reduction in 2021 was £2.03 million

BRAC Saajan is amongst the key remittance and cross-border payment service providers for NRBs (non-resident Bangladeshis) and other South Asian migrants residing in the UK. It offers money transfer primarily to Bangladesh. Revenue is earned through a combination of transaction fees and foreign exchange margin.

The ongoing pandemic, coupled with uncertainty in the EU due to Brexit and the cancellation of BSEL's licence, presented significant challenges for the company and hampered its performance. Operating for only 5 months in 2021 as a result of BSEL's licence cancellation led to a steep decline in revenue and a negative impact on the company's profitability and capital.

Being dispatched only from the UK, remittance was adversely affected by these factors and consolidated remittance to all receiving countries declined by 74.8% from £455m in 2020 to £114m in 2021 as a result.

The turnover of the company also consequently reduced by 76%, from £6.9m in 2020 to £1.6m in 2021.

The gross profit margin decreased by 5%, an outcome of the increase in agent incentives. Overall, the gross profit declined by 77% from £4.2m in 2020 to £976k in 2021.

Due to the closure of the bank accounts, there had been a shift towards a cash-collection model in the last quarter of 2020 and throughout 2021, resulting in an increase in cash handling costs of more than £302k compared to 2020.

In addition, the company incurred legal expenses of £148k in 2021 in relation to its appeal against the Cancellation decision of its licence by HMRC.

However, excluding cash handling costs, overall expenses in 2021 were reduced by £2.03m (44% less than 2020).

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The table below shows a detailed comparison of 2021 performance vs. 2020.

Income Statement Line Item	2021 (£)	2020 (£)	Change
Income	1,683,656	6,917,406	(76%)
Cost of Services	723,541	2,645,334	(73%)
Gross Profit	960,115	4,272,072	(78%)
Gross Margin	57%	62%	(5%)
Expenses	2,580,602	4,613,378	(44%)
Net Operating Income	(1,620,487)	(341,306)	375%
Total Other Income	226,623	250,573	(10%)
Loan Interest and similar	185,726	158,316	17%
Bad Debt	13,639	54,041	(75%)
Tax	(60,648)	(28,138)	116%
Total Other Expenses	138,717	184,219	(25%)
Net Income	(1,532,582)	(274,952)	457%

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company are compliance and operational risk, financial risks and strategic risks. The risk identification and mitigation activities are built into the day-to-day operations of the company.

It is the responsibility of the Board to adopt and oversee the implementation of risk management and risk appetite throughout the company and its affiliates globally.

Board expectations

The business management (1st line of defence) will take responsibility for the implementation of risk appetite, and the Compliance function (2nd line of defence) will work with the 1st line to ensure that levels of risk against risk appetite is reported to the Board and escalated where lines of business are outside appetite.

Audit (3rd line of defence) will ensure independent assurance of the systems and controls in place are adequate and effective to mitigate the risks.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Risks faced by the company

In summary, the company is exposed to the following types of risk.

- Operational & compliance risks (i.e. risks associated with people, processes and systems)
- Financial risks (e.g. credit, liquidity & capital)
- Strategic risks (e.g. reputation risks)

Each risk category is further broken down into specific risk types:

Operational & compliance risks

Internal fraud - Loss due to acts intended to defraud, misappropriate property or circumvent regulations, the law or company policy (excluding discrimination events) which involve at least one internal party. The company strives to minimise the likelihood of fraud manifesting in the business and allocates human and technology resources to minimise its impact on business activities. The company has no appetite for internal fraud and has adopted a continuous improvement approach to the policies and procedures designed to deter and detect internal fraud. Non-compliance results in disciplinary action, which may include dismissal and qualified withdrawals for approved persons.

External fraud - Loss due to acts intended to defraud, misappropriate property or circumvent the law, which involve a third party. The company has adopted a continuous improvement approach to the policies and procedures designed to deter and detect external fraud. The firm accepts that external fraud may happen from time to time. Nonetheless, the company has no appetite for external fraud.

Regulatory risk – regulatory risks refer to the fact that a change in laws or regulations may materially impact the business or market. The company complies with all relevant legislation and regulations in all the jurisdictions in which it operates. It monitors the regulatory framework and takes any necessary actions to its operations in order to achieve compliance. The company also employs external compliance audits to ensure best practice.

Employment practices and workplace safety - Losses arising from acts inconsistent with health or safety laws or agreements, from payments of personal injury claims, discrimination or harassment events. The company will take all reasonable steps to ensure its employees are treated with dignity and respect and will have adequate business processes in place to ensure that employees are provided with a safe and comfortable environment to work in.

Business disruption – Losses arising from disruption of business or system failures. The company has implemented a business continuity plan to monitor and mitigate any disruption.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Execution, delivery & process management - Losses from failed transaction processing or process management, from relations with trading counterparties, clients, vendors and/or critical outsourcers.

Data security – The company will take proportionate measures to protect employee, client and other third-party data, intellectual property and put in place good business practices with respect to data protection and retention standards.

IT security – The company employs robust IT security practices in the application development lifecycle, monitors and protects its perimeters and takes measures to deter and detect insider threats.

Financial risks

Currency risk – The company deals in multiple currencies and may therefore be exposed to movements in exchange rates.

It mitigates this risk by employing a dedicated team of foreign exchange specialists and tracking conversion rates of the trading currencies in real time.

This allows the company the opportunity to minimise foreign exchange losses and make gains from the favourable shifts in exchange rates. Economic data with high, medium and low impact on exchange rates is collected from external sources at real time and their impact is closely monitored.

Market risk - Losses arising as a result of adverse changes in market prices. The company is an Authorised Payments Institution (API) and does not take outright market risk. Where market risks are inherent to the business activities (e.g. structural market risks such as those arising with respect to capital, liquidity and shareholder value) the company has implemented appropriate policies and procedures.

Credit risk - Losses arising as a result of one or more clients and/or trading counterparties failing to meet their financial obligations as they become due. Credit and counterparty risks are inherent in the business model through exposure to counterparty aged transactions and pre-settlement risks. The main credit risk faced by the company relates to agents failing to deposit monies collected on behalf of customers. The risk is managed by setting agent credit limits and performing a daily reconciliation of outstanding amounts.

Liquidity and capital risks - Losses arising as a result of the firm failing to meet its financial obligations as they become due. The company maintains sufficient liquidity and capital to fulfil business and regulatory requirements to meet its obligations as they become due, and has access to funding from its parent company, that will allow it to enact a contingency funding plan, if required.

Strategic risks

Business risk - Losses that arise from the decisions that the Board takes about the products or services that the company supplies, or the geographies that it operates in. They include risks associated with developing and marketing those products or services, economic risks affecting product sales and costs, and risks arising from changes in the regulatory, legal and/or technology environments which have an impact on those products and services or the way in which they are delivered.

Reputation risk - Losses that arise as a result of damage to the brand, howsoever caused. The company actively promotes its brand in the market place, takes pro-active steps to generate feedback from clients and employees and adheres to its core values and fulfil its corporate responsibilities by ensuring it acts responsibly, ethically and with integrity.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key Performance Indicators

Key Performance Indicators	2021 £'000	2020 £'000	Movement £'000	Movement (%)
Turnover	1,684	6,917	(5234)	-75.7%
Total remittance sent to all countries	114,636	455,046	(340,410)	-74.8%
UK Staff Costs	733	1,077	(344)	-32.0%
Operating Costs	0	0	0	0.0%
PBT	0	0	0	0.0%
PAT	(1533)	-275	(1,258)	457.4%

Key Performance Indicators	2021 (Value)	2020 (Value)	Movement (Value)	Movement (%)
EPS	-£4.60	-£0.82	-3.77	457.4%
Number of agents	248	284	(36)	-12.7%
Number of countries remittance is sent	2	14	-12	-85.7%
Number of transactions	183,691	777,349	(593,658)	-76.4%
Number of employees	25	81	-56	-69.1%

Employees	2021 (Value)	2020 (Value)	Movement (Value)	Movement (%)
Italy	0	6	-6	-100.0%
Portugal	0	1	-1	-100.0%
Spain	0	1	-1	-100.0%
UK	11	26	-15	-57.7%
Bangladesh	14	47	-33	-70.2%
Total	25	81	-56	-69.1%

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The year 2021 posed significant difficulties for BSEL, with challenges including the COVID-19 pandemic, the UK's exit from the EU, and ultimately the suspension and cancellation of the company's licence by HM Revenue and Customs. Thus, BRAC Saajan's performance needs to be evaluated from the purview of this challenging operating context.

The company was in operation for the first 5 months in 2021, prior to its licence cancellation on 27 May 2021 by HM Revenue and Customs (HMRC). BSEL challenged the cancellation decision of HMRC in Tribunal court, with the Tribunal later issuing judgement in favour of BSEL on 09 June 2022.

All EU operations were suspended from the last quarter of 2020 and the resumption of EU business is not expected until suitable EU licensing arrangements are in place. The region however represents a major market for future development and growth. Due to the delay in retrieving the licence in Portugal, the company is now reconsidering applying for a licence in countries where Bangladeshi migrants are residing, such as Italy, Spain or France.

With a view to align the overall business environment and adapt to the circumstances faced with the BSEL licence cancellation, headcount and associated expenses were curtailed across discretionary areas of expenditure. Headcount in the UK reduced from 26 to 11, with global headcount reducing from 81 to 25. As the company was not in business from 28 May 2021 until 22 December 2022, only key staff were retained during this period to support the ongoing court case and enhancement of systems and controls.

During the licence cancellation period, the company continued with its focus on enhancing its compliance framework, in order to support its longer-term aspirations. Furthermore, BSEL also implemented more than 36 enhancements during the course of 2021 to ensure better performance and transaction monitoring was in place within its RemitERP system, by implementing HMRC recommendations and other operational features. In particular, the Transaction Monitoring Methodology and supporting systems to this essential process were completed during the course of 2021 – consisting of trust fund management, a collection and recovery module, enforcing of unique customer mobile numbers, agent dashboard, customer change history and many more.

The cancellation of BSEL's licence by HMRC created uncertainty and a severe financial crisis for the company. Having categorically disputed all allegations related to the HMRC decision in a tribunal court, BSEL management remained hopeful in overcoming the situation and resuming operations in 2022.

The Tribunal ultimately provided its verdict strongly in favour of BSEL on 9 June 2022 with 'no basis for parts of the Cancellation Decision which related to BSEL', an outcome resulting in all the Decisions of HMRC cancelled and all appeals by BSEL allowed. In its successful appeal, BSEL was also able to reclaim £210k of legal expenses from HMRC.

Following this, BSEL had required the following support to resume its business:

Further capital from its shareholders – BRAC Bank Limited, the majority shareholder of BSEL, further invested £1m equity into BSEL in aid of resuming the business and supporting its minimum capital requirement. Companies House confirmed the new share issue by BRAC Bank limited on 30 November 2022.

Clearance from Clear bank – BSEL is maintaining its banking arrangement facility with Clear Bank to facilitate operational payments, corresponding bank payments and safeguarding of customer funds. Clear bank had imposed some restrictions on the operating accounts when HMRC cancelled the BSEL licence in May 2021. These restrictions were not withdrawn until 28 November 2022, following the positive outcome of an audit performed by Clear Bank on 2 November 2022 of BSEL's systems, policies and procedures.

No objection certificate (NOC) from the Financial Conduct Authority (the FCA) – After winning the court case, BSEL maintained its close relationship with the FCA and provided all necessary information to the FCA for the lifting of its temporary undertaking. Finally, after a detailed scrutiny of BSEL policy and procedure control, the FCA withdrew the temporary undertaking on 22 December 2022

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

After obtaining the NOC and all necessary clearance, BSEL resumed operations at a reduced capacity on 22 December 2022, through its RemitNGo app. The agency network resumed on 28 December 2022, now with 53 agencies across the UK, reduced by the prolonged closure, from its 246 FCA-registered agents and aggregator business prior to licence cancellation.

With a now reduced number of agencies and the limited capacity due to the impact of prolonged business closure on human resources and operations, the company plans to gradually reclaim its position in the coming months. The projected remittance volume for 2023 is £189 million, which, assuming no major changes in circumstances, is expected to bring BSEL to a break-even position by the end of 2023.

In order to meet the projected remittance volume, BSEL's business development team is working to regain lost agencies from prior to closure and to enhance its non-cash business. This aims to be accomplished through promotion of the RemitNGo app and by providing agents with additional non-cash facilities such as PDQ terminals for debit/credit and bank transfer payments.

BSEL management is also dedicating all necessary resources to reach the 2023 remittance volume target. A crucial component to achieving this goal is a steady ongoing cash flow - to support this, BSEL's parent company, BRAC Bank Limited, has also approved an overdraft (OD) facility of up to £2.5 million for the company.

We anticipate year-on-year growth in remittance within the UK retail sector as the country recovers from pandemic-imposed restrictions, enabling us to concentrate on recapturing lost market share, especially in the UK to Bangladesh market. The company is confident in its aim, thanks to its strong, two-decade-long relationship built within the Bangladeshi Community.

The company has also set a strategic objective to once again expand its services to multiple countries and is currently exploring partnership opportunities to increase its reach into new remittance corridors. Despite the ongoing Brexit-related transitional arrangements in the EU, the company remains focused on the EU market as a significant opportunity in the long term. BSEL is currently strategising its re-entry into the European market and intends to acquire a new licence to expand operations within the EU.

BSEL is also actively addressing the growing demand from its customer base for non-cash remittance services, which is a crucial initiative to reduce both risk and operating expenses. Part of the company's evolving strategic plan involves rolling out its revamped online service across all European countries as part of its remaining commitment to long-term growth plans and strategies.

The company has always placed the utmost importance on complying with all regulations and obligations, with a clear priority on compliance over profitability. The company will continue its investment in compliance and governance, in line with regulatory requirements and the company's own growth plans and initiatives.

On behalf of the board



Mr Abdus Salam

Director

24 March 2023

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of money remittance.

Results and dividends

The results for the year are set out on page 15.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend. This is to assist with maintaining Cash Flow and re-investing into the growing business of BRAC Saajan.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar

Mr Selim Reza Farhad Hussain

Mr Abdus Salam

Dr Z Hussain

(Appointed 3 January 2023)

Future developments

We anticipate year-on-year growth in remittance within the UK retail sector as the country recovers from pandemic-imposed restrictions, enabling us to concentrate on recapturing lost market share, especially in the UK to Bangladesh market. The company is confident in its aim, thanks to its strong, two-decade-long relationship built within the Bangladeshi Community.

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The company will continue its investment in compliance and governance, in line with regulatory requirements and the company's own growth plans and initiatives.

Auditor

The auditor, Reddy Siddiqui LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Going Concern

The impact on the Company arising from the uncertainty of the recent COVID-19 outbreak, uncertainty in the EU due to Brexit and the cancellation of BSEL's licence by HMRC has been considered by the Directors:

- Management has considered updated financial forecasts. Based upon the information available, the directors consider that the Company has sufficient liquidity to continue in business for at least the next 12 months as a going concern.
- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic and cancellation of licence.
- BRAC Bank Limited, the majority shareholder of BSEL, further invested £1m equity into BSEL in aid of resuming the business and supporting its minimum capital requirement
- A crucial component to achieving this goal is a steady ongoing cash flow - to support this, BSEL's parent company, BRAC Bank Limited, has also approved an overdraft (OD) facility of up to £2.5 million for the company
- To date there has been no material impact on the Company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.
- In addition, the directors do not believe there will be any material impact on the Company's ability to remain a going concern arising from the UK's exit from the European Union and cancellation of licence.

In preparation of these financial statements, the company has considered the trading conditions, budgets and forecasts for a period to 31 December 2023. The budgets have been sensitised and stress tested to allow the Board to consider the worst case scenario in respect of revenue generation on the liquidity of the company. The Board has received assurances from the ultimate parent undertaking to provide support to the company as required, and subject to any relevant laws, to enable it to continue to meet its liabilities as they fall due.

Following the review of these forecasts and the undertaking of financial support available from the ultimate controlling party, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board



Mr Abdus Salam
Director

24 March 2023

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Opinion

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding 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 and 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to date of our report. However, future events or conditions may cause the company to cease to continue as a going concern,

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, as well as company specific uncertainties related to cancellation, and eventual restatement of business license by HMRC, FCA regulations and support from the parent company. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates and determined which may influence the financial statements.

We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:

- Those that relate to reporting frameworks being international accounting standards in conformity with the requirements of the Companies Act 2006 and the Companies Act 2006 and the relevant tax compliance regulations.
- Those that relate to the operational activities of the company being compliance with the requirements of the Financial Conduct Authority.

We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. We performed the following audit procedures to address the risks related to irregularities and fraud:

- evaluation of the processes and controls in place to address the risks related to irregularities and fraud;
- challenge of the assumptions and judgements made by management in its significant accounting estimates;
- review and testing of journal entries, in particular manual journal entries, relating to management estimates and journal entries impacting the reported result of the year;
- consideration of the potential for fraud in revenue recognition;
- identifying and testing related party transactions.

We enquired of management whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud.

In assessing potential risks of material misstatement, we obtained an understanding of the company's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the company's control environment, including the adequacy of procedures for authorisation of transactions.

The engagement team's experience with similar engagements, their understanding and knowledge of the company's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intention misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Omar Siddiqui
Senior Statutory Auditor
For and on behalf of Reddy Siddiqui LLP

24 March 2023

Chartered Accountants
Statutory Auditor

183-189 The Vale
Acton
London
W3 7RW

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	4	1,683,656	6,917,406
Cost of sales		(723,541)	(2,645,334)
Gross profit		960,115	4,272,072
Administrative expenses		(2,581,321)	(4,667,419)
Other operating income		110,568	245,228
Operating loss	5	(1,510,638)	(150,119)
Interest receivable and similar income	8	4,006	5,345
Interest payable and similar expenses	9	(185,726)	(158,316)
Amounts written off investments	10	99,125	-
Loss before taxation		(1,593,233)	(303,090)
Tax on loss	11	60,648	28,138
Loss for the financial year		(1,532,585)	(274,952)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

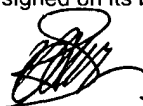
BRAC SAAJAN EXCHANGE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	14		103,642		139,797
Tangible assets	15		389,948		590,688
Investments	16		74,925		44,900
			<u>568,515</u>		<u>775,385</u>
Current assets					
Debtors	18	478,943		2,919,872	
Investments	19	46,271		50,597	
Cash at bank and in hand		1,806,900		8,209,092	
		<u>2,332,114</u>		<u>11,179,561</u>	
Creditors: amounts falling due within one year	20	<u>(2,442,757)</u>		<u>(9,899,599)</u>	
Net current (liabilities)/assets			<u>(110,643)</u>		<u>1,279,962</u>
Total assets less current liabilities			<u>457,872</u>		<u>2,055,347</u>
Creditors: amounts falling due after more than one year	21		(141,655)		(168,866)
Provisions for liabilities					
Deferred tax liability	23	15,971	<u>(15,971)</u>	53,650	<u>(53,650)</u>
Net assets			<u>300,246</u>		<u>1,832,831</u>
Capital and reserves					
Called up share capital	26		333,333		333,333
Share premium account	25		249,999		249,999
Profit and loss reserves	27		<u>(283,086)</u>		<u>1,249,499</u>
Total equity			<u>300,246</u>		<u>1,832,831</u>

The financial statements were approved by the board of directors and authorised for issue on 24 March 2023 and are signed on its behalf by:


Mr Abdus Salam
Director

Company Registration No. 06469886

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020		333,333	249,999	1,672,274	2,255,606
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(274,952)	(274,952)
Dividends	12	-	-	(147,823)	(147,823)
Balance at 31 December 2020		333,333	249,999	1,249,499	1,832,831
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(1,532,585)	(1,532,585)
Balance at 31 December 2021		333,333	249,999	(283,086)	300,246

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	34		(6,131,497)		4,759,446
Interest paid			(185,726)		(158,316)
Income taxes paid			-		(44,891)
Net cash (outflow)/inflow from operating activities			(6,317,223)		4,556,239
Investing activities					
Purchase of intangible assets		(13,050)		(17,601)	
Purchase of tangible fixed assets		(1,334)		(4,402)	
Proceeds from disposal of tangible fixed assets		2,017		-	
Proceeds from disposal of subsidiaries		(30,025)		(135)	
Proceeds from disposal of investments		4,326		(631)	
Interest received		4,006		5,345	
Net cash used in investing activities			(34,060)		(17,424)
Financing activities					
Repayment of borrowings		99,125		(175,657)	
Payment of finance leases obligations		(27,211)		168,866	
Dividends paid		(122,823)		(25,000)	
Net cash used in financing activities			(50,909)		(31,791)
Net (decrease)/increase in cash and cash equivalents			(6,402,192)		4,507,024
Cash and cash equivalents at beginning of year			8,209,092		3,702,068
Cash and cash equivalents at end of year			1,806,900		8,209,092

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

BRAC SAAJAN EXCHANGE LTD is a private company limited by shares incorporated in England and Wales. The registered office is 160-162 Lozells Road, Lozells, Birmingham, B19 2SX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Group accounts are prepared by parent company, BRAC Bank Limited. The consolidated group accounts are available at 1 Gulshan Avenue, Gulshan-I, Dhaka 1212, Bangladesh.

Amendments to FRS 102 Interest rate benchmark reform (Phase 2) modify some accounting requirements in the context of interest rate benchmark reform, such as interbank offered rates (IBORs). The application of the amendment did not have a material impact on the financial statements.

1.2 Going concern

In preparation of these financial statements, the company has considered the trading conditions, budgets and forecasts for a period to 31 December 2023. The budgets have been sensitised and stress tested to allow the Board to consider the worst case scenario in respect of revenue generation on the liquidity of the company. The Board has received assurances from the ultimate parent undertaking to provide support to the company as required, and subject to any relevant laws, to enable it to continue to meet its liabilities as they fall due.

Following the review of these forecasts and the undertaking of financial support available from the ultimate controlling party, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable in the form of consumers' money transfer transaction fees. The transaction fees are based on the principal amount of the money transfer transaction and the locations from and to which funds are transferred. Transaction fees are set by the Company and recorded as revenue at the time of sale. The Company does not charge VAT on transactions owing to money transfer services being an exempt supply.

The Company also generates revenue based on the difference between the exchange rate set by the Company to the customer and the rate at which the Company or its agents are able to acquire the currency. This foreign exchange revenue is recognised at the same time at which the related money transfer transaction fee revenue is recognised.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	Straight line over useful life of five years
-------------------	--

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over the term of the lease
Fixtures and fittings	Straight line over ten years
Computers	Straight line over useful life of three years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Change in accounting policy

In the current year, the following new and revised accounting policy has been adopted by the company and has an effect on the current period and the prior periods and may have an effect on future periods:

Fixtures and fittings are depreciated over 10 years on straight line basis in the current year. In prior years, depreciation of fixtures and fittings was calculated at a standard 10% on reducing balance basis.

The management believes that the revised policy provides a more reliable and relevant information of the financial position of the company.

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment. Uncertainties also relate to useful lives of fixtures and fittings.

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Commission Income	1,443,411	5,825,877
Foreign exchange Income	240,245	1,091,529
	<u>1,683,656</u>	<u>6,917,406</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	1,683,656	6,559,792
Europe/ Other	-	357,614
	<u>1,683,656</u>	<u>6,917,406</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Turnover and other revenue (Continued)

	2021	2020
	£	£
Other revenue		
Interest income	4,006	5,345
Grants received	50,322	152,633
	<u>54,328</u>	<u>157,978</u>

5 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	305,145	23,993
Government grants	(50,322)	(152,633)
Fees payable to the company's auditor for the audit of the company's financial statements	18,000	17,796
Depreciation of owned tangible fixed assets	147,477	41,194
Impairment of owned tangible fixed assets	-	6,001
Loss on disposal of tangible fixed assets	52,580	-
Amortisation of intangible assets	49,205	57,545
Operating lease charges	105,305	137,575
	<u>567,180</u>	<u>143,471</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Administration	25	81
	<u>25</u>	<u>81</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	807,642	1,322,203
Social security costs	72,278	101,916
Pension costs	9,427	13,664
	<u>889,347</u>	<u>1,437,783</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	106,190	141,190

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	4,006	5,345

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	180,839	152,842
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,887	5,474
	185,726	158,316

10 Amounts written off investments

	2021 £	2020 £
Amounts written back to financial liabilities	99,125	-

11 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	(22,969)	(20,450)
Deferred tax		
Origination and reversal of timing differences	(37,679)	(7,688)
Total tax credit	(60,648)	(28,138)

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(1,593,233)	(303,090)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(302,714)	(57,587)
Tax effect of expenses that are not deductible in determining taxable profit	9,990	10,934
Unutilised tax losses carried forward	244,929	22,968
Permanent capital allowances in excess of depreciation	(3,195)	(4,592)
Depreciation on assets not qualifying for tax allowances	28,021	7,827
Other non-reversing timing differences	(37,679)	(7,688)
Taxation credit for the year	(60,648)	(28,138)

12 Dividends

	2021 £	2020 £
Final paid	-	147,823

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Property, plant and equipment	15	-	6,001
Recognised in:			
Administrative expenses		-	6,001

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2021	349,446
Additions	13,050
	<u>362,496</u>
At 31 December 2021	<u>362,496</u>
Amortisation and impairment	
At 1 January 2021	209,649
Amortisation charged for the year	49,205
	<u>258,854</u>
At 31 December 2021	<u>258,854</u>
Carrying amount	
At 31 December 2021	<u>103,642</u>
At 31 December 2020	<u>139,797</u>

More information on impairment movements in the year is given in note 13.

15 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2021	286,683	456,552	140,951	884,186
Additions	-	-	1,334	1,334
Disposals	-	(77,726)	-	(77,726)
	<u>286,683</u>	<u>378,826</u>	<u>142,285</u>	<u>807,794</u>
At 31 December 2021	<u>286,683</u>	<u>378,826</u>	<u>142,285</u>	<u>807,794</u>
Depreciation and impairment				
At 1 January 2021	26,275	157,321	109,902	293,498
Depreciation charged in the year	6,968	119,065	21,444	147,477
Eliminated in respect of disposals	-	(23,129)	-	(23,129)
	<u>33,243</u>	<u>253,257</u>	<u>131,346</u>	<u>417,846</u>
At 31 December 2021	<u>33,243</u>	<u>253,257</u>	<u>131,346</u>	<u>417,846</u>
Carrying amount				
At 31 December 2021	<u>253,440</u>	<u>125,569</u>	<u>10,939</u>	<u>389,948</u>
At 31 December 2020	<u>260,408</u>	<u>299,231</u>	<u>31,049</u>	<u>590,688</u>

More information on impairment movements in the year is given in note 13.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	30	42,001	44,900
Loans to subsidiaries	30	32,924	-
		<u>74,925</u>	<u>44,900</u>

Movements in fixed asset investments

	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 January 2021	44,900	-	44,900
Additions	-	32,924	32,924
Foreign exchange difference	(2,899)	-	(2,899)
	<u>42,001</u>	<u>32,924</u>	<u>74,925</u>
At 31 December 2021	42,001	32,924	74,925
Carrying amount			
At 31 December 2021	<u>42,001</u>	<u>32,924</u>	<u>74,925</u>
At 31 December 2020	<u>44,900</u>	<u>-</u>	<u>44,900</u>

17 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	<u>46,271</u>	<u>50,597</u>

18 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	291,739	2,522,577
Corporation tax recoverable	43,419	20,450
Other debtors	-	182,338
Prepayments and accrued income	56,533	98,374
	<u>391,691</u>	<u>2,823,739</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Debtors		(Continued)	
		2021	2020
		£	£
Amounts falling due after more than one year:			
Other debtors		87,252	96,133
		<u> </u>	<u> </u>
Total debtors		478,943	2,919,872
		<u> </u>	<u> </u>
19 Current asset investments			
		2021	2020
		£	£
Unlisted investments		46,271	50,597
		<u> </u>	<u> </u>
The company has invested in BBVA Mutual Fund in Spain.			
20 Creditors: amounts falling due within one year			
		2021	2020
		£	£
Trade creditors		-	1,502,140
Amounts owed to group undertakings		2,300,896	6,060,538
Taxation and social security		19,457	10,468
Dividends payable		-	122,823
Other creditors		100,733	1,723,288
Accruals and deferred income		21,671	480,342
		<u> </u>	<u> </u>
		2,442,757	9,899,599
		<u> </u>	<u> </u>
21 Creditors: amounts falling due after more than one year			
		2021	2020
		£	£
	Notes		
Obligations under finance leases	22	141,655	168,866
		<u> </u>	<u> </u>
22 Finance lease obligations			
		2021	2020
		£	£
Future minimum lease payments due under finance leases:			
Within one year		16,823	17,433
In two to five years		72,779	75,419
In over five years		52,053	76,014
		<u> </u>	<u> </u>
		141,655	168,866
		<u> </u>	<u> </u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for leasehold property. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 12 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
ACAs	15,971	53,650
Movements in the year:		2021 £
Liability at 1 January 2021		53,650
Credit to profit or loss		(37,679)
Liability at 31 December 2021		15,971

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

24 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	9,427	13,664

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

25 Share premium account

	2021 £	2020 £
At beginning and end of year	249,999	249,999

26 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	333,333	333,333	333,333	333,333

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Share capital (Continued)

27 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	1,249,499	1,672,274
Loss for the year	(1,532,585)	(274,952)
Dividends declared and paid in the year	-	(25,000)
Dividends declared in the year and unpaid	-	(122,823)
At the end of the year	<u>(283,086)</u>	<u>1,249,499</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>106,190</u>	<u>141,190</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Commissions 2021 £	2020 £	Interest charge 2021 £	2020 £
Entities with control, joint control or significant influence over the company	<u>3,010</u>	<u>12,214</u>	<u>180,839</u>	<u>152,842</u>

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	2,300,896	6,060,538
Entities over which the entity has control, joint control or significant influence	-	1,442
	<u>2,300,896</u>	<u>6,061,980</u>

BRAC Bank Limited, Bangladesh has control over the company by virtue of its controlling shareholding in the company.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2021 Balance £
Amounts owed by related parties	
Entities over which the entity has control, joint control or significant influence	32,924
Key management personnel	87,252
	<u>120,176</u>
	2020 Balance £
Amounts owed in previous period	
Key management personnel	96,133
	<u>96,133</u>

The company has control over BRAC Saajan France by virtue of it's controlling shareholding in that company.

No guarantees have been given or received.

29 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	35,100	38,367
Between two and five years	130,775	140,400
In over five years	14,350	39,825
	<u>180,225</u>	<u>218,592</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Subsidiaries

These financial statements are separate company financial statements for Brac Saajan France.

BRAC Saajan France is the only subsidiary of the company.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held	
				Direct	Indirect
BRAC Saajan France	France	Money remittance	Ordinary	100.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	EUR	EUR
BRAC Saajan France	(29,352)	(28,755)

31 Directors' transactions

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
Loan advanced in 2019 with a term of 10 years, repayable by monthly instalments	4.50	96,133	4,006	(12,887)	87,252
		96,133	4,006	(12,887)	87,252

32 Ultimate controlling party

The ultimate controlling party is BRAC Bank Limited, Bangladesh that owns 75% of the issued share capital of the company.

Group accounts are prepared BRAC Bank Limited. The consolidated group accounts are available at their registered office at 1 Gulshan Avenue, Gulshan-I, Dhaka 1212, Bangladesh.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

33 Subsequent events

HMRC had issued a notice of cancellation of license to the company in May 2021, resulting in a complete halt of trading activities immediately. The cancellation of the company's licence by HMRC created uncertainty and a severe financial crisis for the company.

Having categorically disputed all allegations related to the HMRC decision in a tribunal court, the company remained hopeful in overcoming the situation and resuming operations in 2022.

The Tribunal ultimately provided its verdict strongly in favour of the company on 9 June 2022 with 'no basis for parts of the Cancellation Decision which related to BSEL', an outcome resulting in all the Decisions of HMRC cancelled and all appeals by the company allowed. In its successful appeal, the company was also able to reclaim £210,000 of legal expenses from HMRC.

The company resumed operations at a reduced capacity on 22 December 2022, through its RemitNGo app. The agency network resumed on 28 December 2022, with 53 agencies across the UK.

In order to support the company with its minimum capital requirement, the parent company converted £1 million debt to equity on 30 November 2022. The parent company has also approved an overdraft facility of £2.5 million to support the operations of the company.

34 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Loss for the year after tax	(1,532,585)	(274,952)
Adjustments for:		
Taxation credited	(60,648)	(28,138)
Finance costs	185,726	158,316
Investment income	(4,006)	(5,345)
Loss on disposal of tangible fixed assets	52,580	-
Amortisation and impairment of intangible assets	49,205	57,545
Depreciation and impairment of tangible fixed assets	147,477	47,195
Other gains and losses	(99,125)	-
Movements in working capital:		
Decrease in debtors	2,463,898	3,479,809
(Decrease)/increase in creditors	(7,334,019)	1,325,016
Cash (absorbed by)/generated from operations	(6,131,497)	4,759,446

35 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	Other non- cash changes £	31 December 2021 £
Cash at bank and in hand	8,209,092	(6,402,192)	-	1,806,900
Borrowings excluding overdrafts	-	(99,125)	99,125	-
Obligations under finance leases	(168,866)	27,211	-	(141,655)
	<u>8,040,226</u>	<u>(6,474,106)</u>	<u>99,125</u>	<u>1,665,245</u>

BRAC SAAJAN EXCHANGE LTD
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

BRAC SAAJAN EXCHANGE LTD

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£	£	£	£
Turnover				
Commission Receivable		1,443,411		5,825,877
Exchange Income		240,245		1,091,529
		<u>1,683,656</u>		<u>6,917,406</u>
Cost of sales				
Commissions	723,541		2,645,334	
	<u>723,541</u>		<u>2,645,334</u>	
Total cost of sales		<u>(723,541)</u>		<u>(2,645,334)</u>
Gross profit	57.03%	960,115	61.76%	4,272,072
Other operating income				
Government grants receivable and released	-		35,000	
Coronavirus job retention scheme grant	50,322		117,633	
Agent fee received	60,246		92,595	
	<u>110,568</u>		<u>245,228</u>	

BRAC SAAJAN EXCHANGE LTD

DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£	£	£	£
Administrative expenses				
Wages and salaries	544,353		818,306	
Social security costs	72,278		101,916	
Wages and salaries- non UK	157,099		362,707	
Staff recruitment costs	80		15,136	
Staff welfare	899		1,522	
Staff training	-		885	
Staff pension costs defined contribution	9,427		13,664	
Directors' remuneration	106,190		141,190	
Rent re operating leases	101,518		133,895	
Domain Hosting	46,937		62,452	
Rates	4,394		7,584	
Cleaning	7,905		16,978	
Power, light and heat	11,647		21,504	
Repairs and maintenance	3,092		10,547	
Insurance	7,749		35,886	
Software costs	17,109		38,972	
Hire of equipment (not operating lease)	5,507		11,985	
Leasing - motor vehicles	3,787		3,680	
Travelling expenses	24,004		47,894	
Postage, courier and delivery charges	6,679		6,602	
Legal and professional fees	291,147		397,065	
Consultancy fees	64,786		130,294	
Accountancy	7,702		10,422	
Audit fees	18,000		17,796	
Bank charges	464,266		1,945,420	
Bad and doubtful debts	(2,546)		54,041	
Printing and stationery	2,943		7,798	
Advertising	3,217		31,819	
Telecommunications	53,006		81,744	
Sundry expenses	6,663		8,982	
Amortisation	49,205		57,545	
Depreciation	147,477		41,194	
Impairment losses	-		6,001	
Profit or loss on sale of tangible assets (non exceptional)	52,580		-	
Profit or loss on foreign exchange	305,145		23,993	
Release of non-exceptional provision	(12,924)		-	
		(2,581,321)		(4,667,419)
Operating loss		(1,510,638)		(150,119)
Interest receivable and similar income				
Other interest received on financial instruments	4,006		5,345	
		4,006		5,345

BRAC SAAJAN EXCHANGE LTD

DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£	£	£	£
Interest payable and similar expenses				
Finance lease interest payable	4,887		5,474	
Interest payable to group companies	180,839		152,842	
		(185,726)		(158,316)
Other gains and losses				
Amounts written off financial liabilities		99,125		-
Loss before taxation	94.63%	(1,593,233)	4.38%	(303,090)
