<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Letter from the Executive Director</td>
</tr>
<tr>
<td>3</td>
<td>Letter from the Country Representative</td>
</tr>
<tr>
<td>4</td>
<td>Building a world we want</td>
</tr>
<tr>
<td>6</td>
<td>Our Vision, Mission and Values</td>
</tr>
<tr>
<td>7</td>
<td>Safeguarding for all</td>
</tr>
<tr>
<td>8</td>
<td>About us</td>
</tr>
<tr>
<td>9</td>
<td>Stichting BRAC International Management</td>
</tr>
<tr>
<td>10</td>
<td>Stichting BRAC International Supervisory Board</td>
</tr>
<tr>
<td>14</td>
<td>BRAC Uganda Governance and Management</td>
</tr>
<tr>
<td>15</td>
<td>Development Partners</td>
</tr>
<tr>
<td>16</td>
<td>Education</td>
</tr>
<tr>
<td>18</td>
<td>Empowerment and Livelihood for Adolescents</td>
</tr>
<tr>
<td>20</td>
<td>Emergency Preparedness and Response</td>
</tr>
<tr>
<td>22</td>
<td>Health</td>
</tr>
<tr>
<td>24</td>
<td>Microfinance</td>
</tr>
<tr>
<td>26</td>
<td>Ultra-poor Graduation</td>
</tr>
<tr>
<td>28</td>
<td>BRAC Uganda</td>
</tr>
<tr>
<td>29</td>
<td>Financials</td>
</tr>
</tbody>
</table>
MESSAGE FROM THE COUNTRY REPRESENTATIVE

BRAC Uganda took its transformation agenda to a higher level in 2018. Our contribution to poverty reduction, especially women and the youth, was evident and appreciated by the Government of Uganda and our development partners. We applied BRAC’s experience and know-how to address the root causes of inequality. Uganda hosts the largest number of refugees in Africa, and the ongoing influx means services are stretched. Through our Emergency Preparedness and Response Programme we supported social and economic empowerment of 200 adolescents and 100 women in Kinyandongo refugee settlement through training on life skills, financial literacy, livelihood training, and agricultural inputs. We have equipped both refugee and host population with skills to engage in income generating activities. We were also able to deliver timely and high-quality assistance in the Bududa area following the catastrophic landslides in October.

Uganda, like any other developing country, is currently faced with the burden of youth unemployment. Over 500,000 people are expected to enter the labour market every year, and the market is only able to provide 5,000 jobs annually. Against these data, BRAC Uganda made an effort to roll out vocational training and skills oriented projects to curb the unemployment rates.

Through working in partnership with Young Women Christian Association, we secured a one-year project funding from the Belgium Development Agency to implement Skills Development Interventions in Kinyandongo Refugee Settlement and host communities. The aim of the project is to enable 360 Youths, women and girls to acquire relevant vocational, apprenticeship, and micro-enterprise skills and transit to the world of work.

Additionally, BRAC Uganda has diversified its MasterCard Scholars’ programme to incorporate a transitional support extension project. It will promote a transitional approach for tertiary training that builds technical skills of scholars to be more practical, innovative, and employable over its three-year life span. Another achievement in 2018 was BRAC Uganda’s expansion of its Early Childhood Development programme from 40 ‘Play Labs’ to 120.

BRAC Uganda continues to develop and use innovative technologies to strengthen its results. Within our Health programme, we developed the ‘Medic Mobile’ app, which is currently being used by our 4,082 Community Health Promoters (CHPs) countrywide. It is a tool which our CHPs use during their home visits, and assists in guiding them through their screening for high-risk pregnancies, assessing, and diagnosing.

To the Government of Uganda, and to partners, civil society, the private sector, and elsewhere, I say “Thank You” for the strong relationships. This year yet again, we prove that by working with and in partnership, we make what seems impossible, possible.

Also, I thank the BRAC Uganda team for their unfailing dedication.

Sincerely,

Hasina Haque
Country Representative
BRAC Uganda

LETTER FROM THE EXECUTIVE DIRECTOR

Gender equity is a pervasive problem locally, nationally and globally. Not only does it affect the individual lives of both women and men, but it stunts economic growth and hinders sustainable development.

Gender gaps persist in social, economic, cultural and political spheres. Women, until today, do not have equal access to education, healthcare, decent work or representation in political and economic decision-making processes, and are often paid less than men for the same work. Out of the total number of people in the world who are illiterate, women make up 66%.

Human rights allow people to live with dignity, freedom, equality and justice. Gender equity is a fundamental human right, and an essential prerequisite to eradicating poverty and building a peaceful and sustainable world. It is why the United Nations set Sustainable Development Goal 5 as a call to achieve gender equality and empower women and girls everywhere. As an organisation working towards a more equitable future for all, we are committed to advancing our efforts in meeting this goal.

Our empowerment and livelihood for adolescents (ELA) programme socially and financially empowers teenage girls in Liberia, Nepal, Sierra Leone, Tanzania, and Uganda. 20,649 girls accessed life skills and financial literacy training in 2018. We work in countries with the highest rates of child marriage and teenage pregnancy, with a holistic combination of social awareness, life skills and mentoring giving girls a second chance at education and increasing their confidence.

When girls are socially aware of their rights, they find the confidence to assert themselves and resolve conflict.

Through our education programmes in Afghanistan, Liberia, Philippines, Tanzania, and Uganda, we helped 25,016 girls in 2018 understand that education is a necessity to avoid early marriage, poverty, and inequity. Approximately 1.7 billion adults in the world do not have access to formal financial services, and over half of them are women, according to the World Bank. We provide households living in poverty with financial access, create self-employment opportunities, and harness the entrepreneurial skills of women. We reached around 600,000 women in six countries in Africa and Asia through our microfinance programme in 2018.

We focus on women and young people by supporting them to increase their income and improve food security and wellbeing through our agriculture, food security and livelihood programme across Africa and Asia.

We look forward to continuing on the journey to strengthen our efforts for a gender-equal world. We will reach an additional 192,000 girls by 2020 with robust livelihood and micro-enterprise skills and transit to the world of work.

Through our training programmes that will ensure sustainable economic independence. We want to see a future where women and girls everywhere have the opportunity to reach their full potential.

In the year 2018, BRAC Uganda took its transformation agenda to a higher level. We have strengthened our social and economic empowerment programming and have a new focus on women and girls to ensure a gender-equal world. We are committed to achieving gender equality and empowering women and girls everywhere.

We want to see a future where women and girls everywhere have the opportunity to reach their full potential.

Faruque Ahmed
Executive Director
BRAC International
BUILDING A WORLD WE WANT

The idea behind Stichting BRAC International is to change systems of inequity. We act as a catalyst, creating platforms for people to realise their potential. Set up as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for our affiliates. The entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

SOCIAL DEVELOPMENT
Facilitating social transformation through eight programmatic priorities: Eliminating extreme poverty, expanding financial choices, employable skills for decent work, climate change and emergencies, gender equality, universal healthcare, pro-poor urban development, investing in the next generation.

HUMANITARIAN RESPONSE
Ensuring that the most vulnerable, marginalised populations can mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises. We provided nearly 60,000 people with life-saving assistance in Myanmar, following the devastating flood in July 2018, in close collaboration with the government and other stakeholders.

SOCIAL ENTERPRISES
Solutions for social challenges and surplus for greater impact: Initiatives that engage individuals, micro and small enterprises as suppliers, producers and consumers.

BRAC BANGLADESH
We were born in Bangladesh and now we operate in 11 countries across Asia and Africa. BRAC is a global leader in developing cost-effective, evidence-based programmes, and has been ranked the #1 NGO in the world for the last four years consecutively by NGO Advisor.

AFFILIATES

BRAC USA
The North American affiliate of BRAC. BRAC USA provides comprehensive support to BRAC around the world by raising awareness about its work and mobilising resources to strengthen programmes.

BRAC UK
The European affiliate of BRAC. BRAC UK works to raise resources for BRAC programmes in Africa and Asia by developing partnerships with local and global organisations, donor agencies, academic and research institutions and governments.
A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

Our mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realise their potential.

SAFEGUARDING FOR ALL

WHAT IS SAFEGUARDING?

’Safeguarding’ refers to the ways of protecting individuals from any kind of misconduct or harassment including - sexual harassment, oppression, intimidation, humiliation, violence, discrimination, neglect and exploitation.

SAFEGUARDING RESPONSIBILITIES OF BRAC’S EMPLOYEES AND VOLUNTEERS

• Ensure safeguarding for everyone involved, starting from the programme design to its implementation.
• Ensure employees of all parties involved are aware of safeguarding-related issues before signing a contract with a donor and/or partner organisation.
• Verify the moral values of all applicants during recruitment.
• Develop a clear understanding of what constitutes as harassment, and share that information with others.
• Inform relevant authorities immediately upon witnessing an incident of harassment.

SAFEGUARDING IS EVERYONE’S RESPONSIBILITY

WHO ARE MOST PRONE TO SAFEGUARDING RISKS?

SAFEGUARDING POLICY IS MEANT FOR:

Stakeholders
Partners and donors
Employees and volunteers

Children
Adolescents
Women
Adults with special needs
People with disabilities

INTEGRITY
INNOVATION
INCLUSIVENESS
EFFECTIVENESS
ABOUT US

STICHTING BRAC INTERNATIONAL

Set up in 2009 as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for our affiliates. In each of these countries, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

BRAC INTERNATIONAL HOLDINGS B.V.

Set up in 2010 as a private limited liability company under the laws of the Netherlands and is a wholly-owned subsidiary of Stichting BRAC International. It is a socially responsible for profit organisation, engaging people in economic activities, and creating sustainable income generating activities for themselves. It provides funding for the social development programmes under Stichting BRAC International. The core focus is to provide microfinance services to people who are financially constrained and marginalised, and people who do not have access to the financing facilities offered by banks and other non-bank financial institutions.

OUR AFFILIATES

Founded in 2006 to raise our profile globally. They play a critical role building awareness, developing new business plans, mobilizing resources, and maintaining effective partnership with institutional donors, foundations, NGOs, research organisations as well as the media. They collaborate with international counterparts to design and implement cost-effective and evidence-based poverty innovations worldwide.

BRAC USA

The North American affiliate, BRAC USA provides comprehensive support to BRAC around the world by raising awareness about its work and mobilising resources to strengthen programmes.

BRAC UK

The European affiliate, BRAC UK works to raise resources for BRAC programmes in Africa and Asia by developing partnerships with local and global organisations, donor agencies, academic and research institutions and governments.

STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 JULY, 2018

MANAGEMENT BOARD

Sir Fazle Hasan Abed
Founder & Chairperson, BRAC

HANS ESKES
STICHTING BRAC INTERNATIONAL

EXECUTIVE DIRECTOR
BRAC International

FARUQUE AHMED
SENIOR DIRECTOR
BRAC and BRAC International

SHAMERAN ABED
DIRECTOR
Microfinance, Ultra Poor Graduation
BRAC and BRAC International

LAMIA RAHED
DIRECTOR
Africa Region
BRAC International

M. AKBAR HOSSAIN
DIRECTOR
Asia Region
BRAC International

MUNIRUH CHOWDHURY
DIRECTOR
Fundraising
BRAC and BRAC International

KENNETH CAROL VAN TOLL
DIRECTOR
Communications and Outreach
BRAC and BRAC International

MANOWAR HOSSAIN
DIRECTOR
Internal Audit
BRAC and BRAC International

MOITUSH KABIR
DIRECTOR
Communications and Outreach
BRAC and BRAC International

NANDA DULAL SAHA
DIRECTOR
Internal Audit
BRAC and BRAC International

CHIEF PEOPLE OFFICER
BRAC International
MUNMUN CHOWDHURY

OTHER DIRECTORS

DIRK BROER BOOY
DIRECTOR
Programmes Development, Resource Mobilisation and Learning;
BRAC and BRAC International

CHRIS THEUNIS
DIRECTOR
Research
BRAC and BRAC International

MAHBUBUR RAFIQUE SHAH
DIRECTOR
Finance
BRAC and BRAC International

SAMRAHA ILHAM
DIRECTOR
Strategy and Impact
BRAC and BRAC International
Sylvia Borren has worked all her life within and for civil society organizations, both professionally and as a volunteer. She was part of the Dutch and global women’s and sexual rights movements (EVA, LGIA, 1996) and is now advisor to the UN Women National Committee Netherlands and ATIRA (the Institute on gender equality and women’s history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now the Vice Chair of the Stichting BRAC International Supervisory Board.

She has been awarded the Order of St. Michael and St. George by the British Crown in recognition for lifetime achievement in social development and poverty alleviation, the David Rockefeller Bridging Leadership Award (2008), the Distinguished Fellow at the Center for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on SDGs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various international institutions and editorial boards of reputed journals including Oxford Development Studies. He is a Senior Fellow at the Department of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries. He serves as the Convenor of the Citizen’s Platform for SDGs, Bangladesh a platform of more than 50 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level. He recently co-chaired the Baltimore Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge (2017); team leader of the study Group for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).

Dr Bhattacharya is a macroeconomist and public policy analyst, a Distinguished Fellow at the Centre for Policy Dialogues (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various international institutions and editorial boards of reputed journals including Oxford Development Studies. He is a Senior Fellow at the Department of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries. He serves as the Convenor of the Citizen’s Platform for SDGs, Bangladesh a platform of more than 50 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level. He recently co-chaired the Baltimore Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge (2017); team leader of the study Group for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).

Shahana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for her best actress. She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to the Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the biennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterrand of France. She won the Crystal Award at the World Economic Forum in 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Parks, and Civil Rights Award and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for her best actress. She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to the Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the biennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterrand of France. She won the Crystal Award at the World Economic Forum in 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Parks, and Civil Rights Award and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for her best actress. She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to the Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the biennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterrand of France. She won the Crystal Award at the World Economic Forum in 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Parks, and Civil Rights Award and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.
Inne sits on the boards of several international human rights and development organisations. She is the recipient of numerous honorary degrees and prestigious awards, including the City of Sydney Peace Prize in 2006 for her work to end violence against women and girls. Her book, The Unheard Truth: Poverty and Human Rights, has been translated into seven languages.

Born in Bangladesh, Ms Khan studied law at the University of Manchester and Harvard Law School.

Parveen Mahmud, FCA  
Member  
Stichting BRAC International Supervisory Board

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh’s apex funding organization for Microfinance Institutes. She is the founding managing director of Gramin Telecom Trust. She was a partner in ACCHA & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA). She is an apex accounting professional body of SAARC. She is the chairperson of CA Female Forum – Women in Leadership Committee, ICAB and the vice chairperson of the Women in Leadership Committees of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International Holdings B.V., Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP-Bangladesh, Shafra Foundation, and was chairperson of MIDIAC, Shafra Denims Ltd, and Acid Survivors’ Foundation. She is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convener, SME Women’s Forum.

Ms Mahmud is the recipient of Ananya Top Ten Women - 2010 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organization for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women’s empowerment from Narkarsha Foundation.

Dr Fawzia Nazli Rasheed  
Member  
Stichting BRAC International Supervisory Board

Dr Fawzia Nazli Rasheed is a programmer and governance analyst. She has worked within 30 countries to evaluate and develop initiatives, national plans, and broker intergovernmental collaborations and public-private partnerships. As Senior Policy Advisor at separate junctures to the World Health Organization, UNAIDS, and The Global Fund, she undertook organisational reforms and developed strategic plans. She has also supported programme development in Asia and Africa for several INGOs, including CARE International, and Meldores Sans Frontieres International.

Dr Fawzia Rasheed  
Vice Chairperson  
Stichting BRAC International Supervisory Board

Dr Fawzia Rasheed is a professor of population and family health at Columbia University’s Mailman School of Public Health, New York and has worked as a MacArthur/Bell Fellow at Harvard University. Dr Chowdhury is one of the founding members of the Bangladesh Education Watch and Bangladesh Health Watch. He is on the board and committees of several organisations and initiatives, including the Advisory Boards of the London School of Economics’ South Asia Centre and the Lead Group for Scaling Up Nutrition Movement at the UN. He is a founding member of the Board of Trustees of the Humanitarian Leadership Academy in London and is the chair of the Asia-Pacific Action Alliance on Human Resources for Health (AAAH). Dr Chowdhury is also a member of the Technical Advisory Committee of Compact2025 at International Food Policy Research Institute (IFPRI), Expert Group on scaling up in Education at the Results for Development (ReD), and Leaders Group of Sanitation and Water for All (SWA) at Unicef Headquarters.

Dr Chowdhury has a PhD in immunology/medicine from the London School of Hygiene and Tropical Medicine. She has worked within 30 countries to evaluate and develop initiatives, national plans, and broker intergovernmental collaborations and public-private partnerships. As Senior Policy Advisor at separate junctures to the World Health Organization, UNAIDS, and The Global Fund, she undertook organisational reforms and developed strategic plans. She has also supported programme development in Asia and Africa for several INGOs, including CARE International, and Meldores Sans Frontieres International.

Dr Mushtaque Chowdhury  
Chair  
Stichting BRAC International Supervisory Board

Dr Mushtaque Chowdhury is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO’s representative in Ethiopia to the African Union and to the Economic Community for Africa. Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world’s largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which promotes and preserves Ugandan cultural identity and promotes community libraries.

Victoria Balyejusa Sekitoleko  
Member  
Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO’s representative in Ethiopia to the African Union and to the Economic Community for Africa. Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world’s largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which promotes and preserves Ugandan cultural identity and promotes community libraries.

Victoria Balyejusa Sekitoleko  
Member  
Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO’s representative in Ethiopia to the African Union and to the Economic Community for Africa. Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world’s largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which promotes and preserves Ugandan cultural identity and promotes community libraries.

Victoria Balyejusa Sekitoleko  
Member  
Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO’s representative in Ethiopia to the African Union and to the Economic Community for Africa. Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world’s largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which promotes and preserves Ugandan cultural identity and promotes community libraries.

Victoria Balyejusa Sekitoleko  
Member  
Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO’s representative in Ethiopia to the African Union and to the Economic Community for Africa. Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world’s largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which promotes and preserves Ugandan cultural identity and promotes community libraries. She has a PhD in immunology/medicine from the London School of Hygiene and Tropical Medicine.

She is currently Senior Advisor to the Aga Khan Development Network and a technical review panel member for AmplifyChange.

Her governance work includes conceptualising a performance-based funding system to strengthen country oversight for all programmes of The Global Fund; developing the Electoral Integrity Initiative (currently based within the Kofi Annan Foundation); and analysis of governance issues related to natural resource extraction for the Africa Progress Panel towards improved stewardship and banking reforms. As a board member/trustee of organisations, she has drafted constitutions and deployed anonymous, transparent tools for board elections and evaluations.

Dr Rashid has a PhD in immunology/medicine from the London School of Hygiene and Tropical Medicine.
DEVELOPMENT PARTNERS

BRAC UGANDA NGO
Local Board Members
Dr AMR Chowdhury - Chair
Faruque Ahmed
Shib Narayan Kairy
Shameran Abed

BRAC UGANDA MICROFINANCE LIMITED
Local Board Members
Directors
Dr A M R Chowdhury - Chair
Faruque Ahmed
Shib Narayan Kairy
Shib Narayan Kairy
Shameran Abed

BRAC SOCIAL BUSINESS ENTERPRISES
Local Board Members
Directors
Dr A M R Chowdhury - Chair
Faruque Ahmed
Shib Narayan Kairy
Shib Narayan Kairy
Shameran Abed

COUNTRY ADVISORY COUNCIL
Members
Joyce R Mpanga
Victoria Sekitoleko
Margaret Musana Akora
Hon Justice Augustus Kania Okaasai S Opolot
David T Baguma
Dr Sabrina Bakeera Kitaka

MANAGEMENT
Hasina Akhter - Country Representative, BRAC Uganda
Jimmy Onesmus Adiga - Chief Executive Officer, BRAC Uganda Microfinance Limited
Khalifa Nazim Uddin - Country Head of Accounts
Tabu Francis Drachi - Programme Manager, Youth and Education
Jane Kyokusima Kareire - Manager Proposal Development and Fundraising
Siki Kigongo – Communication Manager
December Walter – Monitoring and Evaluation Manager
George Mukisa – Manager Internal Audit
Inshallah Franco – Health Programme Manager
SITUATION

Early marriage, teenage pregnancy, abuse, and tuition fees keep many children, especially girls, out of schools. Girls in Uganda face discrimination and harsh barriers when trying to gain an education despite government efforts. 83% of the youth in Uganda are unemployed primarily because only 1 in 4 children who start primary school make it to secondary school. Although around 70,000 students graduate secondary school each year, but only less than 40% enroll into higher education.

Early learning and development is compromised by the lack of pre-schools and other early childhood development (ECD) programmes and qualified teachers. Only one out of every 10 children between the ages 3 to 5 is enrolled in pre-primary education.

OUR INTERVENTION

BRAC Uganda believes every child has the right to education regardless of who they are and where they are from. Through our Education programme we focus on raising awareness on gender and child rights and developing child-friendly learning atmosphere. Our programme complements mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. In addition, our programme provides vocational training with support from local vocational and technical institutes.

BRAC Uganda, in partnership with the MasterCard Foundation, provides a holistic package of support including school fees, uniforms, learning materials, accommodation, and stipend. The aim of the programme is to empower young people from communities who do not have access to quality secondary education.

With funding from The Lego Foundation, we established the Play Lab project in December 2016. Through this project, we provide educational initiatives for children aged 3 to 5, with a goal to ensure physical, cognitive, language-communication, and social-emotional development of children through play in a joyful, creative, and child-friendly environment.

MOVING FORWARD

We have diversified MasterCard Scholars’ program to incorporate a transitional support extension project through Technical and Vocational Education and Training (TVET). It will seek to promote more practical tertiary training and build technical skills of scholars to be more practical, innovative, and employable over its three-year span. Within the ECD space, we hope to increase the momentum regarding the discourse around learning through play, beyond the 3-years piloting phase.

LIVE, LOVE, LAUGH

I am Veronica Najumba, 24 years old, and a Play Leader at Tookekulu Play Lab in Kamila, Bnamunanka, Uganda. I am married and a mother to a 2-year-old girl. I completed my ordinary level studies in 2014.

My journey as a Play Leader started in February 2016, when some of the community leaders approached me on a new project. The role involved dealing with children between the ages of 3-5. When I heard about the training that was required to start as a Play Leader I was ecstatic, as I always wanted to be a part of the ECD team.

In the beginning my job was very challenging. I had to run the Tookekulu community ECD centre single-handedly. In the beginning, community members had numerous questions about the authenticity of the project, and some parents even sent their children to school thinking the project would provide all scholastic materials and food. I also had to face community members criticizing the curriculum we follow, including simple writing techniques and our play based learning model.

With time the conditions stabilised, Centre Management Committee (CMC) members, who also doubled as community leaders played a big role in making the parents understand their responsibilities. When the parenting sessions came on board, parents comprehended the aim of Play Lab and started supporting their children. The parents are required to pay for food and other maintenance fees. Recently, some parents have voluntarily bought photo storybooks for the children. When they see BRAC staff’s commitment and persistence in making a change, community people start to believe that the project is here to stay.

By the end of year one, parents were amazed by their children’s development. Seeing the little ones sing, trace, and perform different tasks, community members say Play Lab children are remarkable.
SITUATION

Uganda has the world’s youngest population with over 78% of its population below the age of 30. With just under 8 million youth aged 15-30. The country also has one of the highest youth unemployment rates in Sub-Saharan Africa as these youths are not engaged in education, employment, or any training. Additionally, 58% of girls aged 15-19 have experienced physical or sexual violence in the last twelve months. Many adolescent girls are victims of rape or experiences early pregnancy. Uganda has a teenage pregnancy rate of 24.8% among girls aged 15-19 years. Rural adolescent girls face additional challenges due to gendered social norms that place high value on girls’ reproductive capabilities while reinforcing harmful practices such as early and forced marriage.

OUR INTERVENTION

BRAC Uganda reaches out to vulnerable adolescent girls through the Empowerment and Livelihoods for Adolescents (ELA) programme. In hard-to-reach and low resource communities, vulnerable Ugandan girls are at high risk of gender-based violence, unintended pregnancy, early marriage, and HIV.

We provide life-saving and life-transforming services, prevent unintended pregnancies, improve awareness on harmful practices, and empower adolescents financially. We create safe spaces by establishing clubhouses for girls aged 13-24, especially for those who are vulnerable, dropped out of school, and at risk of early marriage and pregnancy.

Through our ELA clubs we empower girls with different life-skills lessons, financial literacy, and boost their self-respect and self-defense. In the clubs, they are able to freely express themselves, and share their experiences and challenges.

OVERCOMING AN OBSTACLE

I walked barefoot for 60 kilometres, across dangerous mountain terrains in North-East Uganda in a bid to avoid getting married. I was just 13. Orphaned at 9, I was told by my father’s relatives that I had to marry a much older, wealthy man. I escaped because I was afraid of becoming a wife and a mother at my age. It is common for girls aged 15-19 in the Karamoja region to get married off by their relatives. I am Scholastica Nacap, I returned home from the mountains to move against the tide.

I started living an exemplary life by running a small bakery and restaurant. Now I make doughnuts and sell cooked beans, chapatis, and tea. I am not married, and I don’t plan to anytime soon. I don’t think a man can deceive and lure me if I have my own earnings. I want to be busy expanding my business and encouraging others to empower themselves.

I use some of the money I earn to support my sisters and motivate them to study harder. My relatives wanted to marry them off too, but I was assertive to let them know that a girl child, just like a boy, should be educated. Girls can also become lawyers, teachers, engineers, and bankers.

I also Mentor at a BRAC ELA club to empower fellow girls. I advise the girls to shun early pregnancy and early marriages. I tell them not to get deceived by boys and ruin their future. I encourage them to go to school, learn, and be brave. I encourage the ELA girls to engage in small businesses for daily earnings.

Now I am in touch with my family, and they have learned to respect my rights and wants.

HIGHLIGHTS

| 1,331 ELA clubs in 46 branches. |
| We have 51,126 ELA club members till December 2018. |
| Provided 8,469 girls with training in life-skills and financial literacy training. |
| Provided 1409 adolescent girls with livelihood training. |
| Provided 130 girls with apprenticeship training. |
EMERGENCY PREPAREDNESS AND RESPONSE

SITUATION

Uganda is regularly affected by multiple natural hazards, including droughts, earthquakes, floods, landslides, and volcanoes. Floods alone impact nearly 50,000 people and over $62 million in gross domestic product every year. Uganda also hosts over 1.3 million refugees and is expected to receive more in 2019. Environmental degradation, underdeveloped irrigation systems, and lack of disaster preparedness at the community level are increasing drought risk in Uganda. Furthermore, it is estimated that climate change is likely to increase average temperatures up to 1.5 degrees centigrade by 2030 and 4.3 degrees centigrade by 2080, which will cause higher incidences of droughts and water scarcity.

OUR INTERVENTION

We launched our Emergency Preparedness and Response Programme in 2017 in partnership with the Bill & Melinda Gates Foundation for developing local emergency preparedness and response capacities in Uganda. To strengthen humanitarian localization through a participatory, community-based, and inclusive approach, our project works in two schools, two communities, and two local governments in the refugee resettlements of Kiryandongo and Arua.

We supported social and economic empowerment of 200 adolescents and 100 women in Kiryandongo refugee settlement through training on life skills, financial literacy, livelihood training, agricultural inputs, and start-up kits for income-generating activities.

MOVING FORWARD

In Kiryandongo refugee settlement, we working to boost the self-reliance of 500 adolescents and women, among whom 70% are refugees and 30% are from the host community. We will continue to work alongside communities, local governments, and other stakeholders to build a culture of disaster preparedness and resilience in Uganda.

COURAGE TO RISE

Living within a refugee settlement is not easy. Conflicts always occur, not only within the various tribes, but also among the host and refugee communities. If I had never gotten the opportunity to attend a mixed group for training, I might have never realized our similarities.

I am Achola Alice. I am 44 years old and a part of the Kiryandongo refugee settlement.

Through the training programme from BRAC Uganda, we received training on life skills, financial literacy, livelihood training, agricultural inputs, and start-up kits for income-generating activities. We attended the training on a daily basis and I've learnt how to work in groups and be a team player. Understanding group dynamics, roles, and responsibilities are the only way we can live in harmony.

After the completion of the training, we were given 5 piglets. One had died within the first 2 weeks as we knew nothing about animal rearing. But after applying proper rearing techniques, our piglets are now 11 months old, and one of the female pigs has given birth to a new piglet. We are hoping to sell some of the piglets once they are grown, which will bring us capital to invest in new ventures. While working with diverse people in the group, I now look out for everyone as I would do for myself. I have learned that we are all the same. Their worries and concerns about their children’s future are exactly like mine.

I thank BRAC Uganda Emergency Preparedness and Response Programme for this life changing experience.

HIGHLIGHTS

Conducted baseline survey for Arua and Kiryandongo.
Developed emergency structures and built capacity in 2 communities and 2 schools.
Developed 1 School-based Disaster Preparedness Plan in Kiryandongo, and 2 Community Disaster Preparedness Plan.
Conducted Orientation on Simulation and Disaster Preparedness Plan in 2 schools and in 2 communities.
Developed Established and built partnerships with 1 National DRR coordination agency and 1 Academic.
Built partnership with 2 Local radio stations in Arua and Kiryandongo.
Procured and distributed emergency response Equipments in 2 schools and 2 communities.
SITUATION

Millions of children become ill or die because they lack access to healthcare. 45% of all child death result from malnutrition. Approximately 81 babies die each day in Uganda and the neonatal mortality rate (NMR) is 19 deaths per 1,000 live births. Ugandans in rural areas lack access to healthcare facilities and many walk or ride their bicycles to a healthcare center in need. One of Uganda’s prominent concerns is the inequalities in access to health care facilities. Residents of Uganda’s rural areas are challenged in finding accessible healthcare facilities. Without organized transportation, many Ugandans must walk or ride their bicycles to a health center. Many Ugandan health centers cannot guarantee having the medicines or other services necessary to these patients. This has become a growing concern for women, especially those living within rural areas, with 51% of the population lacking contact with public healthcare facilities.

OUR INTERVENTION

BRAC Uganda provides healthcare services to over 3.4 million Ugandans through 4,084 trained Community Health Promoters (CHPs) working in 72 districts. These health workers educate, create demand, order services, and connect communities with facilities. Currently, we deliver an integrated package of maternal, newborn, child and adolescent healthcare, nutrition, awareness on non-communicable diseases and family planning. Our key focus is maternal care, for which we employ a multi-faceted approach. We promote preventive, curative, and antenatal care with doorstep delivery of vital medicines and health services.

MOVING FORWARD

We are expanding our offerings to include a WASH segment under the Sanitation-4-Health (S4H) initiative. This intervention will be rolled out with the existing CHPs who help households move up the sanitation ladder from open defecation and use of unimproved toilet to having an upgraded basic toilet with a Sato. BRAC Uganda will continue to be at the forefront of global efforts to end preventable child deaths, with a focus on maternal healthcare, newborn and child health, nutrition, alleviating hunger, and preventing and treating HIV and AIDS.

AWARENESS IS BLISS

BRAC’s Health programme was introduced in Keyi, a village in Gulu, in 2010 shortly after the infamous Lord’s Resistance War in Northern Uganda.

I attended school up to Senior Four, got married, and had six children. There was an immense information gap on awareness of preventable diseases in our communities. In addition to poverty, we lacked access to child and adolescent healthcare, nutrition, awareness, maternal care, and family planning.

I am Achola Vicentina. I am 54 years old. I volunteered to participate in the Health programme trainings since its inception and never looked back.

Now I spend 2-3 hours every week discussing health issues with community members, especially those in the BRAC Microfinance loan groups. I am grateful for the learnings I acquired through the training and the ample respect I receive from community people. Whenever I walk around the village, people recognize me as their ‘doctor’ and women confide in me about different issues.

I am thankful to BRAC Uganda that I could support my children through school and earn the love and respect of so many. My family and I are living an informed, healthy, and happy life.

HEALTH

HIGHLIGHTS

Established in 135 branches across 72 districts, supporting a total of 4,084 trained and certified Community Health Promoters (CHPs).

CHPs treated 233,253 children under five for malaria with Co-artem.

CHPs referred a total of 49,102 children with severe malaria to government health centers.

80% of the referred children were followed up on.

60,417 children under five were treated for diarrhoea with the Ministry of Health approved ORS and Zinc.

89,780 children under five were treated for pneumonia with the Ministry of Health approved dispersible Amoxicillin.

CHPs provided basic antenatal care to 536,031 mothers and postnatal care to 33,286 mothers.

Trained 4,082 health promoters on mobile application and transitioned them to real time mobile based reporting.

20% drop in maternal mortality rate in 72 of the districts our Health programme operates in.

27% reduction in under five mortality rate in CHP catchment areas.
SITUATION
More than half of Uganda’s population now has access to financial services. The reforms in the financial sector that started in the 1990s have improved people’s access to financial services through banks, regulated microfinance institutions and mobile financial services providers.

Uganda still faces significant financial inclusion challenges. Around 76% of Uganda’s adults live in rural and hard-to-reach areas with limited access to financial services. More than 65% of the population are unable to access credit from formal financial institutions. Only 16% keep their savings at a formal deposit-taking institution. As a result, a significant proportion of the population is unable to invest in productive assets and continue to rely on subsistence activities, particularly in the agricultural sector.

OUR INTERVENTION
BRAC began its microfinance operations in Uganda in 2006 and now has the largest network of branches in Uganda with 158 branches covering 84 districts of the country.

We specifically focus on providing financial services to women predominantly living in rural and low-income communities, who are unable to access financial services to meet their needs. We offer two main products - individual microloans for women delivered through groups, and enterprise loans targeting both male and female small-scale entrepreneurs. We also offer tailored products for refugees, adolescent girls, participants of the agriculture and food security programme and community health promoters of the health programme.

MOVING FORWARD
We are in the process of transforming into a Tier 2 deposit-taking bank which will enable us to offer a broad range of financial services to our clients.

NOT JUST ANOTHER BRICK IN THE WALL
I am a 53 year old single mother and I strive to give my children the best. My son and his wife moved to another town to try to earn more money. I decided to raise 3 of my grandchildren so they are not deprived of love and care. Their children are now my responsibility. At my age, raising 3 toddlers isn’t an easy journey, but I will still do it happily.

I am Justine Birungi, I have always been proud of my decisions and worked very hard to build a name for myself in this community.

At present, I run the one and only cinema at our village. Every day, each person pays 200 shillings to enter, and I make up to 60,000 shillings a day (around USD 16). When there are football games over the weekend, I take home nearly 200,000 shillings. Most of my clients are youths who are in search of entertainment, and I’m their only resort.

When I took my first loan from BRAC Uganda, I was not skeptical or nervous. Because I believed in myself. My first loan was of 500,000 Ugandan Shillings; with which I bought chairs and tents to rent out for events. Right after I was able to pay the money back, I took another loan six months later of 1.9 Million Ugandan Shillings.

I started my business all alone, but now I am able to employ people. I hired four staff to help me with my work so I have enough time to look after the children.

Every time it rains, my small cinema building floods; my dream now is to build a masonry building. That’s what I am currently saving for.

I thank BRAC Uganda for my financial standing, allowing me to grow, and enabling me to provide my grandchildren a healthy life.
ULTRA-POOR GRADUATION

SITUATION
Uganda is the world’s youngest country with 78% population below the age of 30 and has one of the highest youth unemployment rates at 13.3%. The country remains among the poorest in the world. According to the Uganda Bureau of Statistics, 21.4% of Ugandans live below the poverty line. Uganda has one of the highest rates of youth unemployment in the world and a large segment of its population live in remote areas where employment opportunities are limited. Moreover, in Uganda, 14% of the population have a disability (NPHC, 2014) and 80% of persons with disabilities live below the poverty line (UN Health Survey, 2006). Safety net programmes are of limited availability which increases the vulnerability of households to fall back into poverty. Ugandan families are often large with a lack of finances and resources. Additionally, diseases, and infant and child mortality rates remain high at 131 deaths per 1,000 births. Lack of access to education and basic healthcare causes poverty to pass down through generations.

OUR INTERVENTION
BRAC Uganda UPG programme contributes to alleviating poverty through a youth-focused initiative. This Cartier Philanthropy funded pilot project is a tailored response designed to address the unique needs of 1650 ultra-poor youths in Luwero and Kryanyandongo districts of Uganda through a comprehensive, time-bound, sequenced set of interventions. The project combines support for immediate needs, such as consumption stipends, with longer-term investments in life skills and livelihood technical training, asset transfers, enterprise development, savings and planning for the future to transition ultra-poor youth and their families into sustainable livelihoods.

THINK DIFFERENTLY, LIVE BETTER
Though I received backlash from the people in my village, I still chose to look at life differently. Fellow youths teased me because I was still living with my parents and didn’t have any children of my own. Most men my age in the village were already having their fifth or sixth child.

I am Paul Muwanga, 28 years old, from Luwero, Uganda.

I was born and raised in a family of five. My father always urged me to fend for my 2 sisters, because if he passed away, I would have to take sole responsibility of the family. I started working odd jobs since I was 5, where I fetched water for people’s animals. Despite being irregular at school, I managed to complete my primary level. Later, I joined secondary school, where I worked on the school farm to be exempted from paying school fees. My dream was to study engineering, but I never had the opportunity to continue with advanced level of schooling.

In 2016, I joined the UPG programme where I was given 3 pigs, potato vines, and 50 kilograms of beans. Together with my father, we expanded our farm where we rear pigs, plant matooke, maize, and several other cash crops.

My family now has access to better food and health. I have managed to build my father a 2-bedroom brick house, and fully furnished it. I have always had a dream of building a community school with my family’s name. Now I am able to purchase a land and building materials. I am very happy with the lifestyle my family and I have been living since. Although, it was too late for me to save my sisters from early marriage, but I help them financially as much as possible.

I have surrounded myself with people from humble backgrounds like me, who are hardworking and ambitious entrepreneurs in Luwero. Unlike youth my age, I am against impregnating them before marriage, hence I decided to formally marry the girl of my dreams.

MOVING FORWARD
Our assessment in 2018 found a positive trend in income generation, savings behaviour, and WASH practices among participants. We are conducting an independent evaluation of the project to capture key learnings and generate global evidence around the effectiveness of youth-focused Graduation programmes.

In Uganda, BRAC is set to scale the Ultra-Poor Graduation programme by launching a three-year-long project called the “Partnerships for Disability-Inclusive Ultra-Poor Graduation” programme, starting in August 2019. Funded by DFID, Cartier Philanthropy, Big Lottery Fund, and Medicor Foundation this project will target to enrol 2,700 participants, among which a minimum of 15% would be people with disabilities and 70% of whom will be women.

HIGHLIGHTS
- Reached 1,650 youths within 2,475 households identified.
- 1,650 youths received productive assets and livelihoods and financial literacy training in Uganda.
- 95% of participants have secured at least two income sources in Uganda.
- 97% of targeted youth are applying at least two new skills acquired through the livelihoods training in Uganda.
- 1,546 youths are actively saving through 100 village saving groups in Uganda.

In Uganda, BRAC is set to scale the Ultra-Poor Graduation programme by launching a three-year-long project called the “Partnerships for Disability-Inclusive Ultra-Poor Graduation” programme, starting in August 2019. Funded by DFID, Cartier Philanthropy, Big Lottery Fund, and Medicor Foundation this project will target to enrol 2,700 participants, among which a minimum of 15% would be people with disabilities and 70% of whom will be women.
FINANCIAL HIGHLIGHTS – NGO

BRAC Uganda received grants amounting to USD 16,275,968 in 2018 as compared to USD 13,637,712 in 2017. Total Project expenses utilized for the year were USD 16,388,153 (USD 15,367,845 in 2017) which represents an increase of 6.6%. Out of the total expenses, majority are expensed in Scholarship program supported by Master Card Foundation. The expenses incurred for the major development programs are as shown below. Almost 90% of total expenditure is being used for direct program service with only 10% as administration expenses.

Total Equity as at 31 December 2018 stands at USD 13,445,672 as against USD 13,824,180 in 2017. Showing an decrease of 2.7%.

PROGRAMME COST

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Health</td>
<td>3,792,039</td>
<td>4,510,336</td>
</tr>
<tr>
<td>Education</td>
<td>7,992,983</td>
<td>6,886,714</td>
</tr>
<tr>
<td>ELA</td>
<td>1,953,490</td>
<td>1,486,016</td>
</tr>
<tr>
<td>Agriculture, food security and livelihood</td>
<td>702,389</td>
<td>510,788</td>
</tr>
<tr>
<td>Others</td>
<td>1,947,252</td>
<td>1,973,989</td>
</tr>
<tr>
<td>Total</td>
<td>16,388,153</td>
<td>15,367,845</td>
</tr>
</tbody>
</table>

CONTRIBUTION TO GOVERNMENT EXCHEQUER

BRAC Uganda regularly contributes government exchequer through providing tax on its income and withholdings and deposition tax from its employees and suppliers and contributing to The National Social Security Fund (NSSF). Total contribution to government exchequer for the last two years as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Withholdings tax</td>
<td>291,482</td>
<td>154,886</td>
</tr>
<tr>
<td>NSSF contribution</td>
<td>249,119</td>
<td>215,962</td>
</tr>
<tr>
<td>Total</td>
<td>540,601</td>
<td>370,848</td>
</tr>
</tbody>
</table>

BRAC Uganda received two awards in the annual prestigious Financial Reporting (FiRe) Award held for 2017, organized by the Institute of Certified Public Accountants of Uganda (ICPAU). BRAC Uganda received a Certificate of Recognition for Outstanding Achievement in the General Sub-Category (NGOs). BRAC Uganda was also announced as the Winner, Non-Governmental Organisations Category, out-reporting 21 other NGOs.

This is the sixth consecutive year that BRAC Uganda has been recognized at the awards setting up a standard that has never been achieved by any other NGO in Uganda.
FIVE YEAR PERFORMANCE REVIEW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>15,226,113</td>
<td>14,780,581</td>
<td>14,805,944</td>
<td>13,926,160</td>
<td>10,335,634</td>
</tr>
<tr>
<td>USD</td>
<td>2,030,853</td>
<td>2,030,853</td>
<td>1,156,550</td>
<td>713,406</td>
<td>685,983</td>
</tr>
<tr>
<td>USD</td>
<td>15,174,462</td>
<td>13,856,366</td>
<td>14,172,754</td>
<td>12,749,375</td>
<td>9,520,387</td>
</tr>
<tr>
<td>USD</td>
<td>1,213,691</td>
<td>1,511,477</td>
<td>1,574,750</td>
<td>1,260,927</td>
<td>941,577</td>
</tr>
</tbody>
</table>

INCOME STATEMENT


FINANCIAL POSITION


OPERATIONAL STATISTICS

Number of Programmes | 2018: 8, 2017: 8, 2016: 8, 2015: 8, 2014: 8

LAST FIVE YEARS’ GRANT RECEIVED VS. PROGRAMME EXPENSES

FINANCIAL HIGHLIGHTS – MICROFINANCE

Net Income
BRAC Uganda Finance Ltd. completed 2018 by registering pretax profit of USD 6,560,626 compared to USD 8,177,666 in 2017. The reduction was mainly attributed to the increase in operating expense due to transformation coupled with the slow growth in the first half of 2018.

Operating Expenses
Total operating expenses for the year 2018 were USD 13,878,712 against USD 11,930,596 in 2017 showing an increase of 16%. The increment is due to additional expenses for the transformation to a regulated credit institution (tier II) company.

Provisions for Impairment Losses
In 2018, amount charged for impairment on loans was USD 914,877 compared to USD 1,474,270 in 2017. Portfolio at Risk (PAR>30) is 3.24% this year against 2.73% in 2017. The company followed most stringent provisioning policy to be inline with Uganda Central Bank guidelines for regulated tier-II entity.

Financial Position
In 2018, BRAC total assets grew by 18% to USD 65,508,016 compared to the previous year’s total assets of USD 55,677,033 further consolidating its position in the market.

Loans and advances to customers increased by 12% and is now 73% of total assets.

Security deposits increased by 10% and net equity decreased to USD 15,821,455 from USD 30,055,591 in 2017 due to dividend declaration an amount USD 17,808,845.

Contribution to Government Exchequer
BRAC Uganda Finance Ltd. regularly contributes government exchequer through providing tax on its income and withholdings and deposit tax from its employees and suppliers and contributing to The National Social Security Fund (NSSF). Total contribution to government exchequer for the last two years as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax</td>
<td>1,948,918</td>
<td>2,086,306</td>
</tr>
<tr>
<td>Withholdings tax</td>
<td>176,633</td>
<td>268,859</td>
</tr>
<tr>
<td>NSSF contribution</td>
<td>582,076</td>
<td>510,966</td>
</tr>
<tr>
<td></td>
<td>2,707,627</td>
<td>2,866,131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Income tax</td>
<td>1,948,918</td>
<td>2,086,306</td>
</tr>
<tr>
<td>Withholdings tax</td>
<td>176,633</td>
<td>268,859</td>
</tr>
<tr>
<td>NSSF contribution</td>
<td>582,076</td>
<td>510,966</td>
</tr>
<tr>
<td></td>
<td>2,707,627</td>
<td>2,866,131</td>
</tr>
</tbody>
</table>
VALUE ADDED STATEMENTS

A value added statement provides a detailed account of total value addition and the distribution of value created by the organization. BRAC Uganda Finance Ltd contributes positively to overall economic development by empowering the poor people (especially females) through micro-credit and employees through creating opportunities for the Ugandan youth population by providing them with a dynamic working environment and capacity building through on the job and international training. BRAC also assists the local regulatory authorities by paying taxes regularly.

<table>
<thead>
<tr>
<th>FIGURES IN (USD)</th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value added:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All incomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Charge on loans</td>
<td>21,902,428</td>
<td>131%</td>
<td>22,143,895</td>
<td>133%</td>
</tr>
<tr>
<td>Income from fixed deposits</td>
<td>1,106,773</td>
<td>6%</td>
<td>659,916</td>
<td>4%</td>
</tr>
<tr>
<td>Membership &amp; Appraisal fees</td>
<td>1,371,904</td>
<td>8%</td>
<td>1,242,085</td>
<td>7%</td>
</tr>
<tr>
<td>Grant Income</td>
<td>14,431</td>
<td>0%</td>
<td>80,352</td>
<td>0%</td>
</tr>
<tr>
<td>Foreign Exchange Gains/(loss)</td>
<td>105,711</td>
<td>1%</td>
<td>(51,711)</td>
<td>0%</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>(8,911,817)</td>
<td>-41%</td>
<td>(5,876,787)</td>
<td>-35%</td>
</tr>
<tr>
<td>Loan Loss Provision</td>
<td>(914,877)</td>
<td>-5%</td>
<td>(1,474,270)</td>
<td>-9%</td>
</tr>
<tr>
<td>Total value added</td>
<td>16,674,553</td>
<td>100%</td>
<td>16,693,480</td>
<td>100%</td>
</tr>
</tbody>
</table>

DISTRIBUTION OF VALUE ADDITION

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYEES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and allowances</td>
<td>6,686,349</td>
<td>40%</td>
<td>5,935,609</td>
<td>36%</td>
</tr>
<tr>
<td>LOCAL AUTHORITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government taxes (income tax)</td>
<td>1,948,918</td>
<td>12%</td>
<td>2,086,306</td>
<td>12%</td>
</tr>
<tr>
<td>CREDITORS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,147,032</td>
<td>19%</td>
<td>2,462,005</td>
<td>15%</td>
</tr>
<tr>
<td>GROWTH</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained income</td>
<td>4,611,708</td>
<td>27%</td>
<td>6,091,360</td>
<td>36%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>280,546</td>
<td>2%</td>
<td>118,200</td>
<td>0.7%</td>
</tr>
<tr>
<td>TOTAL VALUE ADDED</td>
<td>16,674,553</td>
<td>100%</td>
<td>16,693,480</td>
<td>100%</td>
</tr>
</tbody>
</table>
OPERATING INCOME VS NET PROFIT

FIVE YEAR PERFORMANCE REVIEW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Income Statement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>21,354,215</td>
<td>21,582,532</td>
<td>23,643,330</td>
<td>18,714,493</td>
<td>16,500,162</td>
</tr>
<tr>
<td>Net profit before tax</td>
<td>6,560,626</td>
<td>8,177,666</td>
<td>14,217,378</td>
<td>7,823,898</td>
<td>5,093,467</td>
</tr>
<tr>
<td>Financial Position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Asset</td>
<td>65,508,016</td>
<td>55,677,033</td>
<td>49,285,449</td>
<td>42,836,209</td>
<td>33,749,841</td>
</tr>
<tr>
<td>Loans to customers(net)</td>
<td>47,620,176</td>
<td>42,340,971</td>
<td>43,917,939</td>
<td>38,328,404</td>
<td>30,887,847</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>3,988,967</td>
<td>2,167,803</td>
<td>1,650,719</td>
<td>1,755,855</td>
<td>797,645</td>
</tr>
<tr>
<td>Returns and Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Asset</td>
<td>10%</td>
<td>15%</td>
<td>29%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Cost to Income</td>
<td>80%</td>
<td>75%</td>
<td>75%</td>
<td>71%</td>
<td>69%</td>
</tr>
<tr>
<td>Operational Statistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total borrowers</td>
<td>218,598</td>
<td>194,616</td>
<td>213,709</td>
<td>194,732</td>
<td>158,831</td>
</tr>
<tr>
<td>Cost per Loan</td>
<td>52</td>
<td>48</td>
<td>36</td>
<td>24</td>
<td>36</td>
</tr>
</tbody>
</table>
DIRECTORS

Mr. Faruque Ahmed * - Chairman
Lamia Rashid* - Member

ADMINISTRATORS

Ms. Hasina Akhter * - Country Representative
"Bangladeshi"

PRINCIPAL PLACE OF BUSINESS:
Plot 880, Heritage Road Nsambya
P O Box 31817
Kampala, Uganda

REGISTERED OFFICE:
Off Entebbe Road, Nyanama
Plot 90, Busingiri Zone
P O Box 31817
Kampala, Uganda

COMPANY SECRETARY:
Khalifa Nazim Uddin
Head of finance, BRAC Uganda
Plot 880, Heritage Road Nsambya, Kampala, Uganda

AUDITORS

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda

BANKERS

Standard Chartered Bank Uganda Ltd
Plot 5, Speak Road
P O Box 7111
Kampala, Uganda

Post Bank Uganda Ltd
Plot 416, Nkrumah Road
P O Box 7189
Kampala, Uganda

Tropical Bank Ltd
Plot 27 Kampala Road
P O Box 9487
Kampala, Uganda

Bank of Africa
17 Hanington Road
P O Box 7131
Kampala, Uganda

Mafawa House
Plot 6-9, Ben Kiwanuka Octo Close
P O Box 3072
Kampala, Uganda

PRINCIPAL ACTIVITIES

The company provides charitable and welfare activities on non-profit basis, engages in poverty eradication, promotes women empowerment in rural areas, and provides sanitation and clean water and provides basic education for school dropouts in rural areas.

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

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

The directors have pleasure in submitting their report and the audited financial statements of BRAC Uganda (*the company*) for the year ended 31 December 2018, which disclose the state of affairs of the company.

(a) Registration

BRAC Uganda Limited got incorporated as a company limited by guarantee on 18th September 2009 as an independent company. The Organization prior to incorporation was a component of BRAC Uganda which was first incorporated as BRAC Foundation in January, 2006 and it commenced business in June, 2006. In March 2007 the name was changed to BRAC through the registry of companies. Later Microfinance and Non Microfinance programs got incorporated as independent companies in August 2008 and September 2009 respectively. The Organization was duly registered under the non-governmental organization registration statute (1989) on 19th March 2010 as BRAC Uganda.

(b) Vision

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

(c) Mission

The company’s mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programmes that enable men and women to realize their potential.

(d) Our Values

- **Innovation** - the company has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground breaking development initiatives.
- **Integrity** - the company values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The company holds these to be the most essential elements of our work ethic.
- **Inclusiveness** - the company is committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.
- **Effectiveness** - the company values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

(e) Principal activities

The company provides charitable and welfare activities on non-profit basis, engages in poverty eradication, promotes women empowerment in rural areas, and provides sanitation and clean water and provides basic education for school dropouts in rural areas in over 64 districts in Uganda.

(f) Results from operations

The results for the company for the year ended 31 December 2018 are set out on page 47.

(g) Composition of Directors

The directors who served during the year are set out on page 38.

(h) Directors benefits

No director has received or become entitled to receive any benefits during the financial year.

(i) Corporate Governance

The directors are committed to the principles of corporate good governance and recognize the need to conduct the business in...
accompanying annual report.

The board of directors met regularly throughout the year;

• They retain full and effective control over the company;

• The board accepts and exercises responsibility for the risk management and internal control system of the company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

  (a) The effectiveness and efficiency of operations;

  (b) The safeguarding of the company’s assets;

  (c) Compliance with applicable laws and regulations;

  (d) The reliability of accounting records;

  (e) Business sustainability under normal as well as adverse conditions; and

  (f) Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company’s system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

(6) Management Structure

The Company is under the supervision of the board of directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organization structure of the Company comprises of the following divisions:

• Agriculture and Poultry
• Education
• Health
• Empowerment and Livelihood for Adolescents (ELA)
• Research and Evaluation
• Training
• Emergency Response Program
• Accounts and Finance
• Internal Audit
• Monitoring
• Branch Review
• Information Technology (IT) and Management Information System (MIS)

In 2018 the board of directors had two directors. The board continued to carry out its role of formulating policies and strategies of the company; reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards; the books of the company are kept properly, and that the accounts are checked by authorized auditors as well as recruitment and development of key personnel.

(7) Risk management

The board accepts final responsibility for the risk management and internal control system of the company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

• The reliability of accounting records;

• Compliance with applicable laws and regulations;

• The safeguarding of the company’s assets;

• The effectiveness and efficiency of operations;

• Business sustainability under normal as well as adverse conditions; and

• Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company’s system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

(8) Key achievements in 2018

• 160 play leaders received basic training.

• 7 Partnerships were created with TVET Institutions also 1 MoU was signed with VSO to support implementation of the TVET project.

• In 101 Partner Secondary schools, career guidance focusing on TVET was undertaken.

• 64 beneficiaries were skilled under TVET and enabled to join the world of work.

• 2,092 Alumni Associations registered and National Coordination offices opened.

• 1,292 accounting for about 80% Scholars transitioned into University.

• 331 school level managers and teachers were reached through 21 awareness meetings held in 20 schools for SMC/PTAs and teachers were conducted. Sensitization focuses on GBV and VAC.

• The cumulative number of IEC materials developed was 7,702 out of which 4,317 materials were distributed in 2018.

• 278 adolescents (99.2%) benefitted from the livelihoods/apprenticeship training and start-up kits under Scope project.

• 486 scholars graduated in 2018. The third Leadership Congress was conducted and 1,600 advanced level scholars attended.

• 90.3% of 1,650 participants ready for graduation from ultra-poverty with the set 6 graduation indicator criteria.

• 668,966 Children Under age 5 were assessed by Community Health Promoters (CHPs) using the CHP mobile based application, of which 546,345 (82%) were treated for malaria, pneumonia, and diarreah. The Scholarship Programme completed the retrofit undertaken by Arksiam Canadian consulting firm.

• 13,448 children under the age of 5 with danger signs were referred to health facilities, and 86,101 (78%) were followed up by the CHPs.

• 6,479 pregnant mothers were identified in communities by CHPs using the CHP mobile application, of which 86,222 (90%) delivered at health facilities under skilled care. About 170,000 health education sessions / forums were provided by CHPs on health-related messages.

• Health Management Information System (rollout to all staff and branches) and improve on Android Application - New additions/ upgrades.

• 495 scholars graduated in 2018. The third Leadership Congress was conducted and 1,600 advanced level scholars attended.

• 278 adolescents (99.2%) benefitted from the livelihoods/apprenticeship training and start-up kits under Scope project.

• The cumulative number of IEC materials developed was 7,702 out of which 4,317 materials were distributed in 2018.

• 331 school level managers and teachers were reached through 21 awareness meetings held in 20 schools for SMC/PTAs and teachers were conducted. Sensitization focuses on GBV and VAC.

• 90.3% of 1,650 participants ready for graduation from ultra-poverty with the set 6 graduation indicator criteria.

• Across 2018, goats increased from 5,217 that was transferred to 9,143 (75% increase), pigs from 1,134 to 3,269 a 188% asset growth increase enabling participants diversify the income generating sources.

• 90.3% of 1,650 participants ready for graduation from ultra-poverty with the set 6 graduation indicator criteria.

• Access 2018, goats increased from 5,217 that was transferred to 9,143 (75% increase), pigs from 1,134 to 3,269 a 188% asset growth increase enabling participants diversify the income generating sources.

• USD 64,657 saved by 1,545 (50%) of participants in 100 VSLA groups.

• 1,209 accounting for about 80% Scholars transitioned into University.

• 2,062 Alumni Associations registered and National Coordination offices opened.

• 64 beneficiaries were skilled under TVET and enabled to join the world of work.

• In 101 Partner Secondary schools, career guidance focusing on TVET was undertaken.

• 7 Partnerships were created with TVET Institutions also 1 MoU was signed with VSO to support implementation of the TVET Program.

• 3,417 Children were on enrolment as at year end.

• 160 play leaders received basic training.
• 682 parenting sessions conducted also 255 material development workshops held.

(j) Expectations for the year ending 31 December 2019

• 500 Scholars will be selected to join Senior 5 and supported for 2 years and 1,231 scholars to be graduated in 2019 in scholarship project.
• 200 beneficiaries to be supported under TVET by skilling them and enabled to join the world of work.
• 48,000 households will be reached with Sato pans under Sanitation for Health (S4H) project.
• Community Health Promoters loan and revolving fund initiative to continue and 1% US referral followed up: 80%
• 80 Teachers & 80 Head Teachers will be trained during the year in Play Lab Curriculum & Model. We are targeting 80 Centers once project commences in Early childhood development (ECD) project. New 30 center will be open under EELAY project.
• We will receive new project in ECD and fund will be $450,000.
• UNFPA continue support ELA program under this project 616 ELA club will be open with 4 new districts also 360 Members will benefit from Livelihood support program.
• 1,350 Target Ultra poor beneficiaries will be graduate in 2019. A new project was received under this program funded by UKAID. Under this project we will reach 1,500 beneficiaries inclusive 15% disabilities person.

(jj) Solvency

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

(q) Employee’s Welfare

Management/employee relationship’

There were continuous good relations between employees and management for the year 2018. There were no unresolved complaints received by management from the employees during the year. Staff continued to get performance incentive schemes in 2018. Grievance handling guidelines were circulated to all employees to create awareness about employee rights.

The company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given post free from discrimination of any kind and without regard to factors such as gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the company. During the year, 46 line managers had special training in People Leadership Program, 101 staff had training in BRAC values, Human Resource Policies and Procedures (HRPP) and Performance Management System (PMS), 7 staff had a Training of Trainers (TOT) in PMS, 27 staff were trained in Understanding Uganda’s Tax Regulations, Compliance, Offences & Penalties and 7 staff received training in First Aid by the Uganda Red Cross. There were also several program related trainings within programs. The company will continue to train, retrain and develop its staff to improve staff delivery and innovation.

Medical assistance

The company maintains a medical insurance scheme which covers all staff.

Retirement benefits

All eligible employees are members of the National Social Security Fund (NSSF) which is an approved pension fund. The company contributes 10% of the employee’s of the gross salary and employee contributes 5%. The NSSF is a defined contribution scheme with BRAC Uganda having no legal or constructive obligation to pay further top-up contribution.

42 | Annual Report 2018
BRAC UGANDA
STATEMENTS OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2018 and the statements of comprehensive income, changes in capital fund and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Non-Governmental Organizations Act 2016, and for such internal controls 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.

The directors’ responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the company.

Under the Companies Act of Uganda, the directors are required to prepare financial statements for each year that give a true and fair view of the state of the affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the directors to ensure the company keeps proper accounting records that disclose with reasonable accuracy the financial position of the company.

The directors accept responsibility for the financial statements set out on pages 11 to 37 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the Non-Governmental Organizations Act 2016. The directors are of the opinion that the financial statements give a true and fair view of the state of the affairs of the company and of its operating results for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the company’s ability to continue as a going concern and have no reason to believe the company will not be a going concern for the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on 28 February 2019 and were signed on its behalf by:

Head of Finance: [Signature]
Country Representative: [Signature]

Director: [Signature]
Director: [Signature]

Date: 28.02.2019

INDEPENDENCE AUDITOR'S REPORT

We have audited the financial statements of BRAC Uganda (“the company”), which comprise the statement of financial position as at 31 December 2018, and the statements of comprehensive income, changes in capital fund and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information as set out on pages 11 to 37.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Uganda as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Non-Governmental Organizations Act 2016.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the corporate information, directors’ report, the statement of directors’ responsibility, the memorandum figures reported in United States Dollars (USD) and project reporting but does not include the financial statements and our auditors’ report thereon.

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

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

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), the Non-Governmental Organizations Act 2016, 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 management otherwise intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Directors are responsible for overseeing the company’s financial reporting process.
Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

The engagement partner on the audit resulting in this independent auditors' report is CPA Asad Lukwago- P0365.

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P. O. Box 3509
Date: 27 March, 2019

BRAC UGANDA
STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant income</td>
<td>3</td>
<td>56,841,213</td>
<td>52,842,054</td>
<td>15,226,113</td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
<td>5,742,381</td>
<td>7,260,904</td>
<td>1,938,217</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td></td>
<td><strong>62,583,594</strong></td>
<td><strong>60,102,958</strong></td>
<td><strong>17,164,330</strong></td>
</tr>
<tr>
<td>Staff costs and other benefits</td>
<td>6</td>
<td>(10,753,618)</td>
<td>(9,926,210)</td>
<td>(2,875,225)</td>
</tr>
<tr>
<td>Training, workshops &amp; seminars</td>
<td>7</td>
<td>(8,428,821)</td>
<td>(6,817,424)</td>
<td>(2,527,637)</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>8</td>
<td>(1,281,598)</td>
<td>(1,586,214)</td>
<td>(343,302)</td>
</tr>
<tr>
<td>Program supplies, travel and other general expenses</td>
<td>9</td>
<td>(40,355,216)</td>
<td>(38,236,660)</td>
<td>(10,809,069)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11</td>
<td>(380,020)</td>
<td>(335,072)</td>
<td>(101,706)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td><strong>61,179,271</strong></td>
<td><strong>54,941,580</strong></td>
<td><strong>16,388,153</strong></td>
</tr>
<tr>
<td>Operating surplus</td>
<td>10</td>
<td>1,404,323</td>
<td>5,160,978</td>
<td>376,177</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus reserve</td>
<td></td>
<td>1,404,323</td>
<td>5,160,978</td>
<td>376,177</td>
</tr>
<tr>
<td><strong>Other Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange (loss)/ gains</td>
<td>5</td>
<td>(128,182)</td>
<td>133,107</td>
<td>(34,396)</td>
</tr>
<tr>
<td><strong>Total Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 Ushs '000</th>
<th>2017 '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>52,842,054</td>
<td>15,226,113</td>
<td>14,780,581</td>
<td></td>
</tr>
<tr>
<td>1,938,217</td>
<td>2,030,853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17,164,330</td>
<td>16,811,434</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2,875,225)</td>
<td>(2,776,484)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2,527,637)</td>
<td>(2,406,918)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(343,302)</td>
<td>(340,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10,809,069)</td>
<td>(10,152,625)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(101,706)</td>
<td>(93,724)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>16,388,153</strong></td>
<td><strong>15,367,845</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>376,177</td>
<td>1,443,589</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The notes set out on pages 51 to 69 form an integral part of these financial statements.
## BRAC UGANDA
### STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>11</td>
<td>1,453,062</td>
<td>1,520,122</td>
<td>391,350</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank</td>
<td>12</td>
<td>50,250,520</td>
<td>49,596,830</td>
<td>13,525,555</td>
</tr>
<tr>
<td>Inventory</td>
<td>13</td>
<td>937,096</td>
<td>1,435,095</td>
<td>252,230</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>14</td>
<td>876,620</td>
<td>13,947</td>
<td>235,952</td>
</tr>
<tr>
<td>Other receivables</td>
<td>15</td>
<td>317,513</td>
<td>5,134,796</td>
<td>85,462</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td></td>
<td>52,382,049</td>
<td>55,170,668</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>53,836,011</td>
<td>56,690,790</td>
<td>14,490,549</td>
<td>15,608,354</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>16</td>
<td>2,746,539</td>
<td>3,014,699</td>
<td>739,261</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>17</td>
<td>1,135,439</td>
<td>3,465,565</td>
<td>305,616</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td></td>
<td>3,881,978</td>
<td>6,480,264</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor funds</td>
<td>18</td>
<td>28,396,866</td>
<td>29,209,500</td>
<td>7,643,326</td>
</tr>
<tr>
<td>Retained surplus</td>
<td></td>
<td>21,557,167</td>
<td>20,281,026</td>
<td>5,802,346</td>
</tr>
<tr>
<td><strong>Total Capital Fund</strong></td>
<td></td>
<td>49,954,033</td>
<td>50,210,526</td>
<td>13,445,672</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and capital fund</strong></td>
<td></td>
<td>53,836,011</td>
<td>56,690,790</td>
<td>14,490,549</td>
</tr>
</tbody>
</table>

The financial statements on pages 47 to 69 were approved by the board of directors on 28 February 2019 and were signed on its behalf by:

**Head of Finance:** …………………………….

**Country Representative:** …………………………….

**Director:** …………………………….

**Director:** …………………………….

Date: 28.02.2019

The notes set out on pages 51 to 69 form an integral part of these financial statements.

---

### BRAC UGANDA
### STATEMENTS OF CHANGES IN CAPITAL FUND FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Donor Funds</th>
<th>Retained Surplus</th>
<th>Total Capital Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs ’000</td>
<td>Ushs ’000</td>
<td>Ushs ’000</td>
<td>USD</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2017</td>
<td>28,766,547</td>
<td>14,986,941</td>
<td>43,753,488</td>
</tr>
<tr>
<td>Donations received during the year</td>
<td>18.1(a)</td>
<td>49,533,261</td>
<td>-</td>
</tr>
<tr>
<td>Utilised during the year</td>
<td>18.1 &amp; 2</td>
<td>(52,842,054)</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to donor</td>
<td>18.1</td>
<td>(147,235)</td>
<td>-</td>
</tr>
<tr>
<td>Donor Receivable</td>
<td>4,618,081</td>
<td>-</td>
<td>4,618,081</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>-</td>
<td>5,294,085</td>
<td>5,294,085</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>29,929,500</td>
<td>20,281,026</td>
<td>50,210,526</td>
</tr>
<tr>
<td>Donations received during the year</td>
<td>18.1(a)</td>
<td>60,540,733</td>
<td>-</td>
</tr>
<tr>
<td>Utilised during the year</td>
<td>18.1 &amp; 2</td>
<td>(56,841,213)</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to donor</td>
<td>18.1</td>
<td>(613,173)</td>
<td>-</td>
</tr>
<tr>
<td>Donation received against prev. year</td>
<td>18.1</td>
<td>(4,618,081)</td>
<td>-</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>-</td>
<td>1,276,141</td>
<td>1,276,141</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>28,396,866</td>
<td>21,557,167</td>
<td>49,954,033</td>
</tr>
</tbody>
</table>

The notes set out on pages 51 to 69 form an integral part of these financial statements.
## BRAC Uganda

### Statements of Cash Flows for the Year Ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>19</td>
<td>3,510,484</td>
<td>4,093,348</td>
<td>943,387</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>11</td>
<td>(313,860)</td>
<td>(356,896)</td>
<td>(84,479)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in grants received in advance</td>
<td></td>
<td>(1,532,634)</td>
<td>1,162,952</td>
<td>(596,994)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td></td>
<td>(1,532,634)</td>
<td>1,162,952</td>
<td>(596,994)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>(113,495)</td>
<td>(219,782)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>1,663,990</td>
<td>4,899,404</td>
<td>261,914</td>
<td>1,372,060</td>
</tr>
<tr>
<td>Cash and cash equivalents at the start of the year</td>
<td></td>
<td>48,586,830</td>
<td>43,687,426</td>
<td>13,377,136</td>
</tr>
<tr>
<td>Cash and cash equivalents at year end</td>
<td>12</td>
<td>50,250,820</td>
<td>48,586,830</td>
<td>13,525,555</td>
</tr>
</tbody>
</table>

The notes set out on pages 51 to 69 form an integral part of these financial statements.
the period of the revision and the future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 23.

a. Property and equipment
(i) Recognition and measurement
Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and reusing the site on which they are located. Purchased software that is integral to the functionality of their latest equipment is capitalized as part of that equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying value of property and equipment and recognized net with other income in profit or loss.

(ii) Depreciation
Depreciation is recognized in profit or loss and calculated to write off the cost of the property and equipment on a straight line basis over the expected useful lives of the assets concerned, and intangible assets on a straight line basis. Land is not depreciated.

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

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles, motor cycles and bicycles</td>
<td>20%</td>
</tr>
<tr>
<td>Computers</td>
<td>20%</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>10%</td>
</tr>
<tr>
<td>Equipment</td>
<td>15%</td>
</tr>
<tr>
<td>Buildings</td>
<td>4%</td>
</tr>
</tbody>
</table>

Management and directors review the depreciation methods, residual value and useful lives of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period.

b. Foreign currency transactions
Transactions in foreign currencies are translated to Ugandan Shilling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ugandan Shillings at the foreign exchange rate applicable for settlement. The foreign currency gain or loss on the monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ugandan Shillings at the foreign exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Ugandan Shillings at foreign exchange rates ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

c. Impairment
(i) Financial assets
At each statement of financial position date BRAC Uganda assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are considered to be impaired when objective evidence indicates that one or more events that have a negative effect on the estimated future cash flows of an asset has occurred.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying value and present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment losses are recognized in the profit or loss and impairment losses on available-for-sale investment securities are recognized by transferring the difference between the amortized acquisition cost and current fair value out of equity to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available for sale securities is recognized in profit or loss. For available for sale securities that are equity securities the reversal is recognized directly in equity.

(ii) Non-financial assets
The carrying amounts of BRAC Uganda’s non-financial assets other than inventories are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such condition exists, the assets recoverable amount is estimated and an impairment loss recognized in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount that would have been determined net of depreciation or amortization if no impairment loss was recognized.

d. Inventory
Inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost comprises direct item cost that has been incurred in bringing the inventories to their present location and condition.

e. Other Receivables
Other receivables comprise of prepayments, deposits and other receivable which arise during the normal course of business. They are carried at original invoice amount less provision made for impairment losses. A provision for impairment of trade receivable is established when there is objective evidence that the company will not be able to collect all amounts according to the original terms of receivables. The amount of the provisions is the difference between the carrying amount and the recoverable amount.

f. Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the statement of financial position date and include: cash in hand, deposits held at call with banks, net of bank overdraft facilities subject to sweeping arrangements.

g. Provisions and Other Liabilities
A provision is recognized if, as a result of a past event, BRAC Uganda has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Other accounts payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

h. Revenue recognition
Revenue is recognized on an accruals basis.

i. Grants
(i) Donor Grants
All donor grants received are initially recognized as deferred income at fair value and recorded as liabilities in the Grants Received in Advance Account for the period.

The portion of the grants utilised to purchase property and fixed assets are transferred as deferred income in liabilities and
BRAC UGANDA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

subsequently the portion of the depreciation expense of the same assets for the period is recognized in the Statement of Comprehensive Income as grant income. Grants utilized to reimburse program related expenditure are recognized as Grant Income for the period.

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

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC Uganda may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). For ongoing projects and programs, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivables.

(i) Grant income

Grant income is recognized on a cash basis to the extent that BRAC Uganda fulfills the conditions of the grant. This income is transferred from the deferred grant received from Donors and recognized as income in the statement of comprehensive income.

A portion of BRAC Uganda donor grants are for the funding of projects and programs, and for these grants, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed asset.

(ii) Other income

Other income comprises of other project incomes from Agriculture, Training, Rashaad and Health projects, interest from short term deposits, gains less losses related to trading assets and liabilities, and includes gains from disposal of BRAC Uganda assets and all realised and unrealised foreign exchange differences.

j. Interest from bank and short term deposits

Interest income on BRAC Uganda bank deposit is earned on an accruals basis at the agreed interest rate with the respective financial institution.

k. Employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for service since as a result of services rendered by employees up to the balance sheet date. The company does not operate any retirement benefit fund. However, severance pay is provided for in accordance with the Ugandan statute. The company also operates an employee bonus incentive scheme. The provision for employee bonus incentive is based on a predetermned company policy and is recognized in other accruals. The accrual for employee bonus incentive is expected to be settled within twelve months.

l. Contingent liabilities

The company recognizes a contingent liability where it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the company, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

m. Related party transactions

Related parties comprise directors, subsidiaries of BRAC International and key management personnel of the company and companies with common ownership and/or directors.

n. Fundraising Costs

BRAC Uganda normally raises its funds through discussion with various donors and stake holders. It also follows a competitive process where it submits its proposal to multinational donor organizations and gets selected based on merit. BRAC Uganda does not incur any additional costs for fund raising purposes other than over heads which is recorded under HO logistic and management expenses.

BRAC UGANDA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

o. Adoption of new and revised standards

i. New standards, amendments and interpretations effective and adopted by the Company during the year

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2018. The adoption of these new standards has not resulted in material changes to the Company’s accounting policies.

New amendments or interpretation effective for annual periods beginning on or after 1 January 2018 are summarised below:

<table>
<thead>
<tr>
<th>New amendments or interpretation</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 15 Revenue from Contracts with Customers</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRS 9 Financial Instruments (2014)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts (Amendments to IFRS 4)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Annual Improvements to IFRS 2014–2016 Cycle – various standards (Amendments to IFRS 1 and IAS 28)</td>
<td>1 January 2018</td>
</tr>
</tbody>
</table>

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 16 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Company assessed the potential impact on its financial statements which was not significant resulting from the application of IFRS 15.


On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and complements the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard introduces changes in the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an ‘incurred loss’ model from IAS 39 to an ‘expected credit loss’ model.

The adoption of this standard is not expected to have a significant impact the financial statements of the Company.

Classification and Measurement of Share-based Payment Transactions

(Amendments to IFRS 2)

Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payments.

The amendments cover three accounting areas:
- Measurement of cash-settled share-based payments – The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement.
- Classification of share-based payments settled net of tax withholdings – The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.
- Accounting for a modification of a share-based payment from cash-settled to equity-settled – The amendments clarify the approach that companies are to apply.

New amendments or interpretations effective for annual periods beginning on or after 1 January 2018 are summarised below:

<table>
<thead>
<tr>
<th>New amendments or interpretation</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 15 Revenue from Contracts with Customers</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRS 9 Financial Instruments (2014)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts (Amendments to IFRS 4)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Annual Improvements to IFRS 2014–2016 Cycle – various standards (Amendments to IFRS 1 and IAS 28)</td>
<td>1 January 2018</td>
</tr>
</tbody>
</table>
The adoption of the amendment will not have an impact on the financial statements of the company.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 ‘Insurance Contracts’ (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 4 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the overlay approach retroactively to qualifying financial assets when it first applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount recognised in profit or loss for the reporting period is calculated and the effect of that reclassification on the financial statements.

An entity applies the deferral approach for annual periods beginning on or after 1 January 2018. Prudence is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April 2016. Application of the deferral approach needs to be discussed together with information that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following 1 January 2018. Prudence is only reassessed if there is a change in the entity’s activities.

The adoption of this standard is not expected to have a significant impact the financial statements of the Company.

ii. New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2018

At the date of authorisation of the financial statements of BRAC Uganda for the year ended 31 December 2018, the following Standards and Interpretations were in issue but not yet effective:

<table>
<thead>
<tr>
<th>New standard or amendments</th>
<th>Effective for periods beginning on or after</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 16 Leases</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>IFRIC 23 Uncertainty over Income Tax Treatments</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Prepayment Features with Negative Compensation (Amendments to IFRS 16)</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Long-term Investments in Associates and Joint Ventures (Amendments to IAS 28)</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Annual Improvements to IFRS Standards 2015-2017 Cycle- various standards</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Amendments to References to Conceptual Framework in IFRS Standards</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>IFRS 17 Insurance contracts</td>
<td>1 January 2021</td>
</tr>
</tbody>
</table>

IFRS 16: Leases

On 13 January 2016, the IASB issued IFRS 16 Leases, completing the IAASB project to improve the financial reporting of leases, IFRS 16 replaces the previous lease standard, IAS 17 Leases, and related Interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract, i.e. the ‘customer (lessee)’ and the ‘supplier (lessor)’. The standard defines a lease as a contract that conveys to the customer (‘lessee’) the right to use an asset for a period of time in exchange for consideration. A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lease accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments;

(b) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

(c) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessee continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessee to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:

- (a) short-term leases (i.e. leases of 12 months or less); and
- (b) leases of low-value assets.

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted. The new insurance contracts standard is applied.

The adoption of the amendment will not have an impact on the financial statements of the company.

IFRS 17

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (‘general model’) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity’s financial statements.

The standard is not applicable to the client since the entity does not deal in insurance contracts.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a ‘business’ under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors’ interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The effective date for these changes has now been postponed until the completion of a broader review.

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

q. Comparative

There have not been any changes in the prior year comparative figures.
BRAC UGANDA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. GRANT INCOME

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, poulary &amp; livestock</td>
<td>2,523,167</td>
<td>1,820,040</td>
<td>675,883</td>
<td>503,068</td>
</tr>
<tr>
<td>Education</td>
<td>27,694,675</td>
<td>23,385,729</td>
<td>7,405,743</td>
<td>6,541,297</td>
</tr>
<tr>
<td>Health</td>
<td>12,873,040</td>
<td>15,834,749</td>
<td>3,448,317</td>
<td>4,429,177</td>
</tr>
<tr>
<td>Empowerment and leadership of adolescents</td>
<td>6,489,851</td>
<td>5,117,636</td>
<td>1,730,440</td>
<td>1,429,065</td>
</tr>
<tr>
<td>Research &amp; Evaluation</td>
<td>3,268,474</td>
<td>2,473,630</td>
<td>872,861</td>
<td>691,505</td>
</tr>
<tr>
<td>TUP</td>
<td>1,296,142</td>
<td>2,064,870</td>
<td>347,734</td>
<td>829,311</td>
</tr>
<tr>
<td>Play Lab</td>
<td>2,173,325</td>
<td>1,190,147</td>
<td>580,171</td>
<td>332,869</td>
</tr>
<tr>
<td>Emergency Preparedness and response</td>
<td>578,530</td>
<td>61,130</td>
<td>154,971</td>
<td>17,059</td>
</tr>
</tbody>
</table>

Grant income relates to the operating expenses incurred by the different projects that are transferred from grants received in advance to the statement of comprehensive income.

4. OTHER INCOME

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other project income</td>
<td>5,024,332</td>
<td>6,142,287</td>
<td>1,345,872</td>
<td>1,717,515</td>
</tr>
<tr>
<td>Bank interest income</td>
<td>718,049</td>
<td>1,125,217</td>
<td>192,345</td>
<td>313,338</td>
</tr>
<tr>
<td>Total</td>
<td>5,742,381</td>
<td>7,260,504</td>
<td>1,538,217</td>
<td>2,030,853</td>
</tr>
</tbody>
</table>

Other project income relates to the income from the training program and health program revolving fund.

5. FOREIGN EXCHANGE GAINS

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange (loss)/gains</td>
<td>(128,182)</td>
<td>133,107</td>
<td>(34,336)</td>
<td>37,232</td>
</tr>
<tr>
<td>Total</td>
<td>(128,182)</td>
<td>133,107</td>
<td>(34,336)</td>
<td>37,232</td>
</tr>
</tbody>
</table>

The exchange gains arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to Uganda Shillings. Financial assets and liabilities denominated in foreign currencies are translated to Uganda Shillings at the rate ruling at balance sheet date.

6. STAFF COSTS AND OTHER BENEFITS

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>8,836,572</td>
<td>8,644,718</td>
<td>2,367,062</td>
<td>2,418,035</td>
</tr>
<tr>
<td>Bonus</td>
<td>934,885</td>
<td>152,540</td>
<td>135,244</td>
<td>131,059</td>
</tr>
<tr>
<td>Employer NSSF contribution</td>
<td>920,907</td>
<td>772,897</td>
<td>249,119</td>
<td>215,062</td>
</tr>
<tr>
<td>Wages</td>
<td>382,794</td>
<td>-</td>
<td>97,719</td>
<td>-</td>
</tr>
<tr>
<td>Graduity expenses</td>
<td>90,390</td>
<td>-</td>
<td>20,621</td>
<td>-</td>
</tr>
<tr>
<td>Insurance for staff</td>
<td>-</td>
<td>328,985</td>
<td>-</td>
<td>91,428</td>
</tr>
<tr>
<td>Total</td>
<td>10,733,618</td>
<td>9,906,210</td>
<td>2,875,225</td>
<td>2,776,484</td>
</tr>
</tbody>
</table>

7. TRAINING, WORKSHOPS AND SEMINARS

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>External member trainings</td>
<td>7,972,433</td>
<td>6,418,559</td>
<td>2,135,554</td>
<td>1,706,351</td>
</tr>
<tr>
<td>Staff training</td>
<td>486,388</td>
<td>398,865</td>
<td>122,253</td>
<td>111,567</td>
</tr>
<tr>
<td>Total</td>
<td>8,458,821</td>
<td>6,817,424</td>
<td>2,257,837</td>
<td>1,818,918</td>
</tr>
</tbody>
</table>

8. OCCUPANCY EXPENSES

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental charges</td>
<td>1,171,404</td>
<td>1,386,461</td>
<td>313,783</td>
<td>350,613</td>
</tr>
<tr>
<td>Utilities</td>
<td>170,182</td>
<td>169,723</td>
<td>20,517</td>
<td>47,415</td>
</tr>
<tr>
<td>Total</td>
<td>1,211,586</td>
<td>1,556,184</td>
<td>334,302</td>
<td>398,028</td>
</tr>
</tbody>
</table>

9. PROGRAM SUPPLIES, TRAVEL AND OTHER GENERAL EXPENSES

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2017</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and Other fees</td>
<td>228,352</td>
<td>175,166</td>
<td>61,171</td>
<td>49,005</td>
</tr>
<tr>
<td>Audit fees</td>
<td>100,377</td>
<td>75,636</td>
<td>29,239</td>
<td>21,156</td>
</tr>
<tr>
<td>Maintenance &amp; general expenses</td>
<td>7,129,673</td>
<td>4,679,616</td>
<td>1,903,665</td>
<td>1,308,047</td>
</tr>
<tr>
<td>Printing, stationary &amp; supplies</td>
<td>427,045</td>
<td>811,017</td>
<td>114,393</td>
<td>226,852</td>
</tr>
<tr>
<td>Telephone expenses</td>
<td>646,752</td>
<td>326,495</td>
<td>173,782</td>
<td>91,325</td>
</tr>
<tr>
<td>Program supplies</td>
<td>23,755,832</td>
<td>23,482,708</td>
<td>6,363,785</td>
<td>6,568,406</td>
</tr>
<tr>
<td>Fixed assets write-off</td>
<td>-</td>
<td>16,594</td>
<td>-</td>
<td>4,642</td>
</tr>
<tr>
<td>Inventory write-off</td>
<td>403,493</td>
<td>108,983</td>
<td>108,983</td>
<td>3,574</td>
</tr>
<tr>
<td>Software Maintenance Cost</td>
<td>100,257</td>
<td>181,732</td>
<td>42,928</td>
<td>50,933</td>
</tr>
<tr>
<td>Head Office logistics expenses</td>
<td>2,449,875</td>
<td>2,708,940</td>
<td>655,474</td>
<td>755,738</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>5,045,462</td>
<td>3,893,190</td>
<td>1,351,533</td>
<td>1,072,191</td>
</tr>
<tr>
<td>Total</td>
<td>40,355,216</td>
<td>38,296,680</td>
<td>10,809,993</td>
<td>10,152,629</td>
</tr>
</tbody>
</table>

Program supplies mainly comprise of tuition, Scholarship, training materials, health kits, stipends, learning materials, technical support to projects and supplies for the beneficiaries.

10. TAXATION

BRAC Uganda is registered as an NGO, which is involved in charitable activities and therefore falls within the definition of exempt organizations for tax purposes as described in the Income Tax Act, Section 2(b)(2)-interpretation. Under Section 2(b)(2) of the Income Tax Act states that for an organization to be tax exempt, it should have been issued with a written ruling by the Commissioner stating that it is an exempt organization.

Uganda Revenue Authority issued an exempt organization ruling to BRAC Uganda for the year 31 December 2018 in a notice DT-1109 dated 09 September 2018.
### 11. PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Ushs '000</th>
<th>2018 Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>800,072</td>
<td>221,701</td>
</tr>
<tr>
<td>Building</td>
<td>1,316,214</td>
<td>1,012,114</td>
</tr>
<tr>
<td>Equipment</td>
<td>813,334</td>
<td>5,028,217</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>3,151,321</td>
<td>965,898</td>
</tr>
<tr>
<td>Total</td>
<td>4,133,108</td>
<td>13,376,426</td>
</tr>
</tbody>
</table>

#### Cost

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Ushs '000</th>
<th>2018 Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions</td>
<td>1,399,013</td>
<td>637,404</td>
</tr>
<tr>
<td>Currency translation</td>
<td>1,011,124</td>
<td>13,947</td>
</tr>
<tr>
<td>Total</td>
<td>2,410,137</td>
<td>1,051,351</td>
</tr>
</tbody>
</table>

#### Depreciation

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Ushs '000</th>
<th>2018 Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge for the year</td>
<td>1,653,023</td>
<td>1,435,095</td>
</tr>
<tr>
<td>Currency translation</td>
<td>706,907</td>
<td>395,117</td>
</tr>
<tr>
<td>Total</td>
<td>2,359,930</td>
<td>1,830,212</td>
</tr>
</tbody>
</table>

#### Net Book Value

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Ushs '000</th>
<th>2018 Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4,133,108</td>
<td>13,376,426</td>
</tr>
<tr>
<td>2018</td>
<td>2,022,122</td>
<td>1,028,754</td>
</tr>
</tbody>
</table>

### 12. CASH AND BANK

<table>
<thead>
<tr>
<th>Item</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>6,955</td>
<td>2,578</td>
<td>1,775</td>
<td>710</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>50,244,225</td>
<td>49,586,252</td>
<td>13,525,780</td>
<td>13,376,426</td>
</tr>
<tr>
<td></td>
<td>50,250,820</td>
<td>49,586,830</td>
<td>13,525,555</td>
<td>13,377,136</td>
</tr>
</tbody>
</table>

### 13. INVENTORY

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Ushs '000</th>
<th>2018 Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>13,525,157</td>
<td>12,355,157</td>
</tr>
<tr>
<td>2018</td>
<td>12,133,544</td>
<td>12,133,544</td>
</tr>
</tbody>
</table>

### 14. DUE FROM RELATED PARTIES

<table>
<thead>
<tr>
<th>Item</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC Finance Limited</td>
<td>13,947</td>
<td>13,947</td>
<td>3,840</td>
<td>3,840</td>
</tr>
<tr>
<td>BRAC Social Business Enterprise</td>
<td>-</td>
<td>13,947</td>
<td>3,840</td>
<td></td>
</tr>
<tr>
<td>BRAC Bangladesh</td>
<td>876,620</td>
<td>13,947</td>
<td>235,952</td>
<td>3,840</td>
</tr>
<tr>
<td>Total</td>
<td>937,096</td>
<td>1,188,185</td>
<td>252,230</td>
<td>356,117</td>
</tr>
</tbody>
</table>

### 15. OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Item</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances to third parties</td>
<td>317,513</td>
<td>515,814</td>
<td>85,482</td>
<td>142,016</td>
</tr>
<tr>
<td>Donor receivables</td>
<td>4,616,982</td>
<td>-</td>
<td>1,271,718</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>317,513</td>
<td>515,814</td>
<td>85,482</td>
<td>1,271,718</td>
</tr>
</tbody>
</table>

---

**Note:**
- Due to related parties relates to amounts owing from BRAC Uganda Finance Limited and BRAC Uganda Social Enterprise Limited for the settlements of staff costs and operating expenditures. The fair value of these related party receivables approximates their carrying amounts. This amount will be settled during the ordinary course of business and bear no interest.
- Stock and consumables include the amount of the stock of health materials, poultry and agriculture that were not yet sold as at 31 December 2018. These materials are normally sold at subsidized rates to low income earners in communities.
16. OTHER PAYABLES

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>1,778,849</td>
<td>1,946,301</td>
<td>478,796</td>
<td>535,864</td>
</tr>
<tr>
<td>18.2</td>
<td>27,271</td>
<td>7,508</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.3</td>
<td>212,534</td>
<td>102,259</td>
<td>57,206</td>
<td>35,154</td>
</tr>
<tr>
<td>18.4</td>
<td>47,531</td>
<td>325,353</td>
<td>12,794</td>
<td>89,678</td>
</tr>
<tr>
<td>18.5</td>
<td>50,416</td>
<td>75,626</td>
<td>12,670</td>
<td>20,024</td>
</tr>
<tr>
<td>18.6</td>
<td>189,282</td>
<td>316,374</td>
<td>50,678</td>
<td>87,106</td>
</tr>
<tr>
<td>18.7</td>
<td>18,059</td>
<td>23,713</td>
<td>4,618</td>
<td>7,904</td>
</tr>
<tr>
<td>18.8</td>
<td>380,328</td>
<td>221,506</td>
<td>150,504</td>
<td>60,066</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,746,529</td>
<td>3,044,699</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>739,261</td>
<td>830,020</td>
</tr>
</tbody>
</table>

17. DUE TO RELATED PARTIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>37,355</td>
<td>-</td>
<td>10,055</td>
<td>-</td>
</tr>
<tr>
<td>18.2</td>
<td>1,088,084</td>
<td>1,736,752</td>
<td>295,561</td>
<td>478,170</td>
</tr>
<tr>
<td>18.3</td>
<td>181,732</td>
<td>-</td>
<td>50,036</td>
<td>-</td>
</tr>
<tr>
<td>18.4</td>
<td>1,547,081</td>
<td>-</td>
<td>425,049</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,135,439</td>
<td>3,465,565</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>305,616</td>
<td>964,154</td>
</tr>
</tbody>
</table>

18. DONOR FUNDS

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>28,396,866</td>
<td>29,929,500</td>
<td>7,643,326</td>
<td>8,240,320</td>
</tr>
<tr>
<td>18.2</td>
<td>1,621,970</td>
<td>418,763</td>
<td>313,860</td>
<td>84,479</td>
</tr>
</tbody>
</table>

18.1.a) Donations received during the year

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>20,841,056</td>
<td>26,307,530</td>
<td>7,724,563</td>
<td>7,700,752</td>
</tr>
<tr>
<td>18.2</td>
<td>1,555,810</td>
<td>1,621,970</td>
<td>418,763</td>
<td>313,860</td>
</tr>
</tbody>
</table>

18.1.b) Donations in investment in fixed assets

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>28,394,866</td>
<td>29,929,500</td>
<td>7,643,326</td>
<td>8,240,320</td>
</tr>
<tr>
<td>18.2</td>
<td>1,621,970</td>
<td>418,763</td>
<td>313,860</td>
<td>84,479</td>
</tr>
</tbody>
</table>

18.2 Donations - investment in fixed assets

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>28,394,866</td>
<td>29,929,500</td>
<td>7,643,326</td>
<td>8,240,320</td>
</tr>
<tr>
<td>18.2</td>
<td>1,621,970</td>
<td>418,763</td>
<td>313,860</td>
<td>84,479</td>
</tr>
</tbody>
</table>
19. CASHFLOW FROM OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,330,126</td>
<td>1,276,141</td>
</tr>
<tr>
<td>2017</td>
<td>3,510,484</td>
<td>1,948,021</td>
</tr>
<tr>
<td>2016</td>
<td>1,460,821</td>
<td>852,724</td>
</tr>
</tbody>
</table>

Excess of income over expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5,294,085</td>
<td>341,841</td>
</tr>
<tr>
<td>2017</td>
<td>952,072</td>
<td>57,254</td>
</tr>
<tr>
<td>2016</td>
<td>101,796</td>
<td>5,974</td>
</tr>
</tbody>
</table>

Depreciation

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,896,161</td>
<td>1,166,157</td>
</tr>
<tr>
<td>2017</td>
<td>943,637</td>
<td>57,824</td>
</tr>
<tr>
<td>2016</td>
<td>1,574,545</td>
<td>97,274</td>
</tr>
</tbody>
</table>

Cash flows before changes in working capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,276,141</td>
<td>725,821</td>
</tr>
<tr>
<td>2017</td>
<td>1,460,821</td>
<td>852,724</td>
</tr>
<tr>
<td>2016</td>
<td>852,724</td>
<td>57,274</td>
</tr>
</tbody>
</table>

Changes in working capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>407,990</td>
<td>24,728</td>
</tr>
<tr>
<td>2017</td>
<td>357,197</td>
<td>21,708</td>
</tr>
<tr>
<td>2016</td>
<td>142,887</td>
<td>8,778</td>
</tr>
</tbody>
</table>

Decrease in inventory

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>4,817,283</td>
<td>2,897,522</td>
</tr>
<tr>
<td>2017</td>
<td>3,353,493</td>
<td>2,055,759</td>
</tr>
<tr>
<td>2016</td>
<td>1,326,272</td>
<td>810,168</td>
</tr>
</tbody>
</table>

Decrease in other receivables

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>497,999</td>
<td>30,873</td>
</tr>
<tr>
<td>2017</td>
<td>30,873</td>
<td>1,920</td>
</tr>
<tr>
<td>2016</td>
<td>9,340</td>
<td>0,565</td>
</tr>
</tbody>
</table>

Increase in related party receivables

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>(2,330,126)</td>
<td>(1,460,821)</td>
</tr>
<tr>
<td>2017</td>
<td>(2,330,126)</td>
<td>(1,460,821)</td>
</tr>
<tr>
<td>2016</td>
<td>2,345,007</td>
<td>1,460,821</td>
</tr>
</tbody>
</table>

Decrease in other payables

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>233,056</td>
<td>13,923</td>
</tr>
<tr>
<td>2017</td>
<td>423,112</td>
<td>26,345</td>
</tr>
<tr>
<td>2016</td>
<td>434,041</td>
<td>27,058</td>
</tr>
</tbody>
</table>

Decrease in related party payables

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>409,399</td>
<td>24,816</td>
</tr>
<tr>
<td>2017</td>
<td>30,759</td>
<td>1,920</td>
</tr>
<tr>
<td>2016</td>
<td>4,711</td>
<td>0,765</td>
</tr>
</tbody>
</table>

Net cash generated from operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Shs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3,510,484</td>
<td>2,145,922</td>
</tr>
<tr>
<td>2017</td>
<td>4,093,348</td>
<td>2,487,356</td>
</tr>
<tr>
<td>2016</td>
<td>5,629,157</td>
<td>3,478,080</td>
</tr>
</tbody>
</table>

20. SUBSEQUENT EVENTS

The company has evaluated the subsequent events through the date of signing these financial statements and there were no significant events to be reported in these financial statements.

21. CURRENCY

The financial statements are expressed in Uganda Shillings which is the entity’s functional currency.

22. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2018 (2017: Nil).

23. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions are based on historical experience, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

BRAC Uganda 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 are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated 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.

BRAC UGANDA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. SUBSEQUENT EVENTS

The company has evaluated the subsequent events through the date of signing these financial statements and there were no significant events to be reported in these financial statements.

21. CURRENCY

The financial statements are expressed in Uganda Shillings which is the entity’s functional currency.

22. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2018 (2017: Nil).

23. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions are based on historical experience, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

BRAC Uganda 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 are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated 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.
ii) Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met (timely and cost-effectively). The risk arises from both the difference between the magnitude of assets and liabilities and the disparity in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Company and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place to ensure that all future cash flow commitments are met from the working capital generated by the Company and also from available financial institutions.

BRAC Uganda manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC Uganda maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, BRAC Uganda maintains banking facilities of a reasonable level. The company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation.

Exposure to Liquidity risk

The table below indicates the company liquidity at the statement of financial position date and an analysis of the liquidity period of the company’s financial assets and liabilities.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shs ‘000</td>
<td>Shs ‘000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between 0 - 30 days</td>
<td>232,311</td>
<td>3,577,705</td>
<td>62,689</td>
<td>974,041</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between 31 - 60 days</td>
<td>84,682</td>
<td>1,587,001</td>
<td>22,733</td>
<td>436,659</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>317,513</td>
<td>5,134,796</td>
<td>85,462</td>
<td>1,413,724</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ii) Foreign exchange risk

BRAC Uganda foreign exchange risks comprise transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions. Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level. The company’s transactional exposures give rise to foreign currency gains and losses that are recognized in profit or loss.

Exposure to Foreign currency risk

The following significant exchange rates applied during the year:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Rate</td>
<td>3,715</td>
<td>3,632</td>
<td>3,733</td>
<td>3,575</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table below summarises the company’s exposure to foreign exchange risk.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>USD’000</th>
<th>USD’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Balances</td>
<td>36,771,286</td>
<td>29,496,645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor receivable</td>
<td>-</td>
<td>4,618,062</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>1,036,084</td>
<td>1,016,454</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>-</td>
<td>13,047</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>37,869,370</td>
<td>36,048,058</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer

Sensitivity Analysis

A reasonably strengthening (weakening) of the US dollar against the Uganda Shilling at 31 December 2018 would have affected the measurement of the above financial instruments denominated in a foreign currency as shown below:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>+/-5%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD'000</td>
<td>Ushs'000</td>
<td>USD'000</td>
</tr>
<tr>
<td>Bank Balances</td>
<td>35,771,296</td>
<td>1,838,564</td>
<td>26,496,645</td>
</tr>
<tr>
<td>Donor receivable</td>
<td>1,098,084</td>
<td>54,904</td>
<td>1,919,494</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>-</td>
<td>13,047</td>
</tr>
<tr>
<td></td>
<td>37,869,370</td>
<td>1,893,468</td>
<td>36,048,058</td>
</tr>
</tbody>
</table>

iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company’s processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The company’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company’s reputation with overall cost effectiveness to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each BRAC Program. This responsibility is supported by the development of company level standards for the management of operational risk in the following areas:

i. Requirements for appropriate segregation of duties, including the independent authorization of transactions.
ii. Requirements for the reconciliation and monitoring of transactions.
iii. Compliance with regulatory and other legal requirements.
iv. Documentation of controls and procedures.
v. Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
vi. Requirements for the reporting of operational losses and proposed remedial action.
vi. Development of contingency plans.
ix. Training and professional development.
ix. Ethical and business standards.
ix. Close monitoring and management oversight.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by the monitoring department. The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the company.

25. CAPITAL RISK MANAGEMENT

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor the performance of the company through management accounts and operational reviews. They also review the working capital requirements and these are discussed in the periodic board meetings with management.

There are no externally imposed capital requirements and there were no changes in the company’s approach to capital management during the period.

27. CONTINGENT LIABILITIES

There are no known contingent liabilities as at 31 December 2018.

28. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Stichting BRAC International, a foundation registered in Netherland.

29. EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting period.
BRAC UGANDA
PROJECT REPORTING (UNAUDITED)

BRAC Uganda has the following projects. These projects offer different services and are managed separately. The following summary describes the operations of each project.

<table>
<thead>
<tr>
<th>Projects</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture-MCF</td>
<td>This segment has funds from agriculture MasterCard Foundation and ASARECA. Funding stopped but there are a few activities still ongoing.</td>
</tr>
<tr>
<td>Japanese Social Development Fund</td>
<td>These are funds from the Japanese Social Development Fund. They target rural grass root farmers in Western and Central Uganda.</td>
</tr>
<tr>
<td>Poultry-MCF</td>
<td>These are funds from MasterCard Foundation to boost poultry farming. The funding stopped and the project has ended.</td>
</tr>
<tr>
<td>Health Revolving fund</td>
<td>This has 3 projects which include: primary health care, Tuberculosis project, and a revolting fund project. The first 2 projects ended but the revolving fund project is still active. The revolving fund project is self-sustaining.</td>
</tr>
<tr>
<td>Vision Spring</td>
<td>This project aims to increase access to presbyopia screening and affordable glasses for low-income people in Uganda.</td>
</tr>
<tr>
<td>Sanitation 4 health</td>
<td>This project will introduce a series of contemporary and integrated water, sanitation and hygiene intervention at community and household level.</td>
</tr>
<tr>
<td>Living Goods</td>
<td>This is a health project that focuses on maternal health and treatment of common diseases like malaria, diarrhoea, and pneumonia.</td>
</tr>
<tr>
<td>Scholarship</td>
<td>These are projects offering education by giving scholarships for secondary school education to bright students from poor families.</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical Vocational and Education Training (TVET) support for 20% of the Scholars and strengthen career education support services to the Scholars. Increase the transition into further education or employment to at least 56% from current 27%.</td>
</tr>
<tr>
<td>ELA-Others</td>
<td>These focus on the empowerment and livelihood of adolescents. These girls between the ages 11-21, giving them life skills and building their capacity. The funding is from UNRA, Enabank and Worldbank.</td>
</tr>
<tr>
<td>OAK Foundation</td>
<td>This is an empowerment and livelihood of adolescents project through formation of clubs.</td>
</tr>
<tr>
<td>Training</td>
<td>This is the training arm of BRAC Uganda, where staff are trained in different aspects like BRAC values, leadership skills. The running projects pay a minimal sum for the staff to be trained and to help in sustainability.</td>
</tr>
<tr>
<td>Research</td>
<td>This has all the research and independent evaluation funds / projects. BRAC Uganda has an independent research unit that carries out all the research and evaluation required by the projects and the entity as a whole.</td>
</tr>
<tr>
<td>UNICEF Project</td>
<td>The project was focused on children and their welfare and project has ended.</td>
</tr>
<tr>
<td>Play Lab</td>
<td>This is an education project (Early Child Development) targeting children between the ages of 3 and 5.</td>
</tr>
<tr>
<td>Emergency Preparedness and response</td>
<td>This is a project focusing on emergency rescue. It focuses on areas where there is disaster, natural calamities and refugee camps.</td>
</tr>
<tr>
<td>EELAY-NORAD</td>
<td>This project will provide education and livelihood opportunities to out of school adolescent girls in Uganda. In addition, it will also provide early learning opportunities for children aged 3 – 5 years and enter primary schools in Uganda.</td>
</tr>
<tr>
<td>Targeting the Ultra Poor</td>
<td>This project targets the very poor in the Community, especially the youths and women, by providing them with start-up capital and animal assets, and offering them training.</td>
</tr>
<tr>
<td>End Child Marriage(ECM)</td>
<td>This is an “End Child Marriage” projects which targets the adolescent girls, giving them life skills and apprenticeship.</td>
</tr>
</tbody>
</table>

BRAC UGANDA
PROJECT REPORTING (UNAUDITED)

Building Young Futures(BYF) - This project focuses on empowering and giving skills to adolescents; following the Empowerment of Livelihood Adolescents (ELA) model - financial literacy, vocational training, livelihood training.

BARR Foundation - This project focuses on reducing fertility rates, teenage pregnancy and the risk of maternal mobility, increase in use of contraceptives and girls income generation activities.

Adolescent Health Promoter - Adolescent Health Promoter - Using the ELA model, to support health related aspects in youths like sexual and reproductive training, sanitation.

Community Connector - It was an Agricultural project funded by USAID to improve the food security and nutrition of children and women. It ended.
### Statement of Comprehensive Income for the year ended 31 December 2018 (Amount in Uganda Shillings)

<table>
<thead>
<tr>
<th></th>
<th>Agriculture</th>
<th>MCF</th>
<th>USAID</th>
<th>Scholarships</th>
<th>ELA</th>
<th>OAK</th>
<th>-MCF</th>
<th>Spring</th>
<th>Sanitation</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Income</td>
<td>-</td>
<td>2,533,167</td>
<td>-</td>
<td>-</td>
<td>126,751</td>
<td>119,118</td>
<td>12,457,180</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training, workshops and seminars</td>
<td>-</td>
<td>78,489</td>
<td>126,751</td>
<td>119,118</td>
<td>12,457,180</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>-</td>
<td>40,673</td>
<td>276,318</td>
<td>146,255</td>
<td>1,298,142</td>
<td>3,379,955</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other general &amp; administrative expenses</td>
<td>-</td>
<td>1,346,781</td>
<td>126,751</td>
<td>119,118</td>
<td>12,457,180</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>750</td>
<td>17,489</td>
<td>1,244</td>
<td>437,888</td>
<td>9,788</td>
<td>779,014</td>
<td>-</td>
<td>411,884</td>
<td>1,406,111</td>
</tr>
<tr>
<td>OTHER INCOME</td>
<td>750</td>
<td>2,540,666</td>
<td>1,244</td>
<td>437,888</td>
<td>126,751</td>
<td>128,096</td>
<td>13,406,194</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td>750</td>
<td>2,540,666</td>
<td>1,244</td>
<td>437,888</td>
<td>126,751</td>
<td>128,096</td>
<td>13,406,194</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>-</td>
<td>(9,788)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>741,381</td>
<td>1,471,152</td>
<td>128,096</td>
<td>13,406,194</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
<td>4,403,242</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Statement of Comprehensive Income for the year ended 31 December 2018 (Amount in Uganda Shillings)

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>BYF</th>
<th>Training</th>
<th>Research</th>
<th>Community</th>
<th>Competitor</th>
<th>Preparedness</th>
<th>EELAY</th>
<th>NORAD</th>
<th>Play Lab</th>
<th>TUP</th>
<th>ECM</th>
<th>UG-CIF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Income</td>
<td>905,270</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>905,270</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training, workshops and seminars</td>
<td>522,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other general &amp; administrative expenses</td>
<td>1,346,781</td>
<td>126,751</td>
<td>119,118</td>
<td>12,457,180</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
<td>4,403,242</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>26,973</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,973</td>
</tr>
<tr>
<td>OTHER INCOME</td>
<td>932,243</td>
<td>126,751</td>
<td>119,118</td>
<td>12,457,180</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
<td>4,403,242</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/Reserve</td>
<td>26,974</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,974</td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>-</td>
<td>(7,206)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>905,269</td>
<td>126,751</td>
<td>119,118</td>
<td>12,457,180</td>
<td>1,015,734</td>
<td>35,130,041</td>
<td>1,729,087</td>
<td>4,403,242</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Statement of Comprehensive Income for the year ended 31 December 2018 (Amount in United States Dollars)

| INCOME | | |
|---------|---------|---------|---------|---------|
| **Grant Income** | **Other Income** | **TOTAL INCOME** | **EXPENDITURE** | **TOTAL EXPENSES** | **Surplus/ Reserve** |
| Grant Income | 242,496 | 7,226 | 145,837 | 242,495 | (350) |
| Other income | 7,225 | 239 | 7,464 | 2,199 | 53,761 |

**Women Training Community Connector**

| INCOME | | |
|---------|---------|---------|---------|---------|
| **Grant Income** | **Other Income** | **TOTAL INCOME** | **EXPENDITURE** | **TOTAL EXPENSES** | **Surplus/ Reserve** |
| Grant Income | 4,222 | 27,826 | 32,048 | 4,222 | (350) |
| Other income | 565 | 198 | 763 | 914 | 40,425 |

**JSDF Living Scholarship - MCF Spring Sanitation Goods Foundation**

| INCOME | | |
|---------|---------|---------|---------|---------|
| **Grant Income** | **Other Income** | **TOTAL INCOME** | **EXPENDITURE** | **TOTAL EXPENSES** | **Surplus/ Reserve** |
| Grant Income | 3,190 | 406,021 | 439,211 | 129,447 | 208,138 |
| Other income | 3,591 | 143,701 | 147,292 | 72,892 | 343,302 |

**ECM Unicef**

| INCOME | | |
|---------|---------|---------|---------|---------|
| **Grant Income** | **Other Income** | **TOTAL INCOME** | **EXPENDITURE** | **TOTAL EXPENSES** | **Surplus/ Reserve** |
| Grant Income | 577,949 | 565 | 583,504 | 4,222 | (350) |
| Other income | 79 | 138 | 927 | 914 | 40,425 |

**TUP**

| INCOME | | |
|---------|---------|---------|---------|---------|
| **Grant Income** | **Other Income** | **TOTAL INCOME** | **EXPENDITURE** | **TOTAL EXPENSES** | **Surplus/ Reserve** |
| Grant Income | 2,875,225 | 21,935 | 2,897,160 | 2,875,225 | (350) |
| Other income | 64,679 | 116,375 | 181,054 | 116,375 | 1,351,535 |

**JSDF Living Scholarship - MCF Spring Sanitation Goods Foundation**

| INCOME | | |
|---------|---------|---------|---------|---------|
| **Grant Income** | **Other Income** | **TOTAL INCOME** | **EXPENDITURE** | **TOTAL EXPENSES** | **Surplus/ Reserve** |
| Grant Income | 127,517 | 127,517 | 129,447 | 129,447 | (1,894) |
| Other income | -1,930 | -1,930 | 110,332 | 110,332 | (1,894) |
### Statement of Financial Position for the year ended 31 December 2018 (Amount in Uganda Shillings)

#### BRAC UGANDA

**Project Reporting (Unaudited)**

#### ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Cash and Bank</th>
<th>Property and Equipment</th>
<th>Other Current Assets</th>
<th>Total Liabilities and Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs (000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JSDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVET</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BYF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EELAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicef</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### LIABILITIES AND CAPITAL FUND

<table>
<thead>
<tr>
<th>Category</th>
<th>Cash and Bank</th>
<th>Property and Equipment</th>
<th>Other Current Liabilities</th>
<th>Total Liabilities and Capital Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs (000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JSDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVET</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BYF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EELAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicef</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### TOTAL LIABILITY AND CAPITAL FUND

<table>
<thead>
<tr>
<th>Category</th>
<th>Cash and Bank</th>
<th>Property and Equipment</th>
<th>Other Current Liabilities</th>
<th>Total Liabilities and Capital Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs (000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JSDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVET</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BYF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EELAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicef</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Cash and Bank</th>
<th>Property and Equipment</th>
<th>Other Current Liabilities</th>
<th>Total Liabilities and Capital Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs (000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JSDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVET</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BYF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EELAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicef</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total Capital Fund

<table>
<thead>
<tr>
<th>Category</th>
<th>Cash and Bank</th>
<th>Property and Equipment</th>
<th>Other Current Liabilities</th>
<th>Total Capital Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs (000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JSDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVET</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BYF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EELAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicef</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Cash and Bank</th>
<th>Property and Equipment</th>
<th>Other Current Liabilities</th>
<th>Total Assets</th>
<th>Total Liabilities</th>
<th>Total Capital Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs (000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JSDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVET</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BYF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EELAY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unicef</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**BRAC UGANDA**
**PROJECT REPORTING (UNAUDITED) (CONT'D)**

**Statement of Financial Position as at 31 December 2018 (Amount in United States Dollars)**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>102,772</td>
<td>7,423</td>
<td>8,577</td>
<td>805,023</td>
<td>2,481</td>
<td>23,182</td>
<td>61,991</td>
<td>115,275</td>
</tr>
<tr>
<td>JSDF</td>
<td>2,461</td>
<td>23,182</td>
<td>61,991</td>
<td>115,275</td>
<td>7,760,234</td>
<td>447,496</td>
<td>125,331</td>
<td>51,737</td>
</tr>
<tr>
<td>Poultry</td>
<td>74,723</td>
<td>4,181</td>
<td>4,418</td>
<td>7,077</td>
<td>-</td>
<td>94,436</td>
<td>6,440</td>
<td>9,231</td>
</tr>
<tr>
<td>TVET</td>
<td>2,481</td>
<td>23,182</td>
<td>61,991</td>
<td>115,275</td>
<td>472,496</td>
<td>125,331</td>
<td>51,737</td>
<td>-</td>
</tr>
<tr>
<td>Scholarship</td>
<td>23,182</td>
<td>61,991</td>
<td>115,275</td>
<td>7,760,234</td>
<td>447,496</td>
<td>125,331</td>
<td>51,737</td>
<td>-</td>
</tr>
<tr>
<td>Foundation</td>
<td>61,991</td>
<td>115,275</td>
<td>7,760,234</td>
<td>447,496</td>
<td>125,331</td>
<td>51,737</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL PROPERTY AND ASSETS</td>
<td>151,513</td>
<td>77,972</td>
<td>122,018</td>
<td>125,916</td>
<td>52,037</td>
<td>125,916</td>
<td>52,037</td>
<td>125,916</td>
</tr>
</tbody>
</table>

**LIABILITIES AND CAPITAL FUND**

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Current liabilities</td>
<td>132,339</td>
<td>2,011</td>
<td>2,011</td>
<td>18,129</td>
<td>94,741</td>
<td>526,863</td>
<td>157,396</td>
<td>135,269</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>150,654</td>
<td>26,071</td>
<td>26,071</td>
<td>21,557</td>
<td>107,909</td>
<td>526,863</td>
<td>157,396</td>
<td>43,447</td>
</tr>
</tbody>
</table>

**CAPITAL FUND**

<table>
<thead>
<tr>
<th>DONOR FUND</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>21,828</td>
<td>50,155</td>
<td>22,215</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>JSDF</td>
<td>23,531</td>
<td>50,089</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>(1,613)</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>Poultry</td>
<td>114,362</td>
<td>28,063</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TVET</td>
<td>21,828</td>
<td>50,155</td>
<td>22,215</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>Scholarship</td>
<td>23,531</td>
<td>50,089</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>(1,613)</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>Foundation</td>
<td>21,828</td>
<td>50,155</td>
<td>22,215</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND CAPITAL FUND</td>
<td>151,513</td>
<td>77,972</td>
<td>122,018</td>
<td>125,916</td>
<td>52,037</td>
<td>125,916</td>
<td>52,037</td>
<td>125,916</td>
</tr>
</tbody>
</table>

---

**BRAC UGANDA**
**PROJECT REPORTING (UNAUDITED) (CONT'D)**

**Statement of Financial Position for the year ended 31 December 2018 (Amount in United States Dollars)**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women's</td>
<td>17,675</td>
<td>352,753</td>
<td>2,213,388</td>
<td>-</td>
<td>-</td>
<td>101,049</td>
<td>-</td>
<td>1,117,394</td>
</tr>
<tr>
<td>Training</td>
<td>7,792</td>
<td>352,753</td>
<td>2,213,388</td>
<td>-</td>
<td>-</td>
<td>101,049</td>
<td>-</td>
<td>1,117,394</td>
</tr>
<tr>
<td>AHP</td>
<td>180,566</td>
<td>17,675</td>
<td>352,753</td>
<td>2,213,388</td>
<td>-</td>
<td>101,049</td>
<td>-</td>
<td>1,117,394</td>
</tr>
<tr>
<td>Research</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EDR Project</td>
<td>179,003</td>
<td>352,753</td>
<td>2,213,388</td>
<td>-</td>
<td>-</td>
<td>101,049</td>
<td>-</td>
<td>1,117,394</td>
</tr>
<tr>
<td>Community Connections</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>180,566</td>
<td>17,675</td>
<td>352,753</td>
<td>2,213,388</td>
<td>-</td>
<td>101,049</td>
<td>-</td>
<td>1,117,394</td>
</tr>
</tbody>
</table>

**LIABILITIES AND CAPITAL FUND**

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Current liabilities</td>
<td>2,684</td>
<td>(1,246)</td>
<td>18,094</td>
<td>59</td>
<td>59,997</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>2,684</td>
<td>(1,246)</td>
<td>18,094</td>
<td>59</td>
<td>59,997</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**CAPITAL FUND**

<table>
<thead>
<tr>
<th>DONOR FUND</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>21,828</td>
<td>50,155</td>
<td>22,215</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>JSDF</td>
<td>23,531</td>
<td>50,089</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>(1,613)</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>Poultry</td>
<td>114,362</td>
<td>28,063</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TVET</td>
<td>21,828</td>
<td>50,155</td>
<td>22,215</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>Scholarship</td>
<td>23,531</td>
<td>50,089</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>(1,613)</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>Foundation</td>
<td>21,828</td>
<td>50,155</td>
<td>22,215</td>
<td>2,295</td>
<td>2,295</td>
<td>6,289</td>
<td>2,295</td>
<td>6,289</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND CAPITAL FUND</td>
<td>180,566</td>
<td>17,675</td>
<td>352,753</td>
<td>2,213,388</td>
<td>-</td>
<td>101,049</td>
<td>-</td>
<td>1,117,394</td>
</tr>
</tbody>
</table>
BRAC UGANDA FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS
Hon (rtd) Mr Justice Augustus Kania** - Chairperson
Mr. David Tumwebaze Baguma** - Member
Ms. Margaret Mary Musana Akora** - Member
Mr. Shameran Abed* - Member
Mr. Saffo Md Imran Siddique* - Member (Resigned on 12 September 2018)
Ms. Hasina Akhter * - Member
Mr. Adiga Onesmus Jimmy ** - Managing Director/CEO
Mr. Emmanuel Erassai** - Executive Director/COO

*Bangladeshi ** Ugandan

PRINCIPAL PLACE OF BUSINESS:
Kabusaas, Rubaga, Uganda
Plot 201, Mengo
P.O. Box 31817
Kampala, Uganda

REGISTERED OFFICE:
Off Entebbe Road, Nyanama
Plot 90, Buwambo Zone
P.O. Box 31817
Kampala, Uganda

COMPANY SECRETARY:
John Nambale
P.O. Box 31817
Kampala, Uganda

AUDITORS
KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts,
Plot 2 & 2A, Nakasero Road,
P.O. Box 3609
Kampala, Uganda

BANKERS
Stanbic Bank Uganda Limited
17 Hannington Road
Crested Towers
BRAC UGANDA FINANCE LIMITED
GENERAL INFORMATION

P.O. Box 7131
Kampala, Uganda

Equity Bank Uganda Limited
Plot 300 Muteesa 1 Road
P.O. Box 10184
Kampala, Uganda

Post Bank Uganda Limited
Plot 4/5 Nkurumah road
P.O. Box 1789
Kampala, Uganda

Bank of Africa Uganda Limited
Plot 45 Jinja Road
P.O. Box 2790
Kampala, Uganda

DFCU Bank
Plot 2 Jinja Road, UDB Towers
P.O Box 70
Kampala, Uganda

Pride Microfinance
Victoria Office Park
Block B Bukoto
Kampala, Uganda

Standard Chartered Bank Uganda Ltd
Plot 5 Speke Road
P.O. Box 7111
Kampala, Uganda

Centenary Bank Uganda Limited
Mappasa House
Plot 44-46 Kampala road
P.O Box 1892
Kampala, Uganda

Tropical Bank
Plot 27 Kampala Road
P.O Box 9485
Kampala, Uganda

BRAC UGANDA FINANCE LIMITED
DIRECTORS’ REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have the pleasure in submitting their report and financial statements of BRAC Uganda Finance Limited ("the Company") for the year ended 31 December 2018, which disclose the state of affairs of the Company.

(a) REGISTRATION

BRAC Uganda Finance Limited a company limited by shares was incorporated on 06 June 2017 with BRAC International Holdings B.V as the majority shareholder and acquired/assumed the business, assets and liabilities of BRAC Uganda Microfinance Ltd (by guarantee) with effect from 01 January 2018 following a re-organization of the company limited by guarantee.

On 07 March 2019, BRAC Uganda Finance Limited was awarded a license by Bank of Uganda authorizing the company to operate as a Credit Institution. Therefore in addition to the lending, the company will also accept call and time deposits.

Prior to 06 June 2017, the business was being carried on/conducted by BRAC Uganda Microfinance Limited incorporated on 27 August, 2008 under the Companies Act of Uganda as an independent company limited by guarantee. The company prior to incorporation was a component of BRAC Uganda which was first incorporated as BRAC Foundation in January 2006 and it commenced business in June 2006. In March 2007, the name was changed to BRAC through the registry of Companies. Later the Microfinance and Non-Microfinance Programs got incorporated as independent companies in August 2008 and September 2009 respectively.

On 30 September 2009, at a duly convened meeting of the Governing Board, BRAC transferred all Assets and Liabilities that relate (or are in any way connected with the Microfinance activity it had been operating in Uganda) to BRAC Uganda Microfinance Limited (by guarantee).

The Company effectively commenced trading independently on 1 January, 2010 as BRAC Uganda Microfinance Limited (by guarantee).

(b) VISION

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

(c) MISSION

The Company’s mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scales, positive changes through economic and social programs that enable men and women to realize their potential.

(d) OUR VALUES

Innovation; we have been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in program design and strive to display global leadership in groundbreaking development initiatives.

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

Inclusiveness; we are committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness; we value efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed program targets, and to improve and deepen the impact of our interventions.

(e) PRINCIPAL ACTIVITIES

The Company provides Microfinance services to improve the livelihood of poor people in over 80 districts in Uganda focusing on extending loan facilities. Following the license to operate as a credit institution (Tier 2 financial institution) granted by Bank of Uganda, BRAC will include the provision of call and time deposits as part of the financial services offered to people in Uganda.

(f) FINANCIAL PERFORMANCE

The Company’s performance during the period ended 31st December 2018 is as follows:
DIRECTORS’ REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

(8) RESULTS FROM OPERATIONS
The results for the Company for the period ended 31st December 2018 are set out on page 91.

(9) DIRECTORS’ BENEFITS
No director has received or become entitled to receive any benefits during the financial year.

(10) CORPORATE GOVERNANCE
The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors confirm that:

- The Board of Directors meet regularly throughout the period;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2018 the Board of Directors had eight directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

(11) RISK MANAGEMENT
The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

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

The reliability of accounting records;
Compliance with applicable laws and regulations;
The safeguarding of the Company’s assets;
The effectiveness and efficiency of operations;

(12) MANAGEMENT STRUCTURE
The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Managing Director/Chief Executive Officer who is assisted by the Executive Director/Chief Operations Officer and other heads of divisions, departments and units. The organization structure of the Company comprises of the following divisions:

- Finance and accounting
- Credit
- Legal
- Risk management and compliance
- Human resources and training
- Business development and strategy
- Procurement, logistics and administration
- Internal audit
- Monitoring unit
- ICT

(13) FUTURE DEVELOPMENT PLANS
Strategically focusing on attracting savings from our customers and general public for purposes of financial inclusion. This will be achieved through transformation from a non-deposit taking institution to a credit institution (Tier 2). The license to operate as a credit institution was granted by the Central Bank on the 07 March 2019. Strategically focusing on attracting savings from our customers and general public for purposes of financial inclusion. This will be achieved throughtransformation from a non-deposit taking institution to a credit institution (Tier 2). The license to operate as a credit institution was granted by the Central Bank on the 07 March 2019. The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against unauthorised transactions and errors, the Company’s system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

(14) KEY ACHIEVEMENTS IN 2018 TO DATE
BRAC Board members and management were vetted by Bank of Uganda.
25 out of 32 branches have been refurbished.
Procurement of a core banking software, implementation is over 95% complete. Go live is expected in 2019.
New partnerships with Triple Jump and Caplus for digital financial service strategy and change management strategy respectively.
New share holders were identified to take up 51% shares in the new company. The share transfer agreement was signed on 23 December 2018. The process is expected to be completed within April 2019.

The reliability of accounting records;
Compliance with applicable laws and regulations;
The safeguarding of the Company’s assets;
The effectiveness and efficiency of operations;
BRAC UGANDA FINANCE LIMITED
DIRECTORS’ REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

(g) GENDER PARITY
In December 2018, the company had 1,928 staff (1,892 in 2017). The female staff were 85.3% (85% in 2017).

(f) EMPLOYEES’ WELFARE
Management/employee relationship
There were continued good relations between employees and management for the period. There were no unresolved complaints received by management from the employees during the year. Staff continued to get performance incentive schemes during the period. Grievance handling guidelines were circulated to all employees to understand clearly their rights as well as guiding the supervisors.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

Training
Training and development of staff capacity is one of the key priorities of the Company. This year, a number of staff attended various trainings Delinquency management and credit appraisal training, customer care training and CBS training.

Medical assistance
The Company took over the full cost for medical insurance scheme in 2017, which covers all staff. We plan to add employees’ dependants gradually.

Retirement benefits
All eligible employees are members of the National Social Security Fund (NSSF). The Company contributes 10% of the employees’ gross salary and the employee contributes 5%.

The NSSF is a defined contribution scheme with BRAC Uganda Finance Limited having no legal or constructive obligation to pay further top-up contributions

(d) AUDITORS
The auditors, KPMG, being eligible for reappointment have expressed their willingness to continue in office in accordance with the terms of Section 167(2) of the Companies Act of Uganda.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this statement.

The directors accept responsibility for the financial statements set out on pages 14 to 76 which have been prepared using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the Company.

(g) APPROVAL OF THE FINANCIAL STATEMENTS
The financial statements were approved by the directors at a meeting held on 29 March, 2019.

By order of the Board

Date: 11 April 2019

SECRETARY

BRAC UGANDA FINANCE LIMITED
STATEMENTS OF DIRECTORS’ RESPONSIBILITIES

The Company’s directors are responsible for the preparation and fair presentation of the financial statements, set out on page 14 to 76 comprising the statement of financial position as at 31 December 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act of Uganda and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors’ responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the Company.

Under the Companies Act of Uganda, the directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors to ensure the company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company.

The directors accept responsibility for the financial statements set out on pages 14 to 76 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the Companies Act of Uganda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this statement.

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

Approval of the financial statements
The financial statements, as indicated above, were approved by the board of directors on 29 March 2019 and were signed on its behalf by:

Date: 15.04.2019

Director

Director
Key audit matters (Continued)

Impairment of loans and advances to customers
Refer to notes 3(b), and (c), accounting policy note 4 (IFRS 9-transition), and 27(c) (Credit risk) to the financial statements

Significant Increase in Credit Risk ("SCR")
For the loans to customers, the criteria selected to identify a significant increase in credit risk is a key area of judgement within the company’s ECL calculation as these criteria determine whether a 12-month or lifetime expected credit loss is assessed.

Model estimations
Inherently, judgmental modelling is used to estimate ECLs which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD") and ultimately the Expected Credit Loss ("ECL").

Disclosures and transitional adjustments
The disclosures regarding the company’s application of IFRS 9 are key to understanding the transition from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 ECL results.

- Involving our own financial risk management specialists in assessing the appropriateness of the Bank’s methodologies including the SCR criteria used;
- Testing the impairment calculations to check if the correct parameters – Probability of Default (PDs), Loss Given Default (LGDs), and Exposure at Default (EADs) are determined by considering local economic/periodic factors; and
- Assessing whether the disclosures appropriately disclose the key judgements and assumptions used in determining the expected credit losses.

Other information
The directors are responsible for the Other Information. The Other Information comprises the information included in the Corporate Information, the Directors’ Report and the Statement of Directors’ Responsibilities, but does not include the financial statements and our auditors’ report thereon.

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

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

Responsibilities of directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Companies Act of Uganda, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company’s financial reporting process.

**Auditors’ 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 issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

**Report on Other Legal Requirements**

As required by the Companies Act of Uganda, we report to you, based on our audit, that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief, were considered necessary for the purposes of our audit;
2. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
3. The statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditors’ report is CPA Asad Luwero- PS065.

---

### BRAC UGANDA FINANCE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs ‘000</td>
<td>Ushs ‘000</td>
</tr>
<tr>
<td>Interest income on loans and advances</td>
<td>5</td>
<td>81,777,044</td>
</tr>
<tr>
<td>Other interest income</td>
<td>6</td>
<td>4,152,357</td>
</tr>
<tr>
<td>Interest expense</td>
<td>7 (a)</td>
<td>(10,588,104)</td>
</tr>
<tr>
<td>Other finance costs on borrowings</td>
<td>7 (b)</td>
<td>(1,161,968)</td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td>74,159,379</td>
</tr>
<tr>
<td>Membership fees and other charges</td>
<td>8</td>
<td>5,122,278</td>
</tr>
<tr>
<td>Foreign exchange gains/(losses)</td>
<td>9</td>
<td>304,992</td>
</tr>
<tr>
<td>Grant income</td>
<td>23.4</td>
<td>53,881</td>
</tr>
<tr>
<td>Total operating income</td>
<td></td>
<td>79,730,230</td>
</tr>
<tr>
<td>Expected credit bases on financial assets</td>
<td>16</td>
<td>(3,415,675)</td>
</tr>
<tr>
<td>Operating income after impairment charges</td>
<td></td>
<td>76,314,555</td>
</tr>
<tr>
<td>Staff costs</td>
<td>10</td>
<td>(24,064,322)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>11</td>
<td>(25,906,048)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>19.1</td>
<td>(1,047,474)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td>24,495,411</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>12.1</td>
<td>(7,276,668)</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td></td>
<td>17,218,743</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Items that will not be classified to profit or loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td>17,218,743</td>
</tr>
</tbody>
</table>

The notes set out on pages 95 to 138 form an integral part of these financial statements.
BRAC UGANDA FINANCE LIMITED
STATEMENTS TO FINANCIAL POSITION AS AT 31 DECEMBER 2018

The notes set out on pages 95 to 138 form an integral part of these financial statements.

The financial statements on pages 91 to 138 were approved by the board of directors on 29 March, 2019 and were signed on its behalf by:

Chief Executive Officer

The financial statements on pages 91 to 138 were approved by the board of directors on 29 March, 2019 and were signed on its behalf by:

Finance Officer

The notes set out on pages 95 to 138 form an integral part of these financial statements.

BRAC UGANDA FINANCE LIMITED
STATEMENTS TO CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

The notes set out on pages 95 to 138 form an integral part of these financial statements.

The financial statements on pages 91 to 138 were approved by the board of directors on 29 March, 2019 and were signed on its behalf by:

Chief Executive Officer

The financial statements on pages 91 to 138 were approved by the board of directors on 29 March, 2019 and were signed on its behalf by:

Finance Officer

The notes set out on pages 95 to 138 form an integral part of these financial statements.
BRAC UGANDA FINANCE LIMITED
CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 Ushs ’000</th>
<th>2017 Ushs ’000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>26</td>
<td>18,303</td>
<td>21,360,815</td>
<td>4,941</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>19.1</td>
<td>(9,181,077)</td>
<td>(3,564,689)</td>
<td>(2,471,187)</td>
</tr>
<tr>
<td>Acquisition of soft ware</td>
<td>19.2</td>
<td>(5,558,826)</td>
<td>-</td>
<td>(1,495,682)</td>
</tr>
<tr>
<td>Investment in WIP</td>
<td>19.2</td>
<td>(2,491,359)</td>
<td>-</td>
<td>(670,577)</td>
</tr>
<tr>
<td>Investment in short term deposits</td>
<td>14</td>
<td>(23,560,459)</td>
<td>-</td>
<td>(6,547,758)</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td></td>
<td>(40,812,761)</td>
<td>(3,564,689)</td>
<td>(10,985,200)</td>
</tr>
<tr>
<td>Net receipts from borrowings and managed funds</td>
<td>21.1</td>
<td>20,669,696</td>
<td>6,840,603</td>
<td>5,563,474</td>
</tr>
<tr>
<td>Net cash inflow from financing activities</td>
<td>20,669,696</td>
<td>6,840,603</td>
<td>5,563,474</td>
<td>1,883,385</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(20,124,762)</td>
<td>24,636,729</td>
<td>(5,416,758)</td>
<td>6,783,092</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>38,120,666</td>
<td>13,483,937</td>
<td>10,495,547</td>
<td>3,896,648</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>(254,068)</td>
<td>(154,152)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>13</td>
<td>17,995,904</td>
<td>38,120,666</td>
<td>4,843,794</td>
</tr>
</tbody>
</table>

The notes set out on pages 95 to 138 form an integral part of these financial statements.
to accounting estimates are recognized in the period in which they are revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

Management identifies all significant accounting policies and those that involve high judgment and in particular the significant areas of estimation and uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

(i) Impairment
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 are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company regularly reviews its loan portfolio and other assets and makes judgments in determining whether expected credit losses should be recognized. The methodology and assumptions used for estimating both the expected credit losses and forward looking factors are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Provisions
A provision is recognized for an obligation as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. For provisions included in the financial statements see note 22.

b) Changes in significant accounting policies
The company has initially adopted IFRS 9 from 1 January 2018. A number of other standards are also effective from 1 January 2018 but they do not have a material effect on the company’s financial statements. Due to the transition method chosen by the company in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:

• an increase in impairment losses recognised on financial assets (see Note 4) and additional disclosures related to IFRS 9 (see Note 4);

Except for the changes below, the company has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements.

1. IFRS 9 Financial instruments;
IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information.

The key changes to The Bank’s accounting policies resulting from its adoption of IFRS 9 are summarized below. The full impact of adopting the standard is set out in Note 4.

Classification of financial assets and financial liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. For an explanation of how the company classifies financial assets under IFRS 9, see Note 4.
Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying value of property and equipment and recognized not with other income in profit or loss.

(ii) Depreciation
Depreciation is recognized in profit or loss and calculated to write off the cost of the property and equipment on a straight-line basis over the expected useful lives of the assets concerned, and intangible assets on a straight-line basis.
The estimated depreciation rates for the current and comparative periods are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles, motor cycles and bicycles</td>
<td>20%</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>10%</td>
</tr>
<tr>
<td>Equipment</td>
<td>15%</td>
</tr>
</tbody>
</table>

Management and directors review the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period.

d) Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ugandan Shilling at the spot rate on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ugandan Shilling at the foreign exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Ugandan Shilling at foreign exchange rates ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognized in the income statement.

e) Other Assets
Other assets comprise of prepayments, deposits and other receivables which arise during the normal course of business; they are carried at original invoice amount less provision made for expected credit losses. A provision for impairment of trade receivables is established by estimating the probability of default and incorporating forward looking factors.

f) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity at inception of the contract and include: cash in hand, deposits held at call with the company, net of the company overdraft facilities subject to sweeping arrangements. Investments with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

g) Provisions and Other liabilities
A provision is recognized if, as a result of a past event, BRAC Uganda Finance Limited has a present obligation to do something and a reasonable estimate can be made of the amount required to settle the obligation. Other accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

h) Income tax
Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated on the basis of tax rates currently enacted.

(i) Revenue recognition
Revenue is recognized on an accruals basis.

(ii) Interest income on loans and advances
Interest income is recognized in the Statement of Comprehensive Income on accrual basis using the effective interest method. Interest income includes the amortization of any discount at premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.
The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period to the carrying amount of the financial asset or liability). The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.
The calculation of the effective interest rate includes all fees and charges paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(iii) Membership fees and Other charges
Membership fees and other charges are recognized on an accrual basis when a customer obtains control of the goods or services.

(iv) Other income
Other income comprises interest from short term deposits, gains less losses related to trading assets and liabilities, and includes gains from disposal of (BRAC Uganda Finance Ltd) assets and all realized and unrealized foreign exchange differences.

Interest income on (BRAC Uganda Finance Ltd) bank deposit is earned on an accrual basis at the agreed interest rate with the respective financial institution.

j) Grants
(i) Donor Grants
All donor grants received are initially recognized as either deferred income at fair value and recorded as either liabilities or equity in the grants received in advance account upon receipt in accordance with IAS 32.

The portion of the grants utilized to purchase property and fixed assets are classified as deferred income and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the statement of comprehensive income as grant income.

The portion of the grants utilized to reimburse microfinance program related expenditure, are recognized as grant income for the period in the statement of comprehensive income.

The portion of the grants utilized to disbursa company loans, are transferred as deferred income in loans to company members.

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

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

For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

(ii) Grant income
Grant income is recognized on a cash basis to the extent that BRAC Uganda Finance Limited fulfills the conditions of the grant. This income is transferred from the deferred grant received from Donors and recognized as income in the statement of comprehensive income.

For donor grants restricted to funding procurement fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed asset.
k) Loans and borrowings

Loans and borrowings are recognized initially as the proceeds are received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method, any difference between the proceeds and the redemption value is amortized to the income statement over the period of the borrowings.

l) Managed funds

The company elected to recognize the funds under fiduciary management as part of assets and the corresponding liability as well.

m) Employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave on a subjective basis as a result of services rendered by employees up to the balance sheet date. The company does not operate any retirement benefit fund. However, severance pay is provided for in accordance with the Ugandan statutes. The company also operates an employee bonus incentive scheme. The provision for employee bonus incentive is based on a predetermined company policy and is recognized in other accruals. The accrual for employee bonus incentive is expected to be settled within 12 months.

n) Contingent liabilities

The company recognizes a contingent liability where it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the company, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

o) Related party transactions

Related parties comprise directors, subsidiaries of BRAC International and key management personnel of the company and companies with common ownership and/or directors.

p) Financial assets and financial liabilities

I. Recognition and initial measurement

The company initially recognizes loans and advances and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

p) Financial assets and financial liabilities (Continued)

The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods; the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition, ‘interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the company’s claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

p) Financial assets and financial liabilities (Continued)

ii. Classification (Continued)

Non-recourse loans

In some cases, loans made by the company that are secured by collateral of the borrower limit the company’s claim to cash flows of the underlying collateral (non-recourse loans). The company applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The company typically considers the following information when making this judgment:
Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv. Modifications of financial assets and financial liabilities

Policy applicable from 1 January 2018

Financial assets

• If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different.
  - If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:
    • fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
    • other fees are included in profit or loss as part of the gain or loss on derecognition.

Financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

b) Financial assets and financial liabilities (continued)

Policy applicable to dates before 1 January 2018

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.
vi. Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would have been received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g., bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vii. Impairment

Policy applicable from 1 January 2018

The company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The company measures loss allowances at an amount equal to Lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to Lifetime ECL.
Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision and;
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company’s procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Objective evidence of impairment

At each reporting date, the company assesses whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a Company of financial assets was “impaired” when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the assets(s) that could be estimated reliably.

In addition, a retail loan that was overdue for 90 days or more was considered impaired.

Objective evidence that financial assets were impaired included:

- significant financial difficulty of a borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- indications that a borrower or issuer would enter the bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a Company of assets, such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlated with defaults in the company.

A loan that was renegotiated due to a deterioration in the borrower’s credit was usually considered to be impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indications of impairment.

The company considered evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities were assessed for specific impairment. Those not found to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified (IBNR).

Loans and advances and held-to-maturity investment securities that were not individually significant were collectively assessed for impairment by Companying together loans and advances and held-to-maturity investment securities with similar credit risk characteristics.

An individual measurement of impairment was based on management’s best estimate of the present value of the cash flows that were expected to be received. In estimating these cash flows, management made judgements about a debtor’s financial situation and the

not realisable value of any underlying collateral. Each impaired asset was assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable were independently approved by the credit risk function.

The collective allowance for Company’s of homogenous loans was established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience. The roll rate methodology used statistical analysis of historical data on delinquency to estimate the amount of loss. Management applied judgement to ensure that the estimated rate of loss arrived at on the basis of historical information was appropriately adjusted to reflect the economic conditions and product mix at the reporting date. Roll rates and loss rates were regularly benchmarked against actual loss experience.

The BIFH allowance covered credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there was objective evidence to suggest that they contained impaired items but the individual impaired items could not yet be identified.

In assessing the need for collective loss allowance, management considered factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions were made to derive how inherent losses were modelled and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowance depended on the model assumptions and parameters used in determining the collective allowance. Loans that were subject to a collective BIFH provision were not considered impaired.

Measurement of impairment

Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. Impairment losses on available-for-sale assets were calculated as the difference between the carrying amount and the fair value.

Reversal of impairment

For assets measured at amortised cost: If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss, for available-for-sale debt security. If, in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognised through OCI.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security was always recognised in OCI.

Presentation

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

Impairment losses on available-for-sale investment securities were recognised by restating the losses accumulated in the fair value reserve in equity to profit or loss. The asset was then derecognised from equity to profit or loss if the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to the application of the effective interest method were reflected as a component of interest income.

Write-off

The company wrote off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Company Credit determined that there was no realistic prospect of recovery.

vii. Designation at fair value through profit or loss

Financial assets

At initial recognition, the company has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Before 1 January 2018, the company also designated certain financial assets as at FVTPL because the assets were managed, evaluated and reported internally on a fair value basis.

Financial liabilities

The company has designated certain financial liabilities as at FVTPL, in either of the following circumstances:
Performance obligations and revenue recognition policies

Membership fees and other changes are measured based on the consideration specified in a contract with a customer. The company recognizes revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Nature and timing of satisfaction of performance obligations, including significant payment terms 2018</th>
<th>Revenue recognition under IFRS 15 (applicable from 1 January 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>These are transactional fees based on revenue that mainly comprise of but not limited to membership fee.</td>
<td>• Enforceable arrangement with customer exists.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance obligation (PO) – the company admits the client</td>
</tr>
<tr>
<td></td>
<td></td>
<td>as a member eligible for a loan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transaction price – annual fees in line with the contractual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Allocation of price to PO – single performance obligation,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>no allocation necessary.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PO satisfied – At a point in time when the individual has</td>
</tr>
<tr>
<td></td>
<td></td>
<td>been admitted as a member.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No change in current accounting.</td>
</tr>
</tbody>
</table>

Category B: Sale of pass books. It’s a fee charged on the sale of pass books to customers.

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Nature and timing of satisfaction of performance obligations, including significant payment terms 2018</th>
<th>Revenue recognition under IFRS 15 (applicable from 1 January 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category B</td>
<td>These are transactional fees based on revenue that mainly comprise of but not limited to membership fee.</td>
<td>• Enforceable arrangement with customer exists.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance obligation (PO) – the company admits the client</td>
</tr>
<tr>
<td></td>
<td></td>
<td>as a member eligible for a loan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transaction price – annual fees in line with the contractual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Allocation of price to PO – single performance obligation,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>no allocation necessary.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PO satisfied – At a point in time when the individual has</td>
</tr>
<tr>
<td></td>
<td></td>
<td>been admitted as a member.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No change in current accounting.</td>
</tr>
</tbody>
</table>
• Judgments made;
• Assumptions and other estimates used; and
• the potential impact of uncertainties that are not reflected.

The interpretation is not expected to have a significant impact on the financial statements of the Company.

IFRS 23 applies for annual periods beginning on or after 1 January 2010. Earlier adoption is permitted.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify those financial assets containing prepayment features with negative compensation can now be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendment is not expected to have a significant impact on the financial statements of the Company.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

4. IFRS 9 TRANSITION NOTE

4.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

The following table shows the original classification in accordance with IAS 39 and the new measurement categories under IFRS 9 together with the impact of changes in measurement, for the company’s financial assets as at 1 January 2018.

4.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

Adoption of IFRS 9 did not result in a change in the measurement categories nor the carrying values of the financial liabilities of the Company.

4.3 RECONCILIATION OF LOSS ALLOWANCES

The following table reconciles the impairment allowance as at 31 December 2017 to the opening expected credit loss allowance, as at 1 January 2018 determined in accordance with IFRS 9.

6. OTHER INTEREST INCOME

The interest income from loans and advances and other interest income on deposits was earned using the effective interest method and loss.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

BRAC UGANDA FINANCE LIMITED

Annual Report 2018

### 8. MEMBERSHIP FEES AND OTHER CHARGES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Membership fee</td>
<td>441,321</td>
<td>389,970</td>
<td>118,199</td>
<td>108,949</td>
</tr>
<tr>
<td>Loan appraisal fee</td>
<td>3,521,719</td>
<td>3,388,271</td>
<td>1,023,574</td>
<td>946,611</td>
</tr>
<tr>
<td>Loan application fee</td>
<td>39,604</td>
<td>33,600</td>
<td>10,580</td>
<td>9,388</td>
</tr>
<tr>
<td>Other income</td>
<td>481,334</td>
<td>574,706</td>
<td>128,917</td>
<td>160,561</td>
</tr>
<tr>
<td>Income from written off loans</td>
<td>268,826</td>
<td>-</td>
<td>72,000</td>
<td>-</td>
</tr>
<tr>
<td>Sale of pass books</td>
<td>69,574</td>
<td>59,333</td>
<td>18,634</td>
<td>16,576</td>
</tr>
<tr>
<td>Total</td>
<td>5,122,278</td>
<td>4,445,883</td>
<td>1,371,904</td>
<td>1,242,085</td>
</tr>
</tbody>
</table>

All fees and commission income and expense arise from financial assets and financial liabilities that are not at fair value through profit and loss.

### 9. FOREIGN EXCHANGE GAINS/(LOSSES)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Unrealized foreign exchange gains/ (losses)</td>
<td>331,239</td>
<td>(86,381)</td>
<td>88,716</td>
<td>(24,153)</td>
</tr>
<tr>
<td>Realized foreign exchange gains/ (losses)</td>
<td>63,453</td>
<td>(95,716)</td>
<td>16,695</td>
<td>(27,278)</td>
</tr>
<tr>
<td></td>
<td>394,692</td>
<td>(185,096)</td>
<td>105,711</td>
<td>(51,711)</td>
</tr>
</tbody>
</table>

### 10. STAFF COSTS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Salaries</td>
<td>20,457,541</td>
<td>17,969,073</td>
<td>5,479,158</td>
<td>5,025,785</td>
</tr>
<tr>
<td>Bonus</td>
<td>1,652,152</td>
<td>619,368</td>
<td>281,794</td>
<td>171,418</td>
</tr>
<tr>
<td>Employer's NSSF contribution</td>
<td>2,173,200</td>
<td>1,638,005</td>
<td>852,076</td>
<td>510,966</td>
</tr>
<tr>
<td>Insurance for staff</td>
<td>1,027,969</td>
<td>737,004</td>
<td>275,319</td>
<td>206,155</td>
</tr>
<tr>
<td>Wages</td>
<td>1,467</td>
<td>1,726</td>
<td>393</td>
<td>522</td>
</tr>
<tr>
<td>Staff leave provision</td>
<td>252,431</td>
<td>74,464</td>
<td>67,659</td>
<td>20,803</td>
</tr>
<tr>
<td>Total</td>
<td>24,964,822</td>
<td>21,245,740</td>
<td>6,686,349</td>
<td>5,935,609</td>
</tr>
</tbody>
</table>

### 11. OTHER OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>5,441,204</td>
<td>2,000,889</td>
<td>1,457,322</td>
<td>810,447</td>
</tr>
<tr>
<td>Staff training and development</td>
<td>1,233,144</td>
<td>680,553</td>
<td>330,274</td>
<td>190,126</td>
</tr>
<tr>
<td>Publication and marketing costs</td>
<td>496,702</td>
<td>-</td>
<td>133,836</td>
<td>-</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>6,468,059</td>
<td>7,076,891</td>
<td>2,288,400</td>
<td>1,977,133</td>
</tr>
<tr>
<td>Maintenance and general expenses</td>
<td>1,987,078</td>
<td>2,336,130</td>
<td>532,201</td>
<td>652,696</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>1,122,149</td>
<td>1,162,141</td>
<td>300,011</td>
<td>380,553</td>
</tr>
<tr>
<td>Internet, telephone and postage costs</td>
<td>940,218</td>
<td>664,575</td>
<td>225,036</td>
<td>185,668</td>
</tr>
<tr>
<td>Software maintenance and development costs</td>
<td>763,877</td>
<td>658,000</td>
<td>259,815</td>
<td>183,811</td>
</tr>
<tr>
<td>Fixed assets write-off/ loss on disposal of assets</td>
<td>104,539</td>
<td>22,006</td>
<td>27,990</td>
<td>6,196</td>
</tr>
<tr>
<td>Legal &amp; other professional services</td>
<td>706,560</td>
<td>1,173,650</td>
<td>187,270</td>
<td>486,463</td>
</tr>
<tr>
<td>Audit fees</td>
<td>251,179</td>
<td>200,081</td>
<td>67,274</td>
<td>55,888</td>
</tr>
<tr>
<td>Office equipment</td>
<td>137,201</td>
<td>-</td>
<td>36,771</td>
<td>-</td>
</tr>
<tr>
<td>Bad debts write off</td>
<td>54,430</td>
<td>60,227</td>
<td>14,579</td>
<td>16,626</td>
</tr>
<tr>
<td>Donations</td>
<td>1,100,000</td>
<td>1,115,516</td>
<td>294,614</td>
<td>311,651</td>
</tr>
<tr>
<td>Loan recovery costs</td>
<td>88,161</td>
<td>-</td>
<td>23,612</td>
<td>-</td>
</tr>
<tr>
<td>HO logistics and management expenses</td>
<td>2,080,610</td>
<td>2,201,302</td>
<td>798,299</td>
<td>615,005</td>
</tr>
<tr>
<td>Total</td>
<td>25,806,648</td>
<td>21,035,198</td>
<td>6,911,817</td>
<td>5,876,787</td>
</tr>
</tbody>
</table>

### 11. (b) Occupancy expenses are analyzed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>2,769,349</td>
<td>1,526,254</td>
<td>741,717</td>
<td>426,403</td>
</tr>
<tr>
<td>Utilities</td>
<td>256,613</td>
<td>179,824</td>
<td>68,729</td>
<td>50,239</td>
</tr>
<tr>
<td>Security</td>
<td>2,415,242</td>
<td>1,194,611</td>
<td>646,876</td>
<td>333,855</td>
</tr>
<tr>
<td>Total</td>
<td>5,441,204</td>
<td>2,900,889</td>
<td>1,457,322</td>
<td>810,447</td>
</tr>
</tbody>
</table>

### 12. TAXATION

#### 12.1 Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Current tax</td>
<td>6,750,634</td>
<td>8,150,140</td>
<td>1,808,030</td>
<td>2,288,152</td>
</tr>
<tr>
<td>Deferred tax (credit)/charge (Note 118)</td>
<td>(148,352)</td>
<td>671,492</td>
<td>(29,734)</td>
<td>187,600</td>
</tr>
<tr>
<td>Tax effect of transition adjustment</td>
<td>(616,521)</td>
<td>-</td>
<td>185,070</td>
<td>-</td>
</tr>
<tr>
<td>Tax expense</td>
<td>7,276,688</td>
<td>7,476,672</td>
<td>1,948,918</td>
<td>2,068,306</td>
</tr>
</tbody>
</table>

The corporation tax rate is set at 30% of the profits for the year as adjusted for tax purposes in accordance with the Income Tax Act Cap 340.

The tax charge on the company’s profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows.
1. BRAC Uganda Finance Limited also declared a dividend of Ushs 66 billion to the shareholders (BRAC International Holdings BV). This would attract withholding tax of 15% of the gross amount. The transaction may qualify for treaty relief under the Uganda-Netherlands double taxation agreement if the anti-tax shuttling provisions in section 89B of the Income Tax Act are met.

Under Section 89B of the Income Tax Act, the recipient of the income (BRAC International Holdings BV) must be the beneficial owner of the income, have full and unrestricted ability to enjoy that income and determine its future uses; and must have economic substance in the treaty partner state (Netherlands).

BRAC Uganda Finance Limited has sought a private ruling from URA to confirm whether this dividend payment qualifies for exemption under the treaty.

The financial statements have been prepared on the basis that the above ruling will be made in favour of the company and as such no tax liabilities have been accrued as the directors believe they have a strong case.

### 13. CASH AND BANK

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>5,962</td>
<td>1,715</td>
<td>1,810</td>
<td>472</td>
</tr>
<tr>
<td>Standard Chartered Bank Uganda</td>
<td>79,141</td>
<td>5,120,668</td>
<td>20,225</td>
<td>416,564</td>
</tr>
<tr>
<td>Bank of Africa Uganda Limited</td>
<td>6,469,319</td>
<td>588,037</td>
<td>1,741,019</td>
<td>238,238</td>
</tr>
<tr>
<td>Centenary Bank Uganda Limited</td>
<td>241,249</td>
<td>217,006</td>
<td>86,590</td>
<td>50,747</td>
</tr>
<tr>
<td>Equity Bank Uganda Limited</td>
<td>83,743</td>
<td>58,772</td>
<td>22,540</td>
<td>27,194</td>
</tr>
<tr>
<td>Orient Bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DFCSU Bank</td>
<td>51,583</td>
<td>28,101</td>
<td>13,884</td>
<td>7,737</td>
</tr>
<tr>
<td>Post Bank Uganda Limited</td>
<td>256,980</td>
<td>132,167</td>
<td>69,680</td>
<td>36,670</td>
</tr>
<tr>
<td>Pride Microfinance Limited</td>
<td>27,008</td>
<td>24,357</td>
<td>7,289</td>
<td>6,736</td>
</tr>
<tr>
<td>Tropical Bank Uganda Limited</td>
<td>17,900</td>
<td>14,328</td>
<td>4,919</td>
<td>3,946</td>
</tr>
<tr>
<td>Stanbic Bank Uganda Limited</td>
<td>7,751,461</td>
<td>4,065,175</td>
<td>2,069,391</td>
<td>1,372,540</td>
</tr>
<tr>
<td><strong>Cash and Bank</strong></td>
<td>14,987,269</td>
<td>7,873,635</td>
<td>4,033,987</td>
<td>2,167,803</td>
</tr>
<tr>
<td>ECL allowance</td>
<td>(167,258)</td>
<td>-</td>
<td>(45,020)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash and Bank</strong></td>
<td>14,820,011</td>
<td>7,873,635</td>
<td>3,988,967</td>
<td>2,167,803</td>
</tr>
</tbody>
</table>

### 14. SHORT TERM DEPOSITS AT AMORTISED COST

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>2,056,774</td>
<td>-</td>
<td>553,605</td>
<td>-</td>
</tr>
<tr>
<td>UGACOFEE Microfinance</td>
<td>2,058,126</td>
<td>-</td>
<td>553,967</td>
<td>-</td>
</tr>
<tr>
<td>Bank of Africa</td>
<td>-</td>
<td>5,061,602</td>
<td>-</td>
<td>1,383,682</td>
</tr>
<tr>
<td>DFCSU</td>
<td>-</td>
<td>10,000,790</td>
<td>-</td>
<td>2,755,007</td>
</tr>
<tr>
<td>Post Bank</td>
<td>2,090,692</td>
<td>1,050,734</td>
<td>560,041</td>
<td>290,238</td>
</tr>
<tr>
<td>Pride Microfinance</td>
<td>5,250,110</td>
<td>8,075,692</td>
<td>1,413,124</td>
<td>2,223,426</td>
</tr>
<tr>
<td>RNCIA MDI</td>
<td>2,947,152</td>
<td>766,335</td>
<td>836,754</td>
<td>-</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>6,223,045</td>
<td>3,010,005</td>
<td>1,675,000</td>
<td>828,792</td>
</tr>
<tr>
<td>Orient Bank</td>
<td>-</td>
<td>3,010,005</td>
<td>-</td>
<td>828,792</td>
</tr>
<tr>
<td>Opportunity Bank</td>
<td>6,076,265</td>
<td>-</td>
<td>1,835,400</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,592,134</td>
<td>30,247,031</td>
<td>7,157,563</td>
<td>8,327,744</td>
</tr>
<tr>
<td>ECL allowance</td>
<td>(206,768)</td>
<td>-</td>
<td>(79,879)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net short term deposits</strong></td>
<td>26,295,366</td>
<td>30,247,031</td>
<td>7,077,684</td>
<td>8,327,744</td>
</tr>
</tbody>
</table>
## Loans and advances

The movement of the loan account is analyzed as shown below:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td><strong>At 1 January</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loans disbursed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loan repayments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lessee write-offs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Currency translation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross advances to customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest receivable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expected credit losses on loans and advances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net advances to customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 15.3 Provision for impairment of loans and advances

- The movement in the allowance for impairment for loans and advances to customers during the year was as follows:
- The company measures the loss allowance on loans and advances at an amount equal to the 12-month or lifetime expected credit loss.
- Measurement of Expected Credit Losses

#### 15.4 Sectoral analysis of loans and advances to customers

Economic Sector Risk Concentrations within the customer loan portfolios were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td><strong>At 1 January</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loan repayments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lessee write-offs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Currency translation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross advances to customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest receivable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expected credit losses on loans and advances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net advances to customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The expected credit losses shall be determined as follows:

\[ \text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD} \]

**Expected Credit Losses (ECL):** The weighted average of expected losses with the respective risks of a default occurring as the weights.

**Probability of Default (PD):** This relates an estimate of the likelihood of default over a given time horizon.

**Loss Given Default (LGD):** This relates to an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

**Exposure at Default (EAD):** This is an estimate of the exposure at a future default date, taking into account expected changes in the cash flows due and those that the lender would expect to receive, including from any collateral.

Further details on how the above parameters are determined are well stipulated in the company's loss provisioning process.

**Expected Credit Losses:**

\[ \text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD} \]

The expected credit losses shall be determined as follows:

<table>
<thead>
<tr>
<th>Loan category</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-29</td>
<td>&gt; 29</td>
<td>&gt; 90</td>
</tr>
<tr>
<td>Performing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performing with significant increase in credit risk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-performing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. **EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances (Note 15.3)</td>
<td>2,061,849</td>
<td>5,276,067</td>
<td>790,597</td>
<td>1,474,270</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>206,768</td>
<td>-</td>
<td>70,483</td>
<td>-</td>
</tr>
<tr>
<td>Cash and Bank</td>
<td>167,258</td>
<td>-</td>
<td>44,797</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,415,875</td>
<td>5,276,067</td>
<td>914,877</td>
<td>1,474,270</td>
</tr>
</tbody>
</table>

17. **RELATED PARTY DISCLOSURE**

The ultimate parent company is BRAC International Holdings NV, a company registered in the Netherlands. BRAC Uganda and BRAC Bangladesh are affiliate entities of BRAC Uganda Finance Limited. There are other companies that are related to BRAC Uganda Finance through common shareholding.

17.1 **RELATED PARTY RECEIVABLES**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC Uganda</td>
<td>-</td>
<td>1,784,903</td>
<td>-</td>
<td>491,427</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>1,784,903</td>
<td>-</td>
<td>491,427</td>
</tr>
</tbody>
</table>

17.2 **RELATED PARTY PAYABLES**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC Bangladesh</td>
<td>17,457</td>
<td>439,592</td>
<td>4,699</td>
<td>121,030</td>
</tr>
<tr>
<td>BRAC Uganda NGO</td>
<td>372,419</td>
<td>-</td>
<td>100,240</td>
<td>-</td>
</tr>
<tr>
<td>BRAC International Holdings BV-against dividend</td>
<td>66,164,311</td>
<td>-</td>
<td>17,830,845</td>
<td>-</td>
</tr>
<tr>
<td>BRAC International Holdings BV-against management expenses</td>
<td>1,567,028</td>
<td>436,011</td>
<td>421,783</td>
<td>120,045</td>
</tr>
<tr>
<td>Total</td>
<td>68,121,215</td>
<td>875,603</td>
<td>18,335,567</td>
<td>241,075</td>
</tr>
</tbody>
</table>

Related party payables/receivables relate to intercompany transactions which bear no interest, are unsecured and due on demand.

The fair value of these related party payables/receivables approximates their carrying amounts.

17.3 **OTHER RELATED PARTY TRANSACTIONS DURING THE YEAR:**

i) Interest expense accrued on related party loans

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC Bangladesh</td>
<td>-</td>
<td>433,416</td>
<td>-</td>
<td>119,330</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>433,416</td>
<td>-</td>
<td>119,330</td>
</tr>
</tbody>
</table>

ii) Interest payment on related party loans

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC Africa Microfinance Limited</td>
<td>-</td>
<td>2,445,251</td>
<td>-</td>
<td>683,151</td>
</tr>
<tr>
<td>BRAC Bangladesh</td>
<td>-</td>
<td>169,064</td>
<td>-</td>
<td>47,233</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>2,614,315</td>
<td>-</td>
<td>730,384</td>
</tr>
</tbody>
</table>

iii) Related party loans as disclosed in note 21

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion</td>
<td>-</td>
<td>1,547,916</td>
<td>-</td>
<td>426,179</td>
</tr>
<tr>
<td>Total current portion</td>
<td>-</td>
<td>1,547,916</td>
<td>-</td>
<td>426,179</td>
</tr>
<tr>
<td>Total Related Party loans</td>
<td>-</td>
<td>1,547,916</td>
<td>-</td>
<td>426,179</td>
</tr>
</tbody>
</table>

All the above related parties share a common ultimate controlling party with the Company. Refer to Note 21 for detailed terms of these loans.
### 18. OTHER ASSETS

#### 19.1 PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th>Furniture</th>
<th>Equipment</th>
<th>Motor vehicles</th>
<th>Total</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>At 1 January 2017</td>
<td>3,137,046</td>
<td>1,507,961</td>
<td>213,137</td>
<td>3,508,044</td>
</tr>
<tr>
<td>Additions</td>
<td>2,430,200</td>
<td>737,574</td>
<td>396,914</td>
<td>3,564,868</td>
</tr>
<tr>
<td>Disposal</td>
<td>(55,316)</td>
<td>(48,130)</td>
<td>(121,415)</td>
<td>(224,861)</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>3,711,930</td>
<td>1,987,093</td>
<td>1,642,228</td>
<td>6,338,251</td>
</tr>
<tr>
<td>Additions</td>
<td>5,072,033</td>
<td>4,109,044</td>
<td>29,718</td>
<td>890,501</td>
</tr>
<tr>
<td>Currency translation</td>
<td>(153,707)</td>
<td>(11,800)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>8,621,014</td>
<td>5,601,915</td>
<td>461,918</td>
<td>14,685,447</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 1 January 2017</td>
<td>601,040</td>
<td>1,030,698</td>
<td>183,405</td>
<td>1,866,043</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>188,041</td>
<td>170,530</td>
<td>67,612</td>
<td>423,363</td>
</tr>
<tr>
<td>Accumulated depreciation on disposal</td>
<td>(40,216)</td>
<td>(42,031)</td>
<td>(110,728)</td>
<td>(202,755)</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>796,765</td>
<td>1,158,417</td>
<td>131,189</td>
<td>2,086,371</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>516,764</td>
<td>437,104</td>
<td>50,606</td>
<td>1,047,474</td>
</tr>
<tr>
<td>Accumulated depreciation on disposal</td>
<td>(110,446)</td>
<td>(640,461)</td>
<td>(26,486)</td>
<td>(798,095)</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>1,194,383</td>
<td>955,060</td>
<td>198,307</td>
<td>2,347,750</td>
</tr>
<tr>
<td>Net Book Value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 19.2 CAPITAL WORK IN PROGRESS

- **In 2013**, Ushs 640 million was repaid and the balance of Ushs 1,981 million was repayable on demand. The loan was fully paid in August 2014.
- **In January 2007**, BRAC Uganda Microfinance obtained a facility of USD 1,305,965 equivalent to Ushs 2,187 million from BRAC Bangladesh
- **For maturity analysis of the above loans, refer to 27(d).**

#### 20. LOAN SECURITY FUND

- **Opening balance**: 26,315,745 Ushs 28,315,745 USD 7,861,302
- **Received during the year**: 19,405,079 USD 19,487,337
- **Paid off/adjusted during the year**: (9,715,064) USD (9,581,217)
- **Currency translation**: - USD -

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>21,611,655</td>
<td>21,611,655</td>
</tr>
</tbody>
</table>

**The Loan Security Fund acts as collateral for the customers’ loan obligations (Company loans) to BRAC Uganda Finance Limited.**
In November 2007, BRAC Uganda Finance Ltd signed a hosting agreement with Kiva to obtain access to post on the website descriptions of businesses in need of debt capital as well as proposed terms for making loans to such businesses. This was with the hope of obtaining capital in the form of loans from the individuals and entities who also access Kiva website and the loan is interest free. The first loan tranche was received in December 2007. BRAC received additional funds of USD 327,060 within the year 2018.

ii) Kiva

In May 2015, BRAC Microfinance obtained a loan from Bank of Africa amounting to Ushs 3,900,000,000 equivalent to USD 2,849,658. The loan period is 3 years. Interest and principal is paid on a quarterly basis at a rate of 25%. The loan was fully repaid in March 2018.

iii) Bank of Africa

In July 2015, a loan agreement was signed with Responsibility Investments AG worth USD 4,500,000 to the equivalent of Ushs 15,079 million. The first tranche of USD 2,500,000 was immediately disbursed and the second one disbursed at close of November 2015. The facilities are repayable in a period of 3 years at an interest rate of 6.96%. The outstanding balance of USD 277,778 is due in November 2018.

This loan is not secured.

iv) Responsibility Investments AG

In July 2015, a loan agreement was signed with Responsibility Investments AG worth USD 4,500,000 to the equivalent of Ushs 15,079 million. The first tranche of USD 2,500,000 was immediately disbursed and the second one disbursed at close of November 2015. The facilities are repayable in a period of 3 years at an interest rate of 6.96%. The outstanding balance of USD 277,778 is due in November 2018.

The loan is not secured.

v) Stromme Microfinance

In August 2016, a loan agreement was signed between BRAC Uganda Finance Limited and Stromme Microfinance Limited amounting to Ushs 5.5 billion. The principle is repayable within 4 years and attracts an interest rate of minimum 18% pa with one year’s grace period for principal. The amount was disbursed on the 18 November 2016. Principle and interest payments are made on a quarterly basis. The loan is secured by a floating charge on Brac Uganda Finance Limited’s loan portfolio.

As at 31st December 2018, principal amounting to Ushs 1, 833,000,000 had been repaid. The outstanding loan balance of Ushs 3,749,845,000 includes interest accrued for the year.

vi) Oko Credit

In October 2016, BRAC Uganda Finance obtained a loan from Oko credit, the loan agreement was for a total principal loan amount of Ushs 20 billion for a period of 5 years, at a rate of 16.01% and disbursed in 4 tranches of Ushs 5 billion each. The first tranche was received on the 23 December 2016 and the second and third tranches of Ushs 10 billion were received on 21 September 2017. The last tranche was received in November 2018 of Ushs 5 billion. The loan will be repaid in 18 quarterly instalments. The loan is secured by a floating charge on Brac Uganda Finance Limited’s loan portfolio.

As at 31st December 2018, total funds amounting to Ushs 1,6000,000,000 had been paid and the outstanding loan balance of Ushs 4,509,011,000 included interest accrued in the year.

vii) aBio Finance Limited

In July 2017, a loan agreement was signed between BRAC Uganda Finance Limited and aBio Finance Limited amounting to Ushs 6 billion. The principle is repayable within 4 years and attracts an interest rate of minimum 14% pa with one year’s grace period for principal. The amount was disbursed on the 30 July 2017. Principle and interest payments are made on a quarterly basis. The loan is secured by a floating charge on Brac Uganda Finance Limited’s loan portfolio.

As at 31st December 2018, total funds amounting to Ushs 1, 600,000,000 had been paid. The outstanding loan balance of Ushs 3,749,845,000 includes interest accrued for the year.

viii) Oiko Credit

In June 2017, BRAC Uganda Finance Limited obtained a loan from FMO, the loan agreement was for a total principal loan amount of USD 2 million for a period of 4 years, at a rate of 16.03% and disbursed in 4 tranches. The first tranche of USD 500,000 was disbursed in July 2017 and the second tranche was disbursed in December 2017 of USD 500,000 at an interest rate of 15.10%. The final disbursements of Ushs 6,416,853 equivalent USD 1,679,510 was drawn down in 2018. The loan principal repayments will commence in 2020.The loan is not secured.

Value of security held

Stromme Microfinance and the Oko Credit loans are secured against the loan portfolio, the Bank of Africa facility was secured by a corporate guarantee from Brac Holdings BV. All the other loans and advances are unsecured.

21.1 Analysis of movement in Borrowings and managed funds

<table>
<thead>
<tr>
<th></th>
<th>2018 USD</th>
<th>2017 USD</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts</td>
<td>38,200</td>
<td>39,751</td>
<td>10,308</td>
<td>10,644</td>
</tr>
<tr>
<td>Bonus accrual</td>
<td>61,416</td>
<td>8,812</td>
<td>3,162</td>
<td>2,462</td>
</tr>
<tr>
<td>Accrual for staff leave</td>
<td>59,623</td>
<td>41,723</td>
<td>11,891</td>
<td>11,487</td>
</tr>
<tr>
<td>Currency translations</td>
<td>-</td>
<td>(367,483)</td>
<td>(321,645)</td>
<td></td>
</tr>
</tbody>
</table>
23. DONOR FUNDS

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor funds received in advance</td>
<td>23.1</td>
<td>153,412</td>
<td>153,412</td>
<td>41,203</td>
<td>42,235</td>
<td></td>
</tr>
<tr>
<td>Donor funds investment in fixed assets</td>
<td>23.2</td>
<td>507,010</td>
<td>550,891</td>
<td>136,467</td>
<td>154,430</td>
<td></td>
</tr>
<tr>
<td>Donor funds investment in loans to company members</td>
<td>23.3</td>
<td>-</td>
<td>4,490,123</td>
<td>-</td>
<td>1,236,240</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>660,422</td>
<td>5,204,426</td>
<td>177,760</td>
<td>1,432,905</td>
<td></td>
</tr>
</tbody>
</table>

Donor funds relate to grants received from various donors to support microfinance operations in hard to reach areas. Part of the grants were meant for capital items needed to set up offices in those areas.

23.1 Donor funds received in advance

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td>153,412</td>
<td>153,412</td>
<td>42,235</td>
<td>41,203</td>
<td></td>
</tr>
<tr>
<td>Donations received during the year 23.1</td>
<td></td>
<td>15,708</td>
<td>-</td>
<td>4,255</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transferred to statement of comprehensive income</td>
<td>23.4</td>
<td>-</td>
<td>(15,708)</td>
<td>-</td>
<td>(4,325)</td>
<td></td>
</tr>
<tr>
<td>Currency translation</td>
<td></td>
<td>-</td>
<td>(942)</td>
<td>-</td>
<td>389</td>
<td></td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td></td>
<td>153,412</td>
<td>153,412</td>
<td>41,293</td>
<td>42,235</td>
<td></td>
</tr>
</tbody>
</table>

23.2 Donor funds investment in fixed assets

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>560,891</td>
<td>626,294</td>
<td>154,430</td>
<td>175,827</td>
<td></td>
</tr>
<tr>
<td>Depreciation charged during the year 23.4</td>
<td>(53,881)</td>
<td>(65,403)</td>
<td>(14,503)</td>
<td>(14,503)</td>
<td></td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>(3,125)</td>
<td>(3,125)</td>
<td></td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>507,010</td>
<td>560,891</td>
<td>136,467</td>
<td>154,430</td>
<td></td>
</tr>
</tbody>
</table>

23.3 Donor funds investment in loans to group members

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>4,490,123</td>
<td>4,606,623</td>
<td>1,236,240</td>
<td>1,319,758</td>
<td></td>
</tr>
<tr>
<td>World Bank (USDF Loan) 23.3b</td>
<td>(4,400,123)</td>
<td>(209,500)</td>
<td>-</td>
<td>(67,852)</td>
<td></td>
</tr>
<tr>
<td>Transfer to equity</td>
<td>(4,400,123)</td>
<td>-</td>
<td>(1,236,240)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td></td>
<td>4,490,123</td>
<td>-</td>
<td>1,236,240</td>
<td></td>
</tr>
</tbody>
</table>

24. SHARE CAPITAL

The total number of issued ordinary shares as at 31 December 2018 was 4,300,000 shares at Ushs 10,000 each. The amount recognized as share capital was transferred from the retained earnings of BRAC Uganda Microfinance Limited as at 31 December 2017 as part of the reorganization by the parent company BRAC International Holdings B.V. The shares were issued on the 01 January 2018. Each share is entitled to one vote. As at December 2018, the shareholding structure of the company was as below.

<table>
<thead>
<tr>
<th>NAME</th>
<th>No of Shares</th>
<th>Value Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC International Holdings B.V</td>
<td>4,200,000</td>
<td>42,999,990</td>
</tr>
<tr>
<td>Fazulqah Ahmad</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>43,000,000</td>
</tr>
</tbody>
</table>

25. DIVIDEND

A dividend was declared on 27 September 2018 of Ushs 15,387 per share (inclusive of applicable taxes) for each common stock held as at 01 January 2018. Consequently, Ushs 66 billion was included in the related party under 15.2.

26. CASHFLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>24,495,411</td>
<td>29,270,891</td>
<td>6,593,207</td>
<td>8,050,989</td>
<td></td>
</tr>
<tr>
<td>Loss on asset write off</td>
<td>107,430</td>
<td>23,108</td>
<td>28,810</td>
<td>6,097</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,047,474</td>
<td>423,083</td>
<td>287,385</td>
<td>116,485</td>
<td></td>
</tr>
<tr>
<td>Release of deferred income on donor assets</td>
<td>53,881</td>
<td>(65,403)</td>
<td>(10,579)</td>
<td>(10,507)</td>
<td></td>
</tr>
<tr>
<td>Release of deferred income on donor funds</td>
<td>-</td>
<td>(206,500)</td>
<td>992,672</td>
<td>480,426</td>
<td></td>
</tr>
<tr>
<td>Impairment provision expense</td>
<td>3,415,875</td>
<td>5,276,957</td>
<td>919,436</td>
<td>1,452,875</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow before changes in working capital</strong></td>
<td>29,012,285</td>
<td>34,721,136</td>
<td>7,808,988</td>
<td>9,559,575</td>
<td></td>
</tr>
<tr>
<td>Changes in working capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in loans and advances</td>
<td>(26,141,316)</td>
<td>(2,627,051)</td>
<td>(7,574,542)</td>
<td>(723,291)</td>
<td></td>
</tr>
<tr>
<td>Increase in receivables and other assets</td>
<td>(173,653)</td>
<td>(984,824)</td>
<td>(46,740)</td>
<td>(188,542)</td>
<td></td>
</tr>
<tr>
<td>Decrease/(increase) in related party receivables</td>
<td>1,784,003</td>
<td>(1,635,067)</td>
<td>480,426</td>
<td>480,426</td>
<td></td>
</tr>
<tr>
<td>Increase in related party payables</td>
<td>1,081,302</td>
<td>313,408</td>
<td>291,644</td>
<td>80,259</td>
<td></td>
</tr>
<tr>
<td>Decrease/(increase) in other liabilities</td>
<td>(10,576)</td>
<td>430,890</td>
<td>(2,848)</td>
<td>118,659</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,688,925</td>
<td>(60,221)</td>
<td>902,572</td>
<td>(16,580)</td>
<td></td>
</tr>
<tr>
<td>Cash inflow/(outflow) from operations</td>
<td>7,240,967</td>
<td>30,457,481</td>
<td>13,499,000</td>
<td>8,385,687</td>
<td></td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(7,223,064)</td>
<td>(8,096,060)</td>
<td>(1,544,059)</td>
<td>(2,504,534)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>18,303</td>
<td>21,360,815</td>
<td>4,941</td>
<td>5,881,153</td>
<td></td>
</tr>
</tbody>
</table>
27. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

The company has exposure to the following risk from financial instruments:

- Capital risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Market risk
- Operations risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board of BRAC Bangladesh International, the parent company, has established the Group Audit and Risk Committee, Remuneration Committee, Company Executive Committee and Subsidiary Company Executive Committee which are responsible for developing and monitoring group risk management policies in their respective areas. All Board committees have both executive and non-executive members, apart from the Group Executive Committee which comprises of executive directors and senior management and report regularly to the Board of Directors on their activities.

BRAC financial risk management policy seeks to identify, analyze and manage the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not however, engage in speculative transactions or trade payables where credit has been extended. Equity is defined as the capital invested by shareholders as well as any accumulated reserves in the economic conditions.

BRAC does not however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

b) Capital risk management

The Company manages its capital so that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balances. The capital structure of the Company consists of equity attributable to the equity holders of the Company, comprising share capital, accumulated losses and other reserves as disclosed in the statement of changes in equity. Management regularly reviews the capital structure and makes adjustments to it in light of changes in the economic conditions.

Management has defined debt as an amount owing to related and third parties. This includes both long and short term loans as well as trade payables where credit has been extended. Equity is defined as the capital invested by shareholders as well as any accumulated reserves and equity loans where applicable. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt; non-interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations. The company's net debt to equity ratio is analyzed as follows:

<table>
<thead>
<tr>
<th>2018 (Ushs '000)</th>
<th>2017 (Ushs '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>2,743,818</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>68,121,215</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>80,292,700</td>
</tr>
<tr>
<td>Losses</td>
<td>(14,987,268)</td>
</tr>
<tr>
<td>Net debt</td>
<td>136,170,464</td>
</tr>
<tr>
<td>Equity</td>
<td>57,845,118</td>
</tr>
<tr>
<td>Capital and net debt</td>
<td>194,015,582</td>
</tr>
<tr>
<td>Net debt to equity ratio</td>
<td>76%</td>
</tr>
</tbody>
</table>

The company's objective when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

BRAC Uganda Finance Limited was not regulated as at the balance sheet date; however, since the entity has subsequent to year end been granted a license to operate as a credit institution, going forward capital will be monitored based on Financial Institutions Act requirements.

The company has therefore voluntarily presented the capital adequacy using the format as required by the FIA had it been applicable as at 31 December 2018.

The FIA requires the company to monitor the adequacy of its capital using ratios. These ratios are broadly in line with those for the Basel Committee on Banking Supervision. These ratios measure capital adequacy by comparing the company's eligible capital with its balance sheet assets, off-balance-sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. The risk-based approach applies to both on and off-balance sheet items. The focus of this approach is credit risk, interest rate risk, market risk, operational risk, concentration risk and underlying collateral risk.

The assets are weighted according to broad categories, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, and 100%) are applied.

The company is required to maintain a core capital (Tier 1) of not less than 8% of total risk adjusted assets plus risk adjusted off statement of financial position items and a total capital (Tier 1 + Tier 2) of not less than 10% of its risk adjusted asset plus risk adjusted off statement of financial position items.

Tier 1 capital consists of shareholders' equity comprising paid up capital and immovable, non-cumulative preference shares, share premium, prior years retained profits, net after tax profits current year to date and general reserves less goodwill and other intangible assets, current years losses, investment in unconsolidated financial subsidiaries, deficiencies in provisions for losses, prohibited loans to insiders and other deductions determined by Bank of Uganda. Tier 2 capital includes the uncumulated general provisions for losses, realization reserves on fixed assets, hybrid capital instruments and subordinated term debt.

The table below summarizes the composition of the regulatory capital:

<table>
<thead>
<tr>
<th>CORE CAPITAL (Tier 1)</th>
<th>SUPPLEMENTARY CAPITAL (Tier 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid- up share capital</td>
<td>Unencumbered general provisions for losses</td>
</tr>
<tr>
<td>43,000,000</td>
<td>1,781,306</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>Total Supplementary Capital</td>
</tr>
<tr>
<td>15,780,692</td>
<td>1,781,306</td>
</tr>
<tr>
<td>Less: Deductions determined by Bank of Uganda</td>
<td>TOTAL CAPITAL (Tier 1 + Tier 2)</td>
</tr>
<tr>
<td>(6,555,826)</td>
<td>53,472,881</td>
</tr>
<tr>
<td>Losses</td>
<td>Less: Unrealized foreign exchange gains</td>
</tr>
<tr>
<td>(1,201,022)</td>
<td>331,239</td>
</tr>
<tr>
<td>Loss: Deficient income tax asset</td>
<td>Total Core Capital</td>
</tr>
<tr>
<td>(5,555,826)</td>
<td>51,691,675</td>
</tr>
<tr>
<td>Total Core Capital</td>
<td></td>
</tr>
</tbody>
</table>
After completion of the verification and other formal processes, the AM will approve the loan or recommend it to the final authority.

The BM confirms that the CO was properly and appropriately trained and have assessed the feasibility of all member loan applications.

Management of credit risk

As set out above, the main activity of the Company is the provision of unsecured loans to company members. The Board of Directors has delegated responsibility for the oversight of credit risk to the Chief Executive Officer and the monitoring department. However, this must be viewed in light of the overall framework of the exclusive use of “company guaranteed” loan repayment mechanism.

Loan application process

The group loans are appraised by the Credit Officer (CO) in the field and these Loan application forms are brought before the Branch Manager (BM) for approval. The BM will visit the house of the potential borrower/applicant before recommendation of the loan to the Area Manager (AM) for approval. A survey form containing 10 important points is filled.

The loan appraisal work is done by the CO and reviewed by the BM who confirms that the applicant has provided all necessary information and that is complete, the loan application has been endorsed, verified that the net income from the business is sufficient to allow for loan repayment, all guarantors have fully signed the loan application and also confirms that all borrowers in respective groups have delegated responsibility for the oversight of credit risk to the Chief Executive Officer and the monitoring department. However, this must be viewed in light of the overall framework of the exclusive use of “company guaranteed” loan repayment mechanism.

The group loans are appraised by the Credit Officer (CO) in the field and these Loan application forms are brought before the Branch Manager (BM) for approval. The BM will visit the house of the potential borrower/applicant before recommendation of the loan to the Area Manager (AM) for approval. A survey form containing 10 important points is filled.

The BM confirms that the CO was properly and appropriately trained and have assessed the feasibility of all member loan applications.

The loan appraisal work is done by the CO and reviewed by the BM who confirms that the applicant has provided all necessary information and that is complete, the loan application has been endorsed, verified that the net income from the business is sufficient to allow for loan repayment, all guarantors have fully signed the loan application and also confirms that all borrowers in respective groups do not have past due repayment obligations or arrears.

After completion of this verification and other formal processes, the AM will approve the loan or recommend it to the final authority for approval.

December 2018 (Ushs ‘000)

<table>
<thead>
<tr>
<th>CAPITAL REQUIREMENT BASIS</th>
<th>Risk Weighting</th>
<th>Financial position Nominal Amount</th>
<th>Capital Reg. Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes and coins</td>
<td>20%</td>
<td>5,982</td>
<td>-</td>
</tr>
<tr>
<td>Balances with banks in Uganda</td>
<td>20%</td>
<td>22,975,218</td>
<td>4,556,044</td>
</tr>
<tr>
<td>Balances with other finance institutions in Uganda</td>
<td>20%</td>
<td>18,956,203</td>
<td>3,719,641</td>
</tr>
<tr>
<td>Loans net of provisions</td>
<td>100%</td>
<td>179,050,981</td>
<td>179,050,981</td>
</tr>
<tr>
<td>Premises and other fixed assets</td>
<td>100%</td>
<td>14,030,956</td>
<td>14,030,956</td>
</tr>
<tr>
<td>Other assets</td>
<td>100%</td>
<td>2,806,691</td>
<td>2,806,691</td>
</tr>
<tr>
<td>TOTAL RISK WEIGHTED ASSETS</td>
<td>238,306,131</td>
<td>205,041,412</td>
<td></td>
</tr>
</tbody>
</table>

FIA minimum ratio | Company ratio |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Capital</td>
<td>52,022,814</td>
</tr>
<tr>
<td>Tier 1+Tier 2 Capital</td>
<td>53,804,120</td>
</tr>
</tbody>
</table>

Small Enterprise Product (Individual Loans)

If a customer dies, the outstanding loan balance is paid by the insurance company under the credit life insurance policy.

Monitoring of collections

a) Group guaranteed loan

In the event that a customer does not have sufficient funds for their weekly or bi-weekly installment, the company members contribute on behalf of the member. If the customer has changed residence, the credit officer together with the BM follow up with the local council chairperson about the whereabouts/new place of residence.

b) Small Enterprise Product (Individual Loans)

The Loans are repayable monthly. Monitoring, branch review unit and internal Audit independently monitors the loan to ensure quality.

Impaired loans and advances

Impaired loans and advances are those which the company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s).

The company measures the loss allowance on loans and advances at an amount equal to the 12-month or lifetime expected credit losses depending on whether or not the credit risk has increased significantly since initial recognition. The detailed disclosure relating to credit risk have been included in note 14 (loans and advances).

The company’s maximum exposure to credit risk is represented by the following balances:

<table>
<thead>
<tr>
<th>2018</th>
<th>Ushs ‘000</th>
<th>2017</th>
<th>Ushs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Bank</td>
<td>14,912,333</td>
<td>7,875,635</td>
<td></td>
</tr>
<tr>
<td>Short term deposits</td>
<td>38,665,543</td>
<td>30,247,031</td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>157,192,068</td>
<td>153,785,794</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>24,592,614</td>
<td>27,055,716</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>211,122,207</strong></td>
<td><strong>194,662,176</strong></td>
<td></td>
</tr>
</tbody>
</table>

The above table represents the worst case scenario of credit risk exposure to the company at 31 December 2018 and 31 December 2017 without taking into account any collateral held. The exposures are based on carrying amounts as reported in the statement of financial position.
Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms ‘Stage 1’, ‘Stage 2’ and ‘Stage 3’ is included under Note 14 of the financial statements.

The following table shows reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Amounts arising from ECL

The following table shows reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Comparative amounts for 2017 represent the allowance account for credit losses and reflect the measurement basis under IFRS 9.

12 month ECL

Balance at 1 January 2018

Financial assets that have been derecognised

130 | Annual Report 2018

Annual Report 2018 | 131
• the criteria do not align with the point in time when an asset becomes 30 days past due;
• the average time between the identification of a significant increase in credit risk and default appears reasonable;
• exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
• there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and Lifetime PD (Stage 2).

Definition of default
The entity considers a financial asset to be in default when:
• The borrower is unable to pay its credit obligations to the entity in full, without recourse by the company to actions such as realizing security (if any is held);
• the borrower is more than 90 days past due on any material credit obligation to the entity; or

Write-off policy
The Company writes off a loan balance, and any related allowances for impairment losses, when the credit department determines that:

• the borrower is unlikely to pay its credit obligations to the entity in full, without recourse by the company to actions such as realizing security (if any is held);
• there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and Lifetime PD (Stage 2).

d) Interest rate risk
BRAC Uganda Finance Limited exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to company members. BRAC Uganda Finance Limited does not engage in speculative transactions or take speculative positions on its interest rates.

The table below summarizes the exposure to interest rate risk through grouping of assets and liabilities into repricing categories, determined to be the earliest of the contractual repricing date or maturity.

<table>
<thead>
<tr>
<th>Year ended 31 December 2018</th>
<th>Applicable average Interest rate</th>
<th>Up to 1 month Ushs '000</th>
<th>To 1 to 12 months Ushs '000</th>
<th>From 1 year to 2 years Ushs '000</th>
<th>Non-interest bearing Ushs '000</th>
<th>Total Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term deposits</td>
<td>10%</td>
<td>15,177,935</td>
<td>16,414,199</td>
<td>-</td>
<td>14,987,269</td>
<td>46,582,393</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>25%</td>
<td>1,440,731</td>
<td>178,680,987</td>
<td>-</td>
<td>180,109,618</td>
<td>373,231,338</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,452,264</td>
<td>2,452,264</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11,618,666</td>
<td>195,075,086</td>
<td>17,439,533</td>
<td>242,133,205</td>
<td>307,820,803</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Security fund</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32,035,770</td>
<td>32,035,770</td>
</tr>
<tr>
<td>Related party payables</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68,121,215</td>
<td>68,121,215</td>
</tr>
<tr>
<td>Borrowings and managed funds</td>
<td>14%</td>
<td>9,442,429</td>
<td>70,342,260</td>
<td>68,121,215</td>
<td>30,352,720</td>
<td>168,352,720</td>
</tr>
<tr>
<td>Tax payables</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>590,103</td>
<td>590,103</td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,743,818</td>
<td>2,743,818</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>105,446,903</td>
<td>105,446,903</td>
</tr>
<tr>
<td>Net assets (liabilities)</td>
<td>11,110,655</td>
<td>185,832,657</td>
<td>(70,342,260)</td>
<td>(68,009,373)</td>
<td>40,391,679</td>
<td></td>
</tr>
</tbody>
</table>

Interest rate risk (continued)

<table>
<thead>
<tr>
<th>Year ended 31 December 2017</th>
<th>Applicable average Interest rate</th>
<th>Up to 1 month Ushs '000</th>
<th>To 1 to 12 months Ushs '000</th>
<th>From 1 year to 2 years Ushs '000</th>
<th>Non-interest bearing Ushs '000</th>
<th>Total Ushs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term deposits</td>
<td>9.57%</td>
<td>23,176,048</td>
<td>7,070,983</td>
<td>-</td>
<td>7,873,655</td>
<td>38,073,768</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>25%</td>
<td>-</td>
<td>153,785,794</td>
<td>-</td>
<td>17,746,903</td>
<td>175,533,692</td>
</tr>
<tr>
<td>Related party payables</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,784,903</td>
<td>1,784,903</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,755,716</td>
<td>2,755,716</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8,000,000</td>
<td>156,435,700</td>
<td>7,820,904</td>
<td>172,638,604</td>
<td></td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Security fund</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,315,745</td>
<td>28,315,745</td>
</tr>
<tr>
<td>Related party payables</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>879,603</td>
<td>879,603</td>
</tr>
<tr>
<td>Borrowings and managed funds</td>
<td>-</td>
<td>17,638,680</td>
<td>8,688,474</td>
<td>31,955,199</td>
<td>59,623,004</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,539,467</td>
<td>5,539,467</td>
</tr>
<tr>
<td></td>
<td></td>
<td>531,025</td>
<td>17,638,680</td>
<td>8,688,474</td>
<td>31,955,199</td>
<td>39,530,441</td>
</tr>
<tr>
<td>Net assets (liabilities)</td>
<td>22,645,023</td>
<td>143,217,097</td>
<td>(8,688,474)</td>
<td>(31,955,199)</td>
<td>(20,704,003)</td>
<td>104,514,444</td>
</tr>
</tbody>
</table>

The previous tables show the undiscounted cash flows on the Company’s financial liabilities and unrecognized loan commitments on the basis of their earliest possible contractual maturity. The Company’s expected cash flows on these instruments may vary from this analysis. A realistic 1% increase/decrease in interest rates in the current year would affect profit and loss by Ushs ±1,061,703,412. The analysis reflects the impact that is reasonably possible at the reporting date. Management monitors the impact of 1% movement in interest rates. The reasonably possible change does not include remote or worst case scenarios or stress tests.

e) Liquidity risk
Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timely and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Company and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Company and also from available financial institutions facilities.

BRAC Uganda Finance Limited manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC Uganda Finance Limited maintains...
sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, BRAC Uganda Finance Limited maintains the grouping facilities of a reasonable level.

Exposure to Liquidity risk

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2018 to the contractual maturity date.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>CARRYING Amount INflow/ (outflow)</th>
<th>UShs '000</th>
<th>Gross nominal</th>
<th>CARRYING Amount INflow/ (outflow)</th>
<th>UShs '000</th>
<th>MATURED</th>
<th>3 MONTHS to 1 YEAR</th>
<th>1 to 2 YEAR</th>
<th>3 MONTHS to 1 YEAR</th>
<th>1 to 2 YEAR</th>
<th>ABOVE 5 YEARS to 10 YEARS</th>
<th>UShs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and the Bank</td>
<td>14,987,269</td>
<td>14,987,269</td>
<td>14,987,269</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>26,552,134</td>
<td>26,552,134</td>
<td>-</td>
<td>23,525,233</td>
<td>3,026,901</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>180,101,618</td>
<td>180,101,618</td>
<td>9,627,941</td>
<td>170,573,677</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,452,264</td>
<td>2,452,264</td>
<td>-</td>
<td>2,452,264</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>224,133,285</td>
<td>224,133,285</td>
<td>14,987,269</td>
<td>35,505,438</td>
<td>173,640,578</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Equity and Liabilities

<table>
<thead>
<tr>
<th>Equity and Liabilities</th>
<th>Loan Security Fund</th>
<th>Related party payables</th>
<th>Borrowings and managed funds</th>
<th>Bank overdrafts</th>
<th>Other liabilities</th>
<th>Total '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>92,344,819</td>
<td>119,585,419</td>
<td>4,107,864</td>
<td>31,760,425</td>
<td>41,673,337</td>
<td>196,859,263</td>
</tr>
<tr>
<td>2018</td>
<td>724,597</td>
<td>9,527,941</td>
<td>35,951,833</td>
<td>155,982,881</td>
<td>224,203,730</td>
<td>196,859,263</td>
</tr>
<tr>
<td>UShs '000</td>
<td>14,987,269</td>
<td>3,530,467</td>
<td>8,435,269</td>
<td>30,247,031</td>
<td>124,184</td>
<td>141,316</td>
</tr>
<tr>
<td>USD '000</td>
<td>2,743,818</td>
<td>1,784,903</td>
<td>7,873,635</td>
<td>7,149,038</td>
<td>3,530,467</td>
<td>4,107,864</td>
</tr>
<tr>
<td>Total</td>
<td>153,785,794</td>
<td>30,247,031</td>
<td>155,982,881</td>
<td>224,203,730</td>
<td>196,859,263</td>
<td>-</td>
</tr>
</tbody>
</table>

Liquidity gap

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2018 to the contractual maturity date.

<table>
<thead>
<tr>
<th>Equity and Liabilities</th>
<th>Loan Security Fund</th>
<th>Related party payables</th>
<th>Borrowings and managed funds</th>
<th>Bank overdrafts</th>
<th>Other liabilities</th>
<th>Total '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>92,344,819</td>
<td>119,585,419</td>
<td>4,107,864</td>
<td>31,760,425</td>
<td>41,673,337</td>
<td>196,859,263</td>
</tr>
<tr>
<td>2018</td>
<td>724,597</td>
<td>9,527,941</td>
<td>35,951,833</td>
<td>155,982,881</td>
<td>224,203,730</td>
<td>196,859,263</td>
</tr>
<tr>
<td>UShs '000</td>
<td>14,987,269</td>
<td>3,530,467</td>
<td>8,435,269</td>
<td>30,247,031</td>
<td>124,184</td>
<td>141,316</td>
</tr>
<tr>
<td>USD '000</td>
<td>2,743,818</td>
<td>1,784,903</td>
<td>7,873,635</td>
<td>7,149,038</td>
<td>3,530,467</td>
<td>4,107,864</td>
</tr>
<tr>
<td>Total</td>
<td>153,785,794</td>
<td>30,247,031</td>
<td>155,982,881</td>
<td>224,203,730</td>
<td>196,859,263</td>
<td>-</td>
</tr>
</tbody>
</table>

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Chief Executive Officer. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

Currency risk

BRAC Uganda Microfinance Limited foreign exchange risks comprise transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at the company placed with licensed financial institutions. BRAC Uganda Microfinance Limited is exposed to foreign currency fluctuations mainly in respect of farm loans denominated in United States Dollars, Great Britain Pound and the Euro.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level.

The table below summarizes the company's exposure to foreign currency risk as at 31 December 2018.
Amortization of operating lease prepayments amounted to Ushs 2,769,349 (2017: Ushs 1,526,254).

Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organization’s processes, personal, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Organization’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company’s reputation with overall cost effectiveness and to avoid compliance issues that restrict initiative and creativity.

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

i. Requirements for appropriate segregation of duties, including the independent authorization of transactions.
ii. Requirements for the reconciliation and monitoring of transactions.
iii. Compliance with regulatory and other legal requirements.
iv. Documentation of controls and procedures.
v. Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
vi. Requirements for the reporting of operational losses and proposed remedial action.
vii. Development of contingency plans.
viii. Training and professional development.
ix. Ethical and business standards.

x. Close monitoring and management oversight.

Compliance with Company standards is supported by a program of periodic reviews undertaken by the monitoring department. The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the Company.

28. OPERATING LEASE PREPAYMENTS

The Company entered into commercial leases for premises. These leases have an average life of two years. There are no restrictions placed upon the lease by entering into these leases.

Future minimum lease payments under non-cancelable operating leases as at 31 December are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ush’s ‘000</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>2,769,349</td>
<td>1,526,254</td>
</tr>
<tr>
<td>Above one year</td>
<td>2,769,349</td>
<td>1,526,254</td>
</tr>
</tbody>
</table>

Amortization of operating lease prepayments amounted to Ushs 2,769,349 (2017: Ushs 1,526,254).

2.9. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a) Valuation models

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

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments e.g. quoted equity securities. These items are exchange traded positions.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include: net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.
are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

The fair value of short term deposits is the amount receivable at the reporting date.

30. SUBSEQUENT EVENTS

Transformation into credit institution

On 07 March 2019, BRAC Uganda Finance Limited was awarded a license by Bank of Uganda authorising it to offer financial services as a credit institution as defined in the Financial Institutions Act, 2003. The company will be allowed to offer acceptance and time deposits.

The name of the company will be changed to BRAC Uganda Bank Limited once the resolution is obtained from BRAC International BV.

Tax implications of reorganization

On the 13 March 2019, Uganda Revenue Authority ruled that the disposal of business assets from BRAC Uganda Microfinance to BRAC Uganda Finance qualified as a taxable supply and would therefore attract Value Added Tax (VAT) at a rate of 18%.

The most significant component of the VAT base is the net book value of the property plant and equipment transferred as at 31 December 2017.

A provision for VAT has been included in the other liabilities. (Refer to Note 22)

31. CURRENCY

These financial statements are presented in thousands of Uganda Shillings, which is the entity’s functional currency.

32. CAPITAL COMMITMENTS

The capital commitments amounted to Ushs 476 million as at 31 December 2018.

33. CONTINGENT LIABILITIES

BRAC Uganda Finance Limited is a litigant in three cases involving property provided as security by the borrower.

a) In the case of Semwanga Ezra Vs BRAC (Mayinja Hakim), the plaintiff is suing for payment of Ushs 6,000,000 and interest of 26% p.a. for the sale of land by BRAC after the second defendant defaulted on payments.

b) In the case of Ziwwa Leonard Vs BRAC (Florence Nakwoza, Vincent Ntimbe), the plaintiff is suing for general damages and costs plus interest on the basis that the defendants are trespassing on plaintiff’s land. The land was provided as security on a jointly owned by the plaintiff and guarantor to the borrower.

c) In the case of Kyomuhangi Rosetta Vs BRAC, the plaintiff is suing for general damages and costs plus interest on the basis that the defendant’s methods of seizing and sale of the land for defaulting on a loan were questionable.

Management is of the view that the company has high chances of success against the plaintiffs and none of the cases individually or in aggregate would have a significant impact on the company’s operation. Based on legal advice, management is confident that the company shall receive favourable ruling from the outstanding cases.

The tax matter relating to withholding tax on dividends declared disclosed under note 12 has also not been accrued for.

34. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is BRAC International Holdings BV, a company registered in Netherlands.
DIRECTORS
Mr. Faruque Ahmed* - Chairperson
Mr. Md. A Saleque* - Member
Mr. Saif Md Imran Siddique* - Member (Resigned on 12 September 2018)

ADMINISTRATORS
Ms. Hasina Akhter * - Country Representative
* Bangladeshi

PRINCIPAL PLACE OF BUSINESS:
Off Entebbe Road, Nyanama Plot 90, Busingiri Zone P O Box 31817 Kampala Uganda

REGISTERED OFFICE:
Off Entebbe Road, Nyanama Plot 90, Busingiri Zone P O Box 31817 Kampala Uganda

COMPANY SECRETARY:
Khalifa Nazim Uddin
BRAC Uganda, Plot 880, Heritage Road Naambya P O Box 31817 Kampala Uganda

AUDITORS
KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts, Plot 2 & 4A, Nakasero Road, P O Box 3500 Kampala Uganda

BANKERS
Standard Chartered Bank Uganda Ltd
Plot 5 Speak Road
P O Box 711
Kampala Uganda

Stanbic Bank Uganda Ltd
Plot 17 Hannington Road, Crested Towers P O Box 712 Kampala, Uganda

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 December 2018, which discloses the state of affairs of the company.

(a) INCORPORATION

BRAC Social Business Enterprises Uganda limited was incorporated as a limited liability company on 9 April 2010 as an independent Company. Its vision is to develop a just, enlightened, healthy and democratic society free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex and ethnicity. In order to achieve this vision, BRAC Social Business Enterprises Uganda limited uses sustainable social businesses to create and protect the livelihoods of poor people.

The Company effectively commenced trading on 1 January 2012 as BRAC Social Business Enterprises Uganda limited.

(b) VISION

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

(c) MISSION

The Company’s mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enables men and women to realize their potential.

(d) OUR VALUES

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

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

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

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

(e) Principal activities

The Company packs and sells seeds of Agricultural and Horticultural crops.

(f) Results from operations

The results for the Company for the year ended 31 December 2018 are set out on page 9.

(g) Composition of Directors

The directors who served during the year and up to the date of this report are set out on page 2.

(h) Directors benefits

No director has received or become entitled to receive any benefits during the financial year.

(i) CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.
In 2018 the Board of Directors had three directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorised auditors, as well as recruitment and development of key personnel.

RISK MANAGEMENT

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:
- The effectiveness and efficiency of operations;
- Safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

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

MANAGEMENT STRUCTURE

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organisation structure of the Company comprises of the following divisions:
- Accounts and finance;
- Public relations;
- Internal audit;
- Monitoring unit;
- Branch review unit;
- Agriculture;
- IT and MIS;
- Human resources;
- BRAC Learning Centre;
- Communications and Procurement, logistics and transportation

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 14 to the financial statements.

DEVELOPMENT PLANS

BRAC International Holdings BV purchased all 99 shares held by BRAC Industries Limited. The transaction was completed on 06 January 2016. Authorized share capital increased from UGX 1 million to UGX 10.5 billion.

KEY ACHIEVEMENTS IN 2018

The Seed Processing Plant was fully operational and this enhanced the quality of seeds and germination rate. Ten new varieties for vegetables and maize were introduced which boosted the production rate up to 370 MT.

SOLVENCY

The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.
STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The Company’s directors are responsible for the preparation and fair presentation of the financial statements set out on pages 9 to 34, comprising of financial position as at 31 December 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act of Uganda, and for such internal controls 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.

The directors’ responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of those financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. They are also responsible for safe guarding the assets of the company.

The directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors to ensure the Company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company.

The directors accept responsibility for the financial statements set out on pages 9 to 34 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the Companies Act of Uganda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and of its operating results for the year ended 31 December 2018.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements were approved by the board of directors on 1 March 2019 and were signed on its behalf by:

[Signatures]

Date: 1.03.2019
Annual Report 2018

TO THE MEMBERS OF BRAC SOCIAL BUSINESS ENTERPRISES LIMITED (CONTINUED)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal Requirements

As required by the Companies Act of Uganda, we report to you, based on our audit, that:

i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purposes of our audit;

ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors’ report is CPA Asad Lukwago – PC0385.

KPMG Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P.O. Box 3590
Kampala
Uganda
Date: 29.03.2019

BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017 Restated</th>
<th>2018</th>
<th>2017 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs ’000</td>
<td>Ushs ’000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>------------</td>
<td>-------</td>
<td>--------------</td>
</tr>
<tr>
<td>Revenue</td>
<td>4</td>
<td>1,110,628</td>
<td>2,410,240</td>
<td>299,916</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>5</td>
<td>786,203</td>
<td>1,117,163</td>
<td>210,601</td>
</tr>
<tr>
<td>Gross profit</td>
<td>333,425</td>
<td>1,293,077</td>
<td>89,315</td>
<td>361,690</td>
</tr>
<tr>
<td>Staff costs</td>
<td>6</td>
<td>(493,819)</td>
<td>(501,222)</td>
<td>(132,273)</td>
</tr>
<tr>
<td>Training, workshops &amp; seminars</td>
<td>7</td>
<td>(21,652)</td>
<td>(6,788)</td>
<td>(5,985)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>8</td>
<td>(589,838)</td>
<td>(695,118)</td>
<td>(158,001)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>12</td>
<td>(138,309)</td>
<td>(139,389)</td>
<td>(37,049)</td>
</tr>
<tr>
<td>Lease amortization</td>
<td>13</td>
<td>(614)</td>
<td>(614)</td>
<td>(164)</td>
</tr>
<tr>
<td>Impairment of trade receivables</td>
<td>3,967</td>
<td>-</td>
<td>(1,063)</td>
<td>-</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>16b)</td>
<td>(914,779)</td>
<td>(40,090)</td>
<td>(245,041)</td>
</tr>
<tr>
<td>Income tax credit</td>
<td>120,031</td>
<td>(17,592)</td>
<td>32,153</td>
<td>(4,921)</td>
</tr>
<tr>
<td>Net loss for the year</td>
<td>(794,742)</td>
<td>(57,652)</td>
<td>(212,888)</td>
<td>(16,126)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss</td>
<td>(794,742)</td>
<td>(57,652)</td>
<td>(212,888)</td>
<td>(16,126)</td>
</tr>
</tbody>
</table>

The notes set out on pages 151 to 170 are an integral part of these financial statements.
### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>Ushs'000</td>
<td>2018</td>
<td>2017</td>
<td>Restated</td>
<td>Ushs'000</td>
<td>2018</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>12</td>
<td>1,445,995</td>
<td>1,596,634</td>
<td>389,205</td>
<td>431,332</td>
<td>1,691,283</td>
</tr>
<tr>
<td>Finance lease</td>
<td>13</td>
<td>55,564</td>
<td>56,175</td>
<td>14,956</td>
<td>15,467</td>
<td>56,792</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>16(c)</td>
<td>38,635</td>
<td>38,635</td>
<td>10,399</td>
<td>10,637</td>
<td>26,265</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>1,540,194</td>
<td>1,661,447</td>
<td>414,560</td>
<td>457,436</td>
<td>1,774,440</td>
<td>498,158</td>
</tr>
<tr>
<td>Current assets</td>
<td>9</td>
<td>133,549</td>
<td>596,176</td>
<td>35,946</td>
<td>164,142</td>
<td>1,018,411</td>
</tr>
<tr>
<td>Inventory</td>
<td>10</td>
<td>419,751</td>
<td>164,659</td>
<td>112,981</td>
<td>45,335</td>
<td>55,421</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>11</td>
<td>90,253</td>
<td>466,947</td>
<td>24,205</td>
<td>128,524</td>
<td>168,162</td>
</tr>
<tr>
<td>Due from related party</td>
<td>14(b)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>643,553</td>
<td>1,338,069</td>
<td>173,220</td>
<td>368,404</td>
<td>1,241,904</td>
<td>348,679</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,183,747</td>
<td>2,999,516</td>
<td>587,780</td>
<td>825,840</td>
<td>3,016,434</td>
<td>846,837</td>
</tr>
</tbody>
</table>

### LIABILITIES AND EQUITY

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to related party</td>
<td>14(a)</td>
<td>616,746</td>
<td>96,627</td>
<td>166,004</td>
<td>26,604</td>
<td>68,651</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>15</td>
<td>142,125</td>
<td>155,481</td>
<td>38,255</td>
<td>42,808</td>
<td>163,315</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>16(b)</td>
<td>28,681</td>
<td>148,712</td>
<td>7,725</td>
<td>40,444</td>
<td>131,325</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>787,552</td>
<td>400,820</td>
<td>211,979</td>
<td>110,356</td>
<td>360,086</td>
<td>101,092</td>
</tr>
</tbody>
</table>

| Equity |  |  |  |  |  |  |
| Share Capital | 17 | 2,434,000 | 2,434,000 | 665,138 | 670,139 | 2,434,000 | 729,046 |
| Retained earnings | (1,037,805) | 164,669 | (275,337) | 46,345 | 222,348 | 15,799 |
| **Total Equity** | 1,396,195 | 2,598,696 | 375,801 | 715,484 | 2,656,348 | 745,745 |
| **Total liabilities and Equity** | 2,183,747 | 2,999,516 | 587,780 | 825,840 | 3,016,434 | 846,837 |

---

The financial statements on pages 147 to 170 were approved by the Board of Directors on 1 March 2019 and were signed on its behalf by:

Head of Finance  
BRAC Social Business Enterprise Limited

Country Representative  
BRAC Social Business Enterprise Limited

The notes set out on pages 151 to 170 form an integral part of these financial statements.
### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 Ushs '000</th>
<th>2017 Ushs '000</th>
<th>2018 USD</th>
<th>2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>18 (444,958)</td>
<td>(410,488)</td>
<td>(118,765)</td>
<td>(112,592)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>16(a) (444,958)</td>
<td>(410,488)</td>
<td>(118,765)</td>
<td>(112,592)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(462,627)</td>
<td>(422,235)</td>
<td>(123,496)</td>
<td>(115,878)</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(596,176)</td>
<td>1,018,411</td>
<td>164,142</td>
<td>285,010</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(596,176)</td>
<td>1,018,411</td>
<td>164,142</td>
<td>285,010</td>
</tr>
<tr>
<td>Cash at bank at start of year</td>
<td>133,549</td>
<td>596,176</td>
<td>35,946</td>
<td>164,142</td>
</tr>
<tr>
<td>Currency translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank at end of year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

This note set out on pages 151 to 170 are an integral part of these financial statements.
As a result of adoption of IFRS 9, the company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separated line item in the statement of profit or loss and OCI.

ii) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company’s accounting policies related to financial liabilities. For an explanation of how the company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 3(h).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company’s financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

<table>
<thead>
<tr>
<th>Note</th>
<th>Original classification under IAS 39</th>
<th>New classification under IFRS 9</th>
<th>Original carrying amount under IAS 39</th>
<th>New carrying amount under IFRS 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>Loans and receivables</td>
<td>Amortised cost</td>
<td>498,847</td>
<td>50,098</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>Loans and receivables</td>
<td>Amortised cost</td>
<td>596,176</td>
<td>596,176</td>
</tr>
<tr>
<td>Total Financial assets</td>
<td></td>
<td></td>
<td>1,063,023</td>
<td>655,264</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>Other financial liabilities</td>
<td>Other financial liabilities</td>
<td>155,481</td>
<td>155,481</td>
</tr>
<tr>
<td>Total Financial liabilities</td>
<td></td>
<td></td>
<td>155,481</td>
<td>155,481</td>
</tr>
</tbody>
</table>

(a) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of Ushs 407,758,787 in the allowance for impairment over these receivables has been recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

ii) Impairment of financial assets

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

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

Additional information about how the company measures the allowance for impairment is described in Note 3(h).

iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

At the date of authorisation of the financial statements of BRAC Social Business Enterprise Uganda Limited for the year ended 31 December 2018, the following Standards and Interpretations were in issue but not yet effective.

<table>
<thead>
<tr>
<th>New amendments or interpretation</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 15 Revenue from Contracts with Customers</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRS 9 Financial Instruments (replaces IAS 39)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRIC 22 Foreign Currency Transactions and Advance Consideration</td>
<td>1 January 2018</td>
</tr>
</tbody>
</table>

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

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 introduces a single, on balance sheet lease accounting model for leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessors accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

Under IFRS 16, Service contracts will continue to be recognised as a charge in the profit and loss account and will not be capitalised. Service cost components of leasing arrangements will need to be separated out from the rental of a right to use asset, unless a “practical expedient” is applied.

BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Annual Report 2018 | 153
IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted. The application of these amendments will have no material impact on the disclosure or on the amounts recognised in the Company’s financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (POCSS) if they meet the other relevant requirements of IFRS 9. (Include entity specific impact of the amendments)

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

Management's assessment indicates that the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the company's financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Management's assessment indicates that the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the company’s financial statements.

Revenue from Contracts with Customers

Policy applicable before 1 January 2018

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 uses the concept of "control" to determine when revenue should be recognised and revenue is recognised based upon the transfer of goods or services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

BRAC Social Business Enterprises Uganda Limited recognises revenue in accordance with the core principle by applying the following five steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised in the correct period ("cut-off" issue) and reported only where control of the goods has passed to the customer. This signifies that BRAC SE has satisfied a performance obligation to its customer in accordance with the requirements of the contract with that customer (steps 1, 2 and 5 of the Revenue model).

Revenue must be recognised and measured at the correct valuation after taking account of rebates, trade activities, returns and other adjustments to reported revenue in accordance with the requirements of the contract with that customer (steps 1, 3 and 4 of the Revenue model).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Net revenue is shown after excluding value-added tax (VAT), excise duty, rebates and discounts.

Nature and timing of satisfaction of performance obligations, including significant payment terms.

Customers obtain control of the products when the goods are delivered and have been accepted at their premises. Invoices are generated at that point in time. Invoices are payable within 30 days.

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. Interest income is recognised on a time proportion basis using the effective interest method.

Policy applicable before 1 January 2018

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company’s activities. Net revenue is shown after excluding value-added tax (VAT), excise duty, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company’s activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sales of goods are recognised in the period in which the Company has delivered products to the customer; the customer has full discretion over the channel and price to sell the products, and there is no unfilled obligation that could affect the customer’s acceptance of the products. Delivery does not occur until the products have been accepted by the customer and there is no continued management involvement.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with the market practices. The Company does not operate any loyalty programmes.

Interest income is recognised on a time proportion basis using the effective interest method.

(b) Foreign currency translation

- Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Uganda Shillings (Ushs) rounded to the nearest thousand. Uganda Shillings is the Company's functional currency.

The financial statements include figures, which have been translated from Uganda Shillings (Ushs) into United States Dollars (USD) at the year end rate of USD 1: Ushs 3,715 (2017: Ushs 3,632) for balance sheet items and USD 1: Ushs 3,733 (2017: Ushs 3,575) for the income statement balances. These figures are for memorandum purposes only and do not form part of the audited financial statements.
Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘other income’ or ‘other expenses’.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate calculated at initial recognition.

Impairment of assets

The impairment charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset. The gain or loss arising from the disposal of an item of property and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property and equipment are carried at cost less accumulated depreciation and any impairment losses.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED

The adoption of this standard will not have an impact on the financial statements of the company permitted.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is significant effect on the financial performance or position of the company.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented in share premium.

The accounting policies adopted are consistent with those used in the previous financial year except following standards, amendments and interpretations which the company has adopted. The adoption of these standards, amendments and interpretations did not have significant effect on the financial performance or position of the company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The adoption of this standard will not have an impact on the financial statements of the company.

4. REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restated</td>
<td>Restated</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Sale of seeds</td>
<td>927,770</td>
<td>1,506,727</td>
<td>248,523</td>
<td>446,624</td>
</tr>
<tr>
<td>Vine sale</td>
<td>16,753</td>
<td>36,663</td>
<td>5,023</td>
<td>24,042</td>
</tr>
<tr>
<td>Training income</td>
<td>141,709</td>
<td>510,902</td>
<td>37,060</td>
<td>145,171</td>
</tr>
<tr>
<td>Other Income</td>
<td>30,042</td>
<td>160,332</td>
<td>8,047</td>
<td>44,884</td>
</tr>
<tr>
<td>Bank Interest income</td>
<td>1,354</td>
<td>46,315</td>
<td>263</td>
<td>13,514</td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>(146)</td>
<td>-</td>
<td>(41)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,119,628</td>
<td>2,410,240</td>
<td>299,916</td>
<td>674,174</td>
</tr>
</tbody>
</table>

5. COST OF SALES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restated</td>
<td>Restated</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Seed</td>
<td>472,803</td>
<td>747,405</td>
<td>128,662</td>
<td>209,059</td>
</tr>
<tr>
<td>Labor</td>
<td>9,590</td>
<td>10,567</td>
<td>2,571</td>
<td>2,956</td>
</tr>
<tr>
<td>Transportation of seeds</td>
<td>90,348</td>
<td>120,413</td>
<td>26,013</td>
<td>36,188</td>
</tr>
<tr>
<td>Chemical cost</td>
<td>2,215</td>
<td>8,202</td>
<td>593</td>
<td>2,594</td>
</tr>
<tr>
<td>Irrigation cost</td>
<td>16,917</td>
<td>859</td>
<td>4,531</td>
<td>240</td>
</tr>
<tr>
<td>Fertilizer costs – chemicals</td>
<td>6,986</td>
<td>15,521</td>
<td>1,759</td>
<td>5,460</td>
</tr>
<tr>
<td>Packaging costs</td>
<td>111,192</td>
<td>134,163</td>
<td>29,785</td>
<td>37,527</td>
</tr>
<tr>
<td>Seed processing cost</td>
<td>47,127</td>
<td>27,484</td>
<td>12,624</td>
<td>7,688</td>
</tr>
<tr>
<td>Electricity bill</td>
<td>6,441</td>
<td>16,902</td>
<td>1,725</td>
<td>4,728</td>
</tr>
<tr>
<td>Fuel</td>
<td>13,905</td>
<td>22,945</td>
<td>3,749</td>
<td>6,354</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>786,203</td>
<td>1,117,163</td>
<td>210,601</td>
<td>312,484</td>
</tr>
</tbody>
</table>

6. STAFF COSTS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restated</td>
<td>Restated</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Salaries</td>
<td>424,696</td>
<td>442,890</td>
<td>113,763</td>
<td>123,882</td>
</tr>
<tr>
<td>Bonus</td>
<td>24,969</td>
<td>9,699</td>
<td>6,581</td>
<td>2,712</td>
</tr>
<tr>
<td>Employer's contribution</td>
<td>44,554</td>
<td>44,757</td>
<td>11,035</td>
<td>12,519</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>3,880</td>
<td>-</td>
<td>1,085</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>493,819</td>
<td>501,222</td>
<td>132,279</td>
<td>140,198</td>
</tr>
</tbody>
</table>

7. TRAINING, WORKSHOP AND SEMINARS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restated</td>
<td>Restated</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>External member trainings</td>
<td>2</td>
<td>0,521</td>
<td>8,952</td>
<td>5,497</td>
</tr>
<tr>
<td>Staff training</td>
<td>1,151</td>
<td>220</td>
<td>303</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,652</td>
<td>8,788</td>
<td>5,800</td>
<td>2,458</td>
</tr>
</tbody>
</table>
8. OTHER OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal fees and other services</td>
<td>24,725</td>
<td>4,426</td>
<td>6,623</td>
<td>1,239</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>32,757</td>
<td>52,168</td>
<td>9,042</td>
<td>9,968</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance and general expenses</td>
<td>126,451</td>
<td>136,417</td>
<td>33,072</td>
<td>38,419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software maintenance cost</td>
<td>40,714</td>
<td>59,616</td>
<td>13,317</td>
<td>16,414</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock loss provision</td>
<td>-</td>
<td>13,315</td>
<td>-</td>
<td>3,275</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other general expenses</td>
<td>51,823</td>
<td>69,545</td>
<td>13,882</td>
<td>26,725</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head office logistic expenses</td>
<td>39,530</td>
<td>59,597</td>
<td>10,589</td>
<td>19,467</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>184,685</td>
<td>237,891</td>
<td>49,472</td>
<td>66,541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory write off</td>
<td>79,153</td>
<td>37,138</td>
<td>21,204</td>
<td>16,388</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

589,838 686,118 158,001 191,916

9. CASH AND BANK

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>157</td>
<td>1,820</td>
<td>42</td>
<td>501</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>133,392</td>
<td>504,356</td>
<td>35,904</td>
<td>163,641</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

133,549 596,176 35,946 164,142

10. INVENTORY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize seeds</td>
<td>307,247</td>
<td>104,092</td>
<td>82,699</td>
<td>28,695</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice seeds</td>
<td>15,892</td>
<td>11,448</td>
<td>4,277</td>
<td>3,152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bean seeds</td>
<td>23,757</td>
<td>35,046</td>
<td>6,402</td>
<td>10,751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tomato seeds</td>
<td>23,222</td>
<td>5,570</td>
<td>6,250</td>
<td>1,534</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egg plants</td>
<td>6,252</td>
<td>400</td>
<td>1,684</td>
<td>136</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pumpkins</td>
<td>6,888</td>
<td>1,652</td>
<td>1,800</td>
<td>463</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Watermelon</td>
<td>36,663</td>
<td>2,236</td>
<td>9,869</td>
<td>640</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

419,751 164,659 112,981 45,335

The inventory is agriculture seeds that were not yet sold as at 31 December 2018. These seeds are normally sold at subsidized rates to low income earners in communities.

11. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>403,703</td>
<td>466,847</td>
<td>132,910</td>
<td>128,534</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Provision for impairment losses</td>
<td>(411,726)</td>
<td>-</td>
<td>(110,821)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables – net</td>
<td>82,077</td>
<td>466,847</td>
<td>22,289</td>
<td>128,534</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables from others</td>
<td>8,195</td>
<td>22,204</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

90,253 466,847 24,293 128,534

Impairment of trade receivables was made based on a simplified approach measured at an amount equal to lifetime credit loss using a provision matrix that is based on historical credit loss experience of the trade receivables. The carrying amounts of the above trade and other receivables approximate their fair values.

12. PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>Building 'Ushs'</th>
<th>Furniture 'Ushs'</th>
<th>Equipment 'Ushs'</th>
<th>Total 'Ushs'</th>
<th>Total 'USD'</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2017</td>
<td>1,206,432</td>
<td>10,437</td>
<td>720,644</td>
<td>2,036,533</td>
<td>570,054</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Curreny translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>1,206,432</td>
<td>10,437</td>
<td>735,411</td>
<td>2,043,280</td>
<td>562,289</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>3,120</td>
<td>14,549</td>
<td>17,669</td>
<td>4,796</td>
</tr>
<tr>
<td>Asset write off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Curreny translation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(12,587)</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>1,206,432</td>
<td>13,557</td>
<td>749,960</td>
<td>2,059,949</td>
<td>554,458</td>
</tr>
</tbody>
</table>

DEPRECIATION

<table>
<thead>
<tr>
<th></th>
<th>At 1 January 2017</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge for the year</td>
<td>106,526</td>
<td>138,306</td>
</tr>
<tr>
<td>Curreny translation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>132,465</td>
<td>144,545</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>25,329</td>
<td>37,049</td>
</tr>
<tr>
<td>Curreny translation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>158,394</td>
<td>151,594</td>
</tr>
</tbody>
</table>

NET BOOK VALUE

<table>
<thead>
<tr>
<th></th>
<th>At 31 December 2016</th>
<th>At 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge for the year</td>
<td>1,138,038</td>
<td>1,163,967</td>
</tr>
<tr>
<td>Curreny translation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>1,138,038</td>
<td>1,163,967</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>8,422</td>
<td>6,476</td>
</tr>
<tr>
<td>Curreny translation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>1,146,459</td>
<td>1,166,634</td>
</tr>
</tbody>
</table>
13. FINANCE LEASE

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Cost/Valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>60,761</td>
<td>60,761</td>
<td>17,058</td>
<td>17,058</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Currency Translations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>60,761</td>
<td>60,761</td>
<td>17,058</td>
<td>17,058</td>
</tr>
</tbody>
</table>

Amortization

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>At 1 January</td>
<td>4,583</td>
<td>3,959</td>
<td>1,286</td>
<td>1,114</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>164</td>
<td>164</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Currency Translations</td>
<td>562</td>
<td>305</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December</td>
<td>5,197</td>
<td>4,583</td>
<td>2,102</td>
<td>1,591</td>
</tr>
</tbody>
</table>

14. RELATED PARTY TRANSACTIONS

The company has entered into transactions with related parties as follows:

(a) Amount due to related parties

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Stichting BRAC International</td>
<td>20,744</td>
<td>20,744</td>
<td>5,584</td>
<td>5,711</td>
</tr>
<tr>
<td>BRAC Bangladesh</td>
<td>13,560</td>
<td>8,625</td>
<td>3,655</td>
<td>2,430</td>
</tr>
<tr>
<td>BRAC International Holdings B.V</td>
<td>78,220</td>
<td>67,058</td>
<td>21,054</td>
<td>18,463</td>
</tr>
<tr>
<td>Payable to BRAC Uganda</td>
<td>504,202</td>
<td>135,711</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>616,746</td>
<td>96,027</td>
<td>166,904</td>
<td>26,604</td>
</tr>
</tbody>
</table>

(b) Amount due from related parties

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Receivable from BRAC Uganda</td>
<td>-</td>
<td>110,387</td>
<td>-</td>
<td>30,393</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>110,387</td>
<td>-</td>
<td>30,393</td>
</tr>
</tbody>
</table>

15. OTHER LIABILITIES

The company provides training services to related companies including BRAC Uganda and BRAC Uganda Microfinance Limited.

16. TAXATION

(a) Income tax expense

The company’s tax affairs are subjected to agreement with the tax authorities. Details of the tax computation are set out below

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>(120,031)</td>
<td>17,592</td>
<td>(32,153)</td>
<td>17,592</td>
</tr>
<tr>
<td>Deflated tax</td>
<td>4,921</td>
<td>4,921</td>
<td>4,921</td>
<td>4,921</td>
</tr>
<tr>
<td>Income tax expense/(credit)</td>
<td>120,031</td>
<td>17,592</td>
<td>(32,153)</td>
<td>4,921</td>
</tr>
</tbody>
</table>

The corporation tax rate is set at 30% of the profits for the year as adjusted for tax purposes in accordance with the Income Tax Act cap 349.

Since the Company did not make profit during the year, no corporation tax was charged.
### 18. Cash flow from operating activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Ushs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>(914,773)</td>
<td>(245,041)</td>
</tr>
<tr>
<td>Restated</td>
<td>(40,060)</td>
<td>(11,205)</td>
</tr>
</tbody>
</table>

Adjustments for:

- **Depreciation**: 136,300
- **Amortization**: 614

### Changes in working capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Ushs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>(775,850)</td>
<td>(207,828)</td>
</tr>
</tbody>
</table>

### Net cash outflow from operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Ushs '000</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>(444,958)</td>
<td>(112,592)</td>
</tr>
</tbody>
</table>

### 19. Going concern

The Company incurred a loss during the year ended 31 December 2018 of Ushs 794,742,000 (2017: Ushs 57,652,000) and as of that date, the Company’s current liabilities exceeded its current assets by Ushs 115,318,000. The directors have prepared these financial statements on a going concern basis as they expect the holding and related companies to continue providing financial support to the Company.

In addition, the holding company has made available a grant of USD 100,000 in January 2019 to assist the company in meeting all its obligations.

The directors are confident that the going concern assumption is appropriate in the preparation of the financial statements as the losses are attributed to the fact that the Company has just commenced operations.

The directors believe that the above financial support coupled with a new head of the Company and a new product introduction committee will result in revenue growth.

### 20. Financial risk management

#### a) Introduction and overview

The Company has exposure to the following risks from financial instruments:

- **i) credit risk**
- **ii) interest rate risk**
- **iii) liquidity risk**
- **iv) market risk**
- **v) operational risk**

This note presents information about the Company’s exposure to each of the above risks and the Company’s objectives, policies and processes for measuring and managing risk.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework.
The Board of BRAC International Holdings BV, the parent company, has established the Group Audit and Risk Management committee, Remuneration Committee, Investment Committee, Group Executive Committee and Subsidiary Companies Executive Committee which are responsible for developing and monitoring Group risk management policies in their respective areas. All Board committees have both executive and non-executive members, apart from the Group Executive Committee which comprises of Executive Directors and Senior Management and report regularly to the Board of Directors on their activities.

BRAC financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not, however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity attributable to the equity holders of the Company, comprising share capital, accumulated losses and other reserves as disclosed in the statement of changes in equity. Management regularly reviews the capital structure and makes adjustments to it in light of changes in the economic conditions.

Management have defined debt as amounts owing to related and third parties. This includes short-term loans and trade payables where credit has been extended. Equity is defined as the capital invested by shareholders as shares or as accumulated reserves. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, less cash and cash equivalents. The company’s net debt to equity ratio is analysed as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Ushs '000</th>
<th>2018</th>
<th>Ushs '000</th>
<th>2017</th>
<th>Ushs '000</th>
<th>2018</th>
<th>Ushs '000</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other liabilities</td>
<td>142,125</td>
<td>155,491</td>
<td>38,255</td>
<td>42,888</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to related parties</td>
<td>616,746</td>
<td>96,627</td>
<td>166,004</td>
<td>26,664</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Cash and cash equivalents</td>
<td>(133,549)</td>
<td>(596,176)</td>
<td>(35,048)</td>
<td>(164,142)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>625,322</td>
<td>(344,068)</td>
<td>168,313</td>
<td>(94,730)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>1,396,195</td>
<td>2,598,696</td>
<td>375,801</td>
<td>715,484</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and Net debt</td>
<td>2,021,517</td>
<td>2,254,628</td>
<td>544,114</td>
<td>620,754</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt to equity ratio</td>
<td>31%</td>
<td>(15%)</td>
<td>31%</td>
<td>(15%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Credit policy of BRAC Social Business Enterprises Uganda Limited requires all credit exposures to be measured, monitored and managed proactively.

Exposure to credit risk is monitored on an ongoing basis by the commercial ventures management team. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure. Key areas where the company is exposed to credit risk are:
- Trade and other receivable balances
- Investments in cash and cash equivalents

All cash at banks is held with reputable financial institutions with good credit history and are regulated by the Central Bank of Uganda. As a result, the probability of loss of cash held at banks due to credit risk is assessed to be low.

The Board of Directors has delegated responsibility for the oversight of credit risk to the Country Representative and the Monitoring department.

Credit Risk Management

The objective of credit risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Country Representative. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

Interest rate risk

There is no significant exposure to interest rate risk as there is no material overdraft or interest-bearing borrowings.

Foreign exchange risk

BRAC Social Business Enterprises Uganda Limited has no significant foreign exchange risks as there is no material foreign currency exposure. BRAC Social Business Enterprises Uganda Limited foreign exchange risks comprise of transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions.

There is no significant exposure to foreign exchange risk as there are no material foreign denominated balances.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation.

The liquidity profile of the company is as follows:

<table>
<thead>
<tr>
<th>31 December 2018</th>
<th>Ushs '000</th>
<th>2018</th>
<th>Ushs '000</th>
<th>2017</th>
<th>Ushs '000</th>
<th>2018</th>
<th>Ushs '000</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>133,549</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>419,751</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax receivable</td>
<td>38,655</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>90,253</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>682,188</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>758,871</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity gap</td>
<td>(76,683)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organization’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

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

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

i. Requirements for appropriate segregation of duties, including the independent authorization of transactions.
ii. Requirements for the reconciliation and monitoring of transactions
iii. Compliance with regulatory and other legal requirements
iv. Documentation of controls and procedures
v. Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
vi. Requirements for the reporting of operational losses and proposed remedial action
vii. Development of contingency plans
viii. Training and professional development
ix. Ethical and business standards

Compliance with Company standards is supported by a programme of periodic reviews undertaken by the monitoring Department. The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the Company.

21. Fair values of financial assets and liabilities

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a) Valuation models

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

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments e.g. quoted equity securities. These items are exchange traded positions.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include not present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total fair values</th>
<th>Total carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Bank</td>
<td>-</td>
<td>-</td>
<td>133,549</td>
<td>133,549</td>
<td>133,549</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>-</td>
<td>419,751</td>
<td>419,751</td>
<td>419,751</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>38,835</td>
<td>-</td>
<td>419,751</td>
<td>419,751</td>
<td>419,751</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>-</td>
<td>90,253</td>
<td>90,253</td>
<td>90,253</td>
</tr>
<tr>
<td>Liabilities</td>
<td>-</td>
<td>142,125</td>
<td>142,125</td>
<td>142,125</td>
<td>142,125</td>
</tr>
<tr>
<td>Amount due to related parties</td>
<td>-</td>
<td>-</td>
<td>616,746</td>
<td>616,746</td>
<td>616,746</td>
</tr>
</tbody>
</table>

22. USE OF ESTIMATES AND JUDGEMENTS

There were no known contingent liabilities as at the close of the year.

24. Ultimate controlling party

The ultimate controlling party is BRAC International Holdings BV, a company registered in Netherlands.

25. Currency

These financial statements are presented in thousands of Uganda Shillings, which is the entities functional currency.

26. Capital commitments

There were no capital commitments at year end (2017: nil).

27. Events after the reporting period

There are no reportable events after the reporting period.
28. Restatement

Management noted an error that revenue was understated by Ushs 349,856,000 for the period 2017. This misstatement arose from training services provided to BRAC Uganda and BRAC MF which was billed but not recorded in the 2017 financial statements. Management believes that the adjustment of the understated revenue in 2017 provides more relevant information and fair presentation of the company's performance.

The effect of the restatement on key balances is summarised below:

<table>
<thead>
<tr>
<th>Previously reported 2017</th>
<th>Revision</th>
<th>Restatement in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Training income</td>
<td>169,146</td>
<td>349,856</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>407,508</td>
<td>(349,856)</td>
</tr>
<tr>
<td>Due to/(from) related party</td>
<td>239,469</td>
<td>(110,387)</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,248,840</td>
<td>2,598,696</td>
</tr>
</tbody>
</table>

Previously reported 2017 USD | Revision | Restatement in 2017 USD
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Training income</td>
<td>47,312</td>
<td>97,859</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>113,984</td>
<td>(96,324)</td>
</tr>
<tr>
<td>Due to/(from) related party</td>
<td>65,031</td>
<td>(30,302)</td>
</tr>
<tr>
<td>Total equity</td>
<td>619,160</td>
<td>715,484</td>
</tr>
</tbody>
</table>

Programme Reporting (Unaudited)

Statement of comprehensive income for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Training</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>Revenue</td>
<td>971,741</td>
<td>147,887</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(796,203)</td>
<td>-</td>
</tr>
<tr>
<td>Gross profit</td>
<td>185,538</td>
<td>147,887</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(428,150)</td>
<td>(65,669)</td>
</tr>
<tr>
<td>Traveling and Transportation</td>
<td>(175,844)</td>
<td>(10,557)</td>
</tr>
<tr>
<td>Training, workshops &amp; seminars</td>
<td>(16,773)</td>
<td>(2,879)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(334,296)</td>
<td>(54,864)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(138,306)</td>
<td>-</td>
</tr>
<tr>
<td>Lease amortization</td>
<td>(814)</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(1,113,949)</td>
<td>(134,249)</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(928,411)</td>
<td>13,638</td>
</tr>
<tr>
<td>Income tax credit/(expense)</td>
<td>34,260</td>
<td>85,771</td>
</tr>
<tr>
<td>Net loss for the year</td>
<td>(894,151)</td>
<td>99,409</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss</td>
<td>(894,151)</td>
<td>99,409</td>
</tr>
</tbody>
</table>

Statement of financial position as at 31 December 2018

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Training</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ushs '000</td>
<td>Ushs '000</td>
<td>Ushs '000</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank</td>
<td>10,863</td>
<td>122,666</td>
</tr>
<tr>
<td>Inventory</td>
<td>419,751</td>
<td>-</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>38,035</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>90,087</td>
<td>196</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>978,806</td>
<td>467,189</td>
</tr>
<tr>
<td>Finance lease on leasehold land</td>
<td>-</td>
<td>56,264</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,593,726</td>
<td>590,021</td>
</tr>
<tr>
<td>LIABILITIES AND EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related party payables</td>
<td>3,019,519</td>
<td>(2,402,773)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,012</td>
<td>141,113</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>8,166</td>
<td>20,495</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>3,028,717</td>
<td>(1,241,165)</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>2,002,421</td>
<td>431,579</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(3,437,412)</td>
<td>2,356,607</td>
</tr>
<tr>
<td>Total Equity</td>
<td>(1,434,991)</td>
<td>2,831,186</td>
</tr>
<tr>
<td>Total liabilities and Equity</td>
<td>1,593,726</td>
<td>590,021</td>
</tr>
</tbody>
</table>
Statement of comprehensive income for the year ended 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>Agriculture USD</th>
<th>Training USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>260,301</td>
<td>39,615</td>
<td>299,916</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(210,601)</td>
<td>-</td>
<td>(210,601)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td></td>
<td></td>
<td><strong>89,315</strong></td>
</tr>
<tr>
<td>Staff costs</td>
<td>(114,688)</td>
<td>(17,591)</td>
<td>(132,279)</td>
</tr>
<tr>
<td>Travelling and Transport</td>
<td>(46,569)</td>
<td>(2,903)</td>
<td>(49,472)</td>
</tr>
<tr>
<td>Training, workshops &amp; seminars</td>
<td>(5,029)</td>
<td>(771)</td>
<td>(5,800)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(94,895)</td>
<td>(14,697)</td>
<td>(109,592)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(37,049)</td>
<td>-</td>
<td>(37,049)</td>
</tr>
<tr>
<td>Amortization</td>
<td>(164)</td>
<td>-</td>
<td>(164)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>(298,394)</td>
<td>(35,962)</td>
<td>(334,356)</td>
</tr>
<tr>
<td><strong>Loss before tax</strong></td>
<td>(248,694)</td>
<td>3,653</td>
<td>(245,041)</td>
</tr>
<tr>
<td>Income tax credit</td>
<td>9,177</td>
<td>22,976</td>
<td>32,153</td>
</tr>
<tr>
<td><strong>Net deficit for the year</strong></td>
<td>(239,517)</td>
<td>26,629</td>
<td>(212,888)</td>
</tr>
</tbody>
</table>

Statement of financial position as at 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>Agriculture USD</th>
<th>Training USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank</td>
<td>2,929</td>
<td>33,017</td>
<td>35,946</td>
</tr>
<tr>
<td>Inventory</td>
<td>112,981</td>
<td>-</td>
<td>112,981</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>10,399</td>
<td>-</td>
<td>10,399</td>
</tr>
<tr>
<td>Other receivables</td>
<td>24,248</td>
<td>45</td>
<td>24,293</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>263,456</td>
<td>125,749</td>
<td>389,205</td>
</tr>
<tr>
<td>Finance lease</td>
<td>14,956</td>
<td>-</td>
<td>14,956</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>428,969</td>
<td>158,811</td>
<td>587,780</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related party payables</td>
<td>812,736</td>
<td>(646,732)</td>
<td>166,004</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>273</td>
<td>37,982</td>
<td>38,255</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>2,204</td>
<td>5,516</td>
<td>7,720</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>815,213</td>
<td>(603,234)</td>
<td>211,979</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>538,974</td>
<td>116,164</td>
<td>655,138</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(925,217)</td>
<td>645,880</td>
<td>(279,337)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>(386,243)</td>
<td>762,044</td>
<td>375,801</td>
</tr>
<tr>
<td><strong>Total liabilities and Equity</strong></td>
<td>428,970</td>
<td>158,810</td>
<td>587,780</td>
</tr>
</tbody>
</table>
Disclaimer: Some names and identifying details in the case stories have been changed to protect the privacy of the individuals.