



**ANNUAL REPORT 2019**  
**BRAC LIBERIA MICROFINANCE**  
**COMPANY LIMITED**



**Sir Fazle Hasan Abed KCMG**  
1936 - 2019

## We will not say 'rest' in peace.

### Thank you, Abed bhai.

Thank you for showing us how meaningful one's life can be.

Thank you for instilling the courage in us to take on the impossible.

Thank you for showing us how to listen and learn,  
to fail and to get up again in the service of others.

Thank you for making us see that no one is ordinary and  
to seek potential in everyone.

### We will not say 'rest' in peace.

The Abed bhai we know would not rest until we build an equal world.

We know you would not want us to lament your loss for long.

You would want us to tirelessly fight poverty and inequality,  
like you did the last 47 years.

We promise to rise to that responsibility.

## We promise to be worthy of your legacy.

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## LETTER FROM THE EXECUTIVE DIRECTOR

### STRONGER TOGETHER IN TIMES OF TRANSITION



2019 was a year of great change and transition for BRAC International. First and foremost in our hearts, we lost our dear founder, Sir Fazle Hasan Abed. Abed Bhai's guidance, vision, and spirit are irreplaceable and deeply missed. Before his passing, Abed Bhai spearheaded the creation of a new Global Board to lead us in the post-founder era. This body is guided by the new BRAC Global Strategy which sets a bold vision for BRAC over the next decade. This strategy not only helped bring the BRAC family together but provides an enormous amount of guidance for our work, outlining a path to reach at least 250 million people by 2030.

In this spirit of transition, we began 2019 working to build a strong base for the years to come by consolidating and strengthening our programme and organisational management. Our core focus areas included improving our programme quality, both in design and implementation, by developing new program quality standards and improving our front line supervision and monitoring, evaluation, and learning (MEL) systems through targeted in-country pilots.

We also took several steps to build BI's capacity to achieve impact at scale. We developed a Microfinance Growth for Impact Plan: a strategy for converging Microfinance operations with other social development programmes, while opening a new Africa Regional Office in Nairobi, Kenya, to build leadership and greater supervision at the field level. Steps were taken to improve our grants management capacity at all levels to respond to the needs of our donors and those we serve.

While our management focus was on strengthening internal capacity, on the ground we continued to deliver innovative programs to support those living in situations of poverty and inequality. In 2019, we reached a total

of 6.6 million people, predominantly women and girls, across 10 countries in Asia and Africa. BI Microfinance, our signature financial inclusion programme, provided 650,000 program participants and their families access to basic financial services and support in six countries, five in Africa and one in Asia.

The COVID-19 pandemic has emerged as a major challenge while continuing our organisational strengthening work and programming. Building on our existing capacity, we have been working with governments through National Coordination Committees and Task Forces in each of our countries of operation to quickly meet the needs of those affected by the virus. To date, BI has reached over 45 million people through our COVID-19 response programming. We have also worked to develop innovative ways to continue our existing programmes safely and effectively. For example, our early childhood education team has been utilising local radio stations to deliver play-based learning to children stuck in their homes in Uganda and Tanzania.

Our innovative spirit was not limited to fighting COVID, but also fighting the other great challenge of our time: climate change. We see how the changing climate is affecting the people we serve, decimating livelihoods, health, food security, and pushing people into poverty. We are acting now to build and deploy tools that will enable us to fight climate change-induced disasters by strengthening early warning systems and supporting locally-led climate adaptation programmes.

It is through these challenging times that we see the true spirit of BRAC. Abed Bhai always believed in the power of collective action and effort to meet the challenges that face us. It is through the support, compassion, and generosity of our partners, peers, host governments, and donors that we are able to continue fulfilling his vision to protect, help, and uplift vulnerable people everywhere.

We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives. Together we can build towards an even brighter future.

A handwritten signature in black ink, appearing to read 'Dr. Musa', with a long horizontal flourish extending to the right.

**Dr Muhammad Musa**  
Executive Director  
BRAC International

## MESSAGE FROM THE MANAGING DIRECTOR



I am delighted to see that BRAC Liberia Microfinance Company Ltd (BLMCL) has completed a decade of operations since opening its first branches in Liberia in 2008.

During the course of these 11 years, BLMCL has grown to become the largest microfinance institution in the country, with 28 branches located in 6 counties, employing 325 staff, and serving 42,006 borrowers up to the end of 2019. Women, accounting for 98% of the company's overall borrowers, will remain at the centre our decisions as we continue to pursue the mission to empower them economically.

Our collateral-free, group-based microloans which are provided exclusively to women, make the majority of our client portfolio with a total loan disbursement of USD 10.94 million. The company also provided USD 4.65 million in loans to small business entrepreneurs.

The company registered significant growth in 2019 compared to 2018. The number of borrowers increased by 23%, total loan disbursement increased by 24%, and the total outstanding loan portfolio size increased by 29%, taking the figure to USD 7.22 million.

Cognizant of the evolving needs of our clients, the company commissioned a study of the agricultural finance opportunities with a view to introducing agriculture microloans in the near future. It also embarked on the digitisation of its internal processes and customer interfaces in order to enhance the customer experience and improve efficiency in operations.

BLMCL strives to ensure that its organisational culture is customer-centric and its systems, processes,

and employees help build loyalty, trust, and long-term relationships with clients. Accordingly, we introduced a Social Performance Management system and also commissioned a survey, based on Lean Data methodology, to assess customer satisfaction and the social impact of our work, to inform and further improve our products and services.

The company made a commitment to participate in the development of the southeastern counties of Liberia. We have taken the initiative to establish an area office and at least 2 branches to enable access to finance to people living in those communities.

We are grateful to the Central Bank of Liberia, the Ministry of Finance and Development Planning for supporting us to promote financial inclusion in Liberia. We would also like to thank other key stakeholders: KIVA, Whole Planet Foundation, and Global Partnerships, for helping us serve people living in the most marginalised communities.

The strength and resilience of our clients serve as our main inspiration in achieving our mission. We will continue to prioritise reaching people living in poverty, especially women in rural and hard-to-reach areas, to provide them with opportunities to improve their livelihoods and wellbeing.

**Silent Clement Gonondo**  
Managing Director  
BRAC Liberia Microfinance Company Limited

## BRAC SAFEGUARDING FRAMEWORK

Since its inception, BRAC has prioritised the safety and wellbeing of all those it works with – stakeholder of all programmes, members of staff and volunteers, and partners and donors. From the beginning of 2018, BRAC strengthened its safeguarding compliance, and has committed to ensure that safeguarding measures are incorporated across all levels of the organisation.



BRAC currently operates with six safeguarding standards: safe governance, safe people practices, safe programming, safe partnering, safe risk management and safe reporting. A safeguarding unit has been formed within BRAC Human Resources and Learning Department to provide technical support in strengthening safeguarding at organisational, programmatic and partnership levels.

BRAC has developed a standalone safeguarding policy as well as specialised policies to address sexual harassment, protection of children and adolescents, prevention of workplace bullying and violence, rights of persons with disabilities, and whistleblowing. All members of staff at BRAC are trained on safeguarding through classroom and online sessions. Different programmes and departments are in the process of developing risk mitigation plans to

curb safeguarding risks associated with their work.

BRAC's overall strategy to safeguard people is firstly through means of prevention. If that fails, each case or incident violating the policy is addressed through a mechanism that is fair, transparent and objective. Our priority is to take safety measures for the complainant if and when an incident arises.

BRAC has a robust internal investigation process and unit with two separate streams to address

safeguarding-related breaches, as well as two independent decision-making committees. A centralised 24/7 call centre has been established to lodge complaints. Additional emphasis is given on awareness and data management related to complaints regarding all forms of harassment and bullying. BRAC's safeguarding unit implements action plans jointly developed with DFID, and in collaboration with all its programmes and departments to build a strong safeguarding culture within the organisation.

# BRAC INTERNATIONAL PROGRAMMES



Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment towards breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6 year olds, with a low cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost effective local learning materials to children in marginalised communities.



The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.



Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.



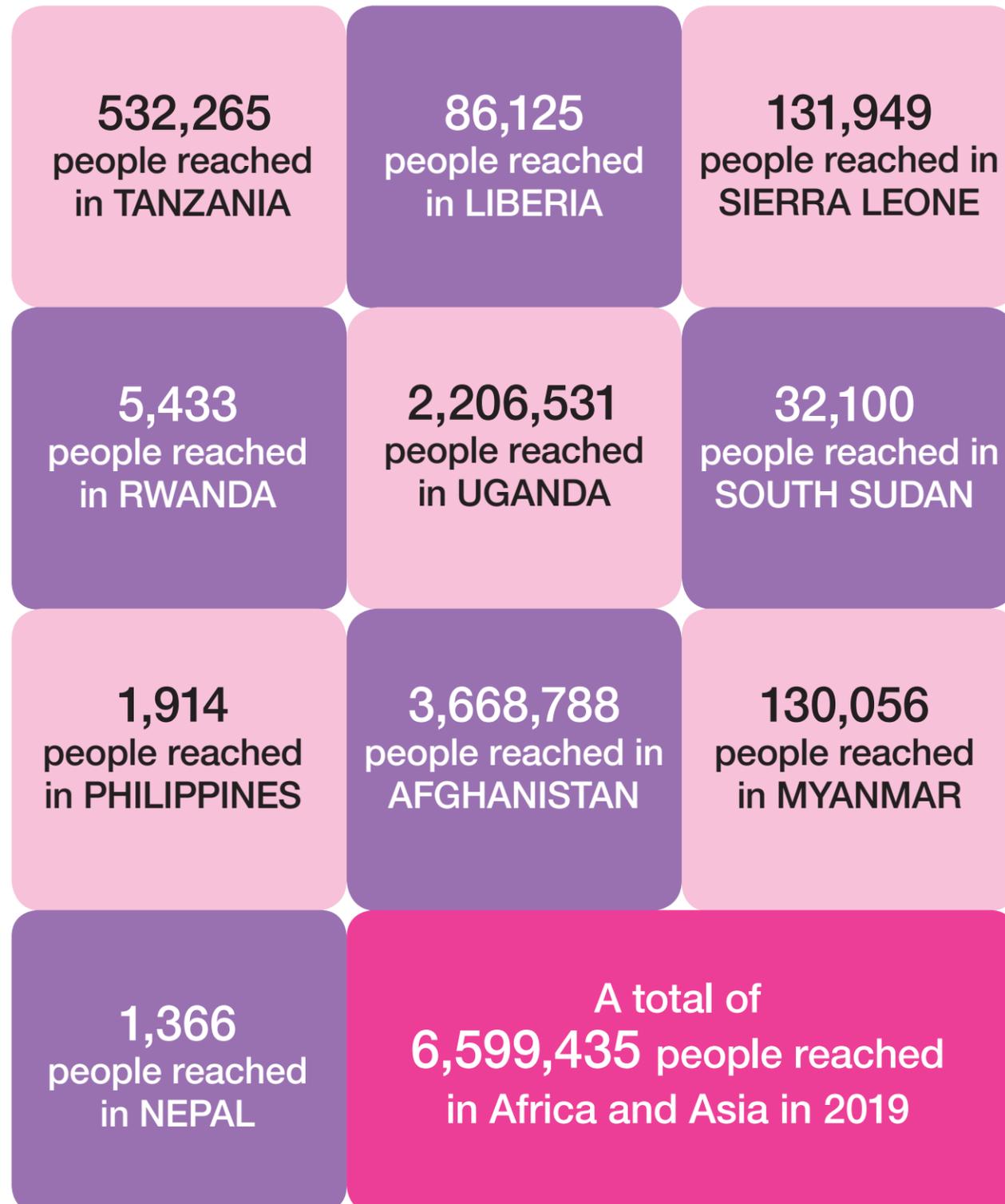
The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.



With the help of **Microfinance**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard to reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

## OUR COUNTRY-WISE REACH IN 2019



## PROGRAMMATIC REACH OF BRAC INTERNATIONAL IN 2019



833,921

people through the **Education programme** in Afghanistan, Philippines, Uganda, and Liberia



16,623

people through the **Early Childhood Development programme** in Tanzania and Uganda



100,313

people through the **Agriculture, Food Security and Livelihood programme** in Myanmar, Nepal, South Sudan, Uganda, Liberia, and Sierra Leone



59,359

people through the **Youth Empowerment programme** in Nepal, Tanzania, Uganda, Liberia, and Sierra Leone



7,725

people reached through the **Emergency Preparedness and Response programme** in Myanmar, Uganda, and Sierra Leone



3,307,849

people reached through the **Health programme** in Afghanistan, Nepal, Liberia, Uganda, and Sierra Leone



2,401

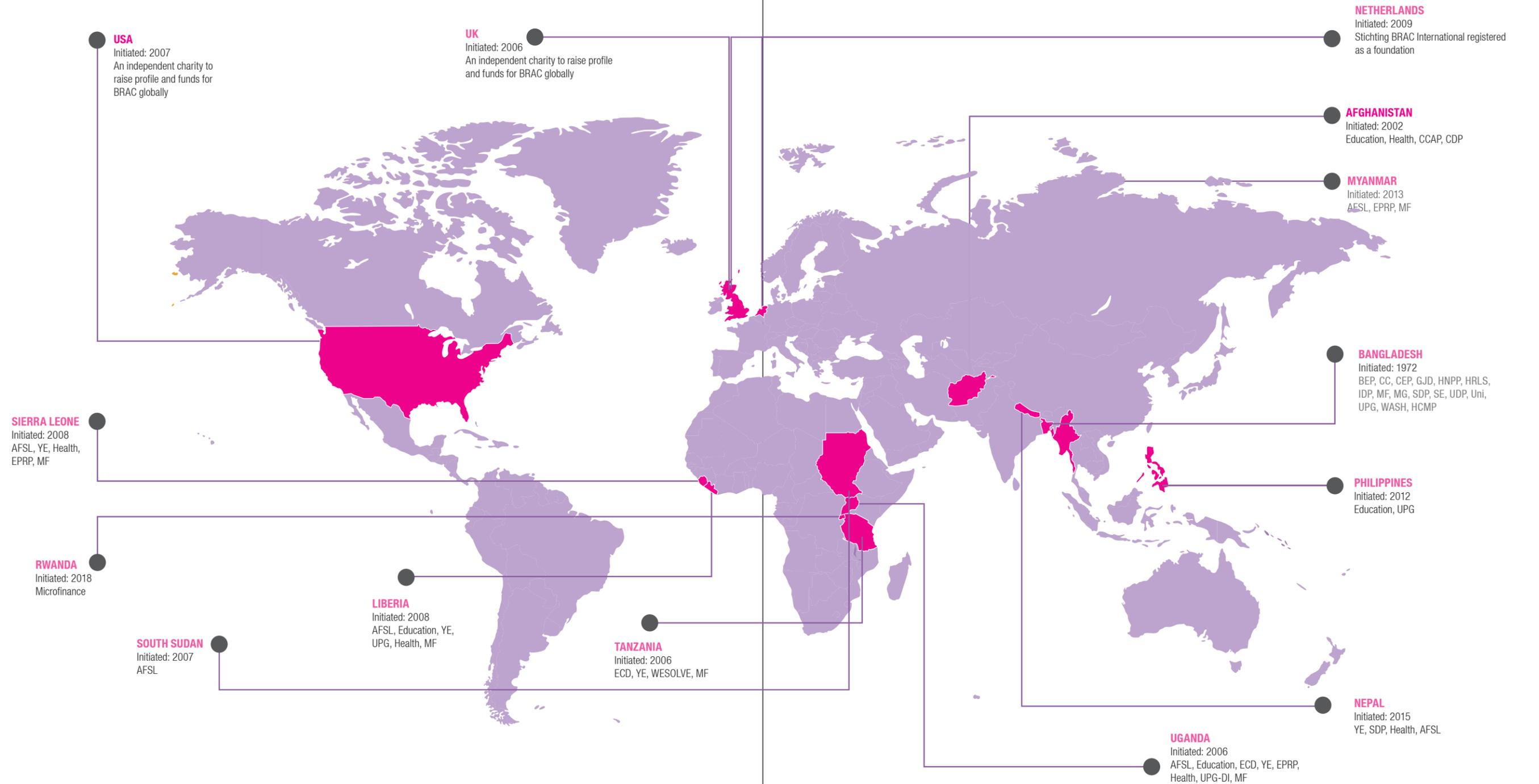
people reached through the **Ultra-Poor Graduation programme** in Uganda and Liberia



646,442

borrowers and 150,231 depositors through the **Microfinance programme** in Myanmar, Uganda, Liberia, Tanzania, Sierra Leone, and Rwanda

# BRAC ACROSS THE WORLD



AFSL – Agriculture, Food Security and Livelihood  
BEP – BRAC Education Programme  
CC – Climate Change  
CCAP – Citizens' Charters Afghanistan Project  
CEP – Community Empowerment Programme  
CDP – Community Development Programme

ECD – Early Childhood Development  
EPRP – Emergency Preparedness and Response Programme  
GJD – Gender Justice and Diversity  
HNPP – Health, Nutrition, and Population Programme  
HRLS – Human Resources and Legal Aid Services  
HCMP – Humanitarian Crisis Management Programme

IDP – Integrated Development Programme  
MG – Migration  
MF – Microfinance  
SE – Social Enterprises  
SDP – Skills Development Programme  
UDP – Urban Development Programme

Uni – University  
WASH – Water, Sanitation and Hygiene  
UPG – Ultra-Poor Graduation  
UPG-DI – Ultra-Poor Graduation-Disability Inclusive  
WE SOLVE – Women Entrepreneurship through Solar Value chain for Economic development  
YE – Youth Empowerment

# STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 DECEMBER, 2019

## MANAGEMENT BOARD



**DR MUHAMMAD MUSA**  
EXECUTIVE DIRECTOR  
BRAC International



**SYED ABDUL MUNTAKIM**  
DIRECTOR  
Finance  
BRAC International



**RUTH OKOWA**  
DIRECTOR  
Africa Region  
BRAC International



**M ANOWAR HOSSAIN**  
DIRECTOR  
Asia Region  
BRAC International



**SHARMIN SULTAN**  
DIRECTOR  
Human Resources  
BRAC International

## DIRECTORS



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



**DIRK BROER BOOY**  
SENIOR DIRECTOR  
Programme Development, Resource  
Mobilisation and Learning,  
BRAC and BRAC International



**HANS ESKES**  
DIRECTOR  
BRAC International Holding B.V.



**SONIA WALLMAN**  
DIRECTOR  
Grant Management, Programme  
Development, Resource  
Mobilisation & Learning,  
BRAC and BRAC International



**KENNETH CAROL VAN TOLL**  
DIRECTOR  
Institutional Fundraising  
and Partnership  
BRAC International



**MARJOLEIN VAN DEN HOVEN**  
DIRECTOR  
Private Sector Fundraising  
BRAC International



**AUDREY AHWAN**  
DIRECTOR  
Programme Development, Resource  
Mobilisation and Learning,  
BRAC and BRAC International



**MOUTUSHI KABIR**  
DIRECTOR  
Communications and Outreach  
BRAC and BRAC International



**NANDA DULAL SAHA**  
DIRECTOR  
Internal Audit  
BRAC and BRAC International



**MD SAJEDUL HASAN**  
DIRECTOR  
Humanitarian Programme  
BRAC and BRAC International

# STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD



**Marilou van Golstein Brouwers**  
Chair (Appointed Chair to the Board on  
7 April 2020, member since 28 March 2019)

Stichting BRAC International Supervisory Board  
BRAC International Holdings B.V. Supervisory Board

**Marilou van Golstein Brouwers** is a former chair of the Management Board and founder of Triodos Investment Management BV, a subsidiary of Triodos Bank.

Ms Brouwers is an international entrepreneurial impact investment banker, with more than 30 years of experience in values-driven business and banking, with immense expertise on impact investing.

She started working for Triodos Bank in 1990 and was involved in the founding of Triodos Investment Management, of which she became the managing director in 2003. She was the chair of the Management Board from January 2015 to December 2018.

Ms Brouwers is currently active in a variety of roles. Within Triodos Bank, she is a member of several boards and involved in the start-up of the Triodos Regenerative Money Centre. She is also a member of the Board of Directors of the Global Impact Investing Network and the Special Working Group on impact economy by the Global Steering Group for Impact Investment. She is chair of the Supervisory Board of B Lab Europe and the Supervisory Board of Qredits, The Netherlands, one of the Women Entrepreneurs Finance Initiative Leadership Champions.

Ms Brouwers has served on the board of directors of banks in Uganda, Kenya, Tanzania, Russia, Afghanistan and Pakistan. She was a member of the Group of Advisors for the United Nations Year of Microcredit in 2004 and 2005, of the Executive Committee of CCAP (2003-2008), the Board of Trustees of Women's World Banking (2003-2012), the Advisory Committee of the Mastercard Foundation Fund for Rural Prosperity (2014-2017) and the Advisory Council on International Affairs Committee for Development Cooperation in The Netherlands. She was chair of SBI Limited (2011-2013), the Steering Committee of the Principles for Responsible Investment / Principles for Investors in Inclusive Finance (2011-2013) and the Advisory Board of Women in Financial Services in The Netherlands (2011-2016). She was also treasurer of the Max Havelaar Foundation (2008-2015).

Ms Brouwers studied business and economics at Erasmus University in Rotterdam.



**Ameerah Haq**  
(Was appointed as the Board Chair on  
6 August 2019 and resigned on 7 April 2020)

Stichting BRAC International Supervisory Board

Ms Ameerah Haq is the former UN under-secretary-general for the Department of Field Support. She held the position of under-secretary-general from 2009 till her retirement and was the senior-most Bangladeshi national in the United Nations during those years. She most recently served as the vice chair of the high-level independent panel on peace operations for the UN. She has over 39 years of UN experience including 19 years of field experience. She was the last special representative of the secretary-general (SRSG) in the UN Integrated Mission in Timor-Leste. She has also held the positions of deputy SRSG and UN resident coordinator in Sudan, as well as deputy SRSG and UN resident coordinator in Afghanistan. In addition, Ms Haq has held senior positions within the UN development programme and has served as UN resident coordinator in Malaysia and Laos.

Ms Haq currently serves on the Board for the Centre for Humanitarian Dialogue in Geneva, on the secretary-general's senior expert group on Human Rights Up Front, on the Board for the Peace Operations Training Institute, Williamsburg, Virginia. She is also a special advisor to the United Nations Foundation in Washington and a member of the Special Advisory Group of the Challenges Forum of the Folke Bernadette Academy of Sweden. Ms Haq lectures frequently at many universities and speaks at seminars hosted by think tanks and non-governmental organisations.

During her service in the UN, Ms Haq was awarded the highest Presidential Medal in East Timor by President Jose Ramos Horta, the highest civilian medal of the Lao People's Democratic Republic and the Malalai Medal of Honor from President Hamid Karzai of Afghanistan, which is among the highest civilian honors given for courage and dedication. She is also the recipient of the Julia Taft Outstanding Humanitarian Service Award during the time she served as humanitarian coordinator for her work in Darfur, Sudan.

Ms Haq received a bachelor of science degree in psychology from Western College for Women in Oxford, Ohio in 1969. She subsequently went on to receive a master of science degree in Community Organization and Planning from Columbia University, New York in 1972, and a master in business administration from New York University in 1974.



**Sylvia Borren**  
Vice Chair

**Stichting BRAC International Supervisory Board**

**Sylvia Borren** has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women's and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (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 was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is now a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.



**Dr Debapriya Bhattacharya**  
Member

**Stichting BRAC International Supervisory Board**

**Dr Debapriya Bhattacharya**, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre 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 LDCs 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 leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary 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 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).



**Parveen Mahmud FCA**  
Member

**Stichting BRAC International Supervisory Board  
BRAC International Holdings B.V. 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 organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & 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), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, 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, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud 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 Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananyna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.



**Shabana Azmi**  
Member

**Stichting BRAC International Supervisory Board**

**Shabana Azmi** is an internationally celebrated film and theatre actress. She has won five national and five international awards for 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 bicentennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterand of France. She also won the Crystal Award at the World Economic Forum 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Park, and Chavez Awards 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.



**Victoria 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 trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.



**Gregory Chen**  
Member

**Stichting BRAC International Supervisory Board  
BRAC International Holdings B.V. Supervisory Board**

**Gregory Chen** has worked on financial inclusion for 25 years, with most of his work spanning across South Asia. His work focuses on hands-on advisory and implementation with microfinance institutions and, for the past decade, with newer players in digital finance. This has included work with digital players like bKash, Wave Money and also development organisations including the Aga Khan Development Network, BRAC, and Dvara. His work has included deep technical engagements with more than a dozen financial sector regulators. He has also worked as a corporate banker at Bank of America and with the financial services consulting firm Enclude.

Mr Chen is a member of CGAP's management team and oversees CGAP's policy Engagement. He focuses on helping policy makers adapt to the rapid change in the world of financial services brought on by technology, and particularly to ensure that financial systems can responsibly reach the disadvantaged.

Mr Chen is a regular speaker on microfinance and digital finance at the Boulder Institute for Microfinance, BRAC University, Johns Hopkins, Tufts University, Yale University, and American University, among others. He has a master's degree in international development from Harvard Kennedy School and a bachelor's degree from Wesleyan University.

**GROUP FINANCE AND  
AUDIT COMMITTEE**

Composition of the present finance and audit committee is as follows:

- Parveen Mahmud FCA, Chair
- Dr Muhammad Musa, Member
- Syed Abdul Muntakim, Secretary
- Sylvia Borren, Member
- Hans Eskes, Member

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on the:

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal auditfunction

## BRAC LIBERIA MICROFINANCE COMPANY LIMITED GOVERNANCE AND MANAGEMENT

### Board members

Dr. Muhammad Musa	Chairperson
Mr. Shameran Bahar Abed	Member
Mr. Johannes Maria Antonius Eskes	Member
Mr. Syed Abdul Muntakim	Member
Ms. Ruth Adhiambo Okowa	Member
Mr. Silent Clement Gonondo	Managing Director & Ex-officio

### Country Management Team

Silent Clement Gonondo	Managing Director
Rezaul Karim	Programme Manager
Baysah D. Corvah	Procurement and Logistics Manager
Dellnot Gardner	Human Resources & Training Manager
Joseph Garmehea	Head of Audit
Kamrul Hasan Imran	Head of Finance
Rasel Mahmud	IT Manager
Thon L. Okanlawon	Communication Manager

## DEVELOPMENT PARTNERS



# MICROFINANCE

More than half of Liberia's adult population do not have access to financial services. Financial inclusion is even lower for women, people living in poverty and in rural and hard-to-reach areas. Liberian adults face a multitude of challenges to accessing critical financial services, including limited access points, particularly in rural areas, lack of required documentation, and expensive and complex financial products.



## OUR APPROACH

Launched in 2008, BRAC Liberia Microfinance Company Limited (BLMCL) is driven by the mission to provide financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in rural and hard-to-reach areas, creating self-employment opportunities, building financial resilience, and promoting women's entrepreneurial spirit by empowering them economically.

In a 2019 baseline impact assessment (based on Lean Data surveys), clients noted improvements in their financial resilience in emergencies, and almost all of them stated that their quality of life has improved since engaging with BRAC. 92% of clients accessed a loan for the first time with BRAC, and 99% reported that they could not easily access a good alternative.

Our current products consist of collateral-free, group-based microloans provided exclusively to women, and small enterprise loans. Operating through a village organisation model in which women form themselves into self-selected community groups, the microloans also offer women the opportunity to support each other through knowledge-sharing on personal and community development. Alongside our core products, BLMCL also offers loans for jobholders with low to moderate income who are often unserved by mainstream banks.



## MOVING FORWARD

In alignment with its mission and its five-year strategic plan, BLMCL will continue to strengthen ongoing initiatives relating to responsible inclusive finance; innovative, client-centric product development; digitisation of field operations; and expansion into new, underserved counties. Guided by the government's prioritisation of the south-east counties in the allocation of development resources, BLMCL plans to further expand in these locations in 2020.



## OPERATIONAL HIGHLIGHTS

Largest microfinance provider by the number of clients in Liberia, operating with **28** branches in **6** counties

**98%** of our clients are women

Over **42,000** total borrowers (an increase of 23% from 2018)

Total disbursement of **USD 15.59 million** (an increase of 24% from 2018)

## BASELINE IMPACT ASSESSMENT HIGHLIGHTS

**96%** of clients reported increases in income

**94%** of clients saw improvements in their ability to save money, and **97%** reported improved ability to better plan finances

**86%** of clients reported using savings to pay for an emergency expense after working with BLMCL, compared with only 24% before

**88%** of clients reported spending more on home improvements, while **86%** reported spending more on children's education



## SEIZE THE DAY

Maripiah Kangba is 55 years old with 10 children, aged between 7 to 35 years. She lives with her family in Jacob Town in Monrovia city, Liberia. She currently sells crockeries and other accessories in Paynesville city.

Her journey began 12 years ago with just a wheelbarrow selling goods on the road side in one of the most populated areas known as Water Side.

"Sometimes I used to walk road-to-road selling goods in the wheelbarrow. My daily profit was approximately LRD 200 (USD 1) – LRD 300 (USD 1.5). It wasn't sufficient to maintain my family expenditure," she says. She had limited resources and received hand-outs from her relatives. However, she still aspired to open a small shop and change her financial status.

In 2001, she spoke to a Credit Officer from BRAC Liberia and took LRD 150,000 (USD 754) as her first loan. From then onwards, there was no looking back for her. Over the years, she received multiple loans from BRAC Liberia Microfinance programme which helped her establish and expand her dream business. She is now a trusted client, who has taken up LRD 600,000 (USD 3,015) as loans.

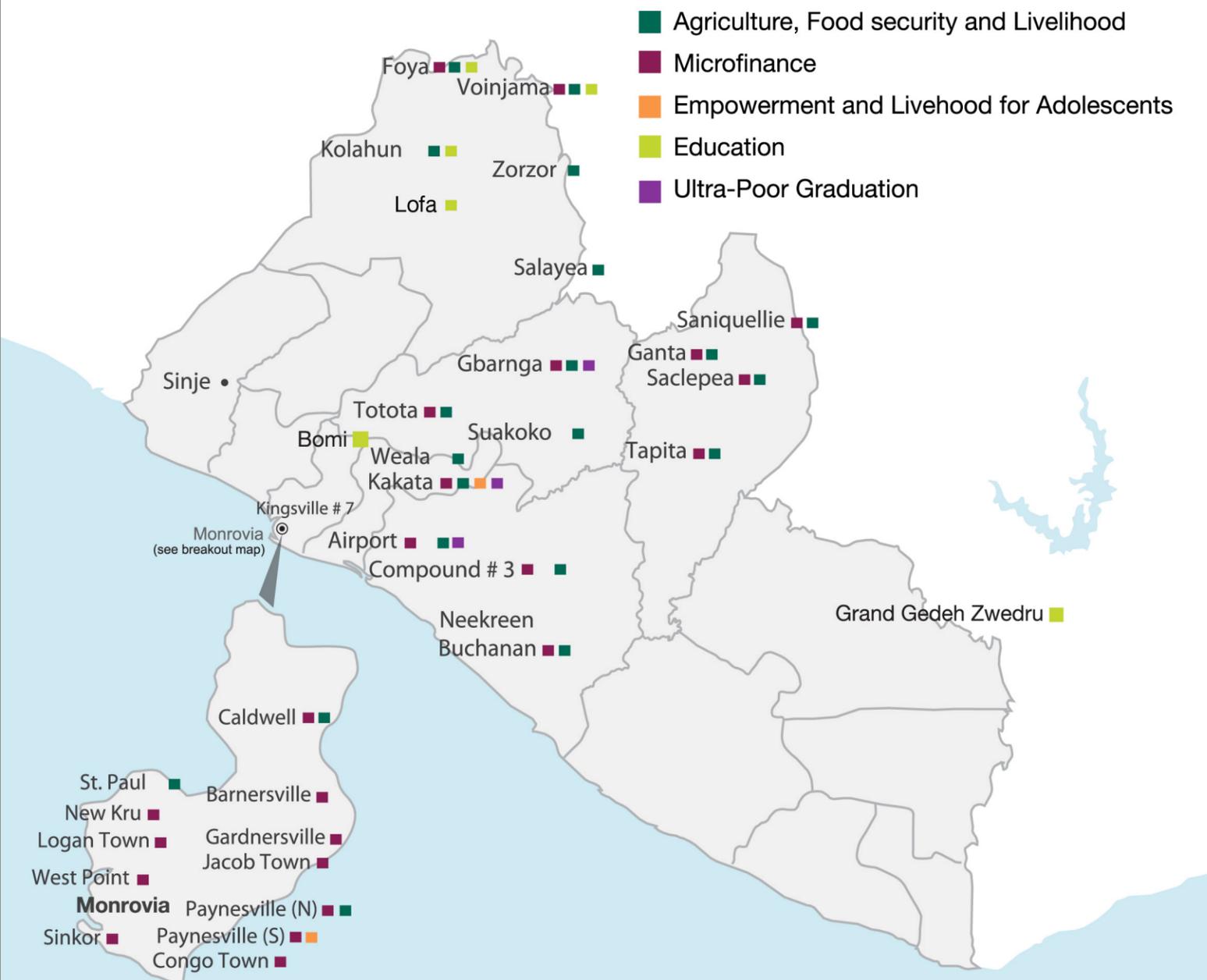
"BRAC's Microfinance programme has made significant improvements in my life," she says. "I now have my own house, which I built on my own land, and 3 of my children are currently attending good schools. I am a proud owner of one of the biggest shops in the area and I could not have achieved any of this without BRAC Liberia's help," she adds.

Maripiah plans on continuing to be a regular client of BRAC Microfinance and hopes that each of her sons will one day run their own separate stores.



# PROGRAMMES IN BRAC LIBERIA

# FINANCIALS



# OPERATIONAL AND FINANCIAL HIGHLIGHTS OF BRAC LIBERIA MICROFINANCE COMPANY LIMITED

## NET INCOME

BRAC Liberia Microfinance Company Limited maintained its profit trend in 2019 and posted Profit before tax of USD 1,212,809 (2018: USD 965,624). Interest income has increased significantly by 30% due to growth in loan disbursement to clients by 34%.

## OPERATING EXPENSES

Total operating expenses for the year was USD 1,896,842 as compared to USD 1,467,490 in 2018 showing a increase of 29%.

## PROVISIONS FOR IMPAIRMENT LOSSES

This year amount charged for impairment on loans was USD 55,357 as against USD 5,751 in 2018, showing an increase of 863% . This is due to adjustment done on the adoption of IFRS in 2019 opening balance. Portfolio at Risk (PAR>30) is 1.06% as to 0.64% in 2018. Total reserve for impairment was USD 66,471 in 2019 compared to 50,154 in 2018, representing 1.06% of Gross portfolio.

## FINANCIAL POSITION

In 2019, BRAC Liberia Microfinance company Limited's total assets increased by 27.47% to USD 7,787,268. The increase is mainly due to growth of loan portfolio which has been increased by 32% to USD 6,357,954.

## VALUE ADDED STATEMENTS

A value added statement provides a detail information of the total addition and distribution of value created by the organization. BRAC Liberia Microfinance Company Limited contributes positively to overall economic development by empowering the poor people (specially women) through micro-credit, employees through the payment of salaries and allowances and by assisting the local regulatory authorities through paying taxes and of course keeping in mind of organization's growth.

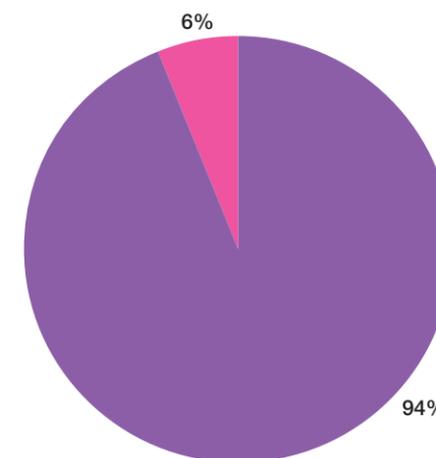
### VALUE ADDED STATEMENTS (IN USD)

Figures in (USD)	2019		2018	
	Amount	%	Amount	%
Service Charges on Loans	2,980,317	126%	2,298,567	121%
Fees and Commission Income	184,691	8%	140,298	7%
Other Operating Expense	(745,774)	-32%	(541,058)	-29%
Loan Provision(doubtful losses)	(55,357)	-2%	(5,751)	0%
<b>Total value added</b>	<b>2,363,877</b>	<b>100%</b>	<b>1,892,056</b>	<b>100%</b>

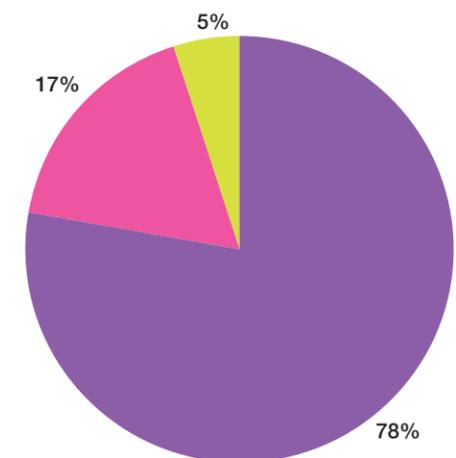
### VALUE DISTRIBUTED STATEMENTS (IN USD)

Value Distributed	2019	%	2018	%
<b>Employees</b>				
Salary and Allowances	1,089,774	46%	840,334	44%
<b>Local Authorities</b>				
Income Tax	237,765	10%	-	0%
Depriciation	72,503	3%	27,479	1%
<b>Growth</b>				
Retained Income	963,835	41%	1,024,243	54%
<b>Total</b>	<b>2,363,877</b>	<b>100%</b>	<b>1,892,056</b>	<b>100%</b>

### Value added 2019



### Value distributed 2019



■ SERVICE CHARGES ON LOANS ■ FEES AND COMMISSION INCOME ■ SALARY ALLOWANCES ■ INCOME TAXES ■ DEPRECIATION

### CONTRIBUTION TO GOVERNMENT EXCHEQUER

	2019	2018
	USD	USD
Income Tax	237,765	-
Withholding tax	120,917	88,166
Social Security and pension	71,552	44,688
<b>Total</b>	<b>430,234</b>	<b>132,855</b>

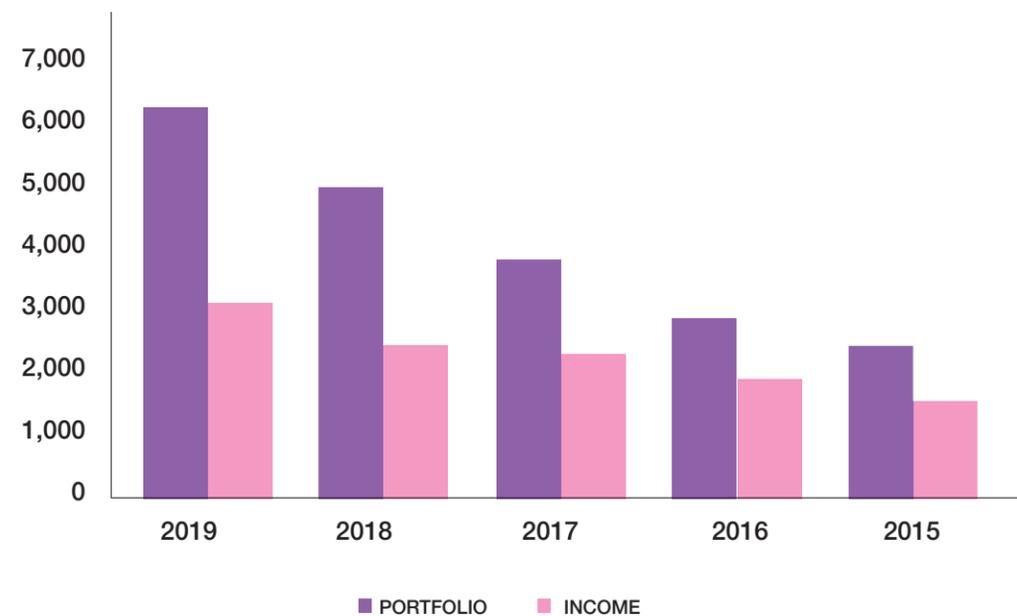
### FIVE YEAR PERFORMANCE REVIEW

Currency	2019	2018	2017	2016	2015
	USD	USD	USD	USD	USD
<b>Income Statement</b>					
Operating Income	3,165,008	2,438,865	2,061,384	1,597,120	1,096,757
Net Profit/(loss) before Tax	1,212,809	965,624	603,780	261,393	(229,407)
Total Expenditure	2,201,173	1,473,241	1,455,219	1,242,718	1,245,630
<b>Financial Position</b>					
Total Assets	7,787,268	6,109,012	5,324,238	4,109,955	3,406,524
Net Equity	3,929,975	3,516,075	3,118,531	2,537,013	2,080,155
Principal Outstanding	6,287,044	4,811,271	4,001,242	3,127,965	2,373,970
Yearly Loan Disbursement	15,372,168	11,485,812	8,913,669	6,642,010	4,104,261
Cash at Bank	1,124,184	979,340	1,047,593	718,975	850,894
<b>Returns and Ratio</b>					
Return on Asset	16%	16%	11%	6%	-7%
Cost to Income	70%	60%	71%	78%	114%
<b>Operational Statistics</b>					
Total Borrowers	42,047	34,297	27,010	19,333	14,033
PAR>30	1.06%	0.64%	0.81%	2.67%	5.72%

## BRAC LIBERIA MICROFINANCE COMPANY LIMITED

### FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

### ANNUAL INCOME AND PORTFOLIO IN THOUSANDS USD



Last five years income vs. portfolio (in '000 USD)

## BRAC LIBERIA MIROFINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

### CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	:	Dr Muhammad Musa - Chair Mr. Johannes Maria Antonius Eskes - Director Mr. Shameran Abed - Director Mr. Syed Abdul Muntakim - Director Ms. Ruth Adhiambo Okowa - Director
<b>MANAGING DIRECTOR</b>	:	Mr. Silent Clement Gonondo
<b>REGISTERED OFFICE</b>	:	Divine Town, Old Road Monrovia
<b>BANKERS</b>	:	Eco Bank Limited Liberia Randall and Ashman Street, Monrovia  International Bank (Liberia) Limited Broad Street, Monrovia  The Liberian Bank for Development and Investment 9th Street Sinkor, Monrovia  Guaranty Trust Bank 13th Street, Sinkor, Monrovia  Access Bank Liberia Limited 20th Street, Sinkor; Monrovia  United Bank of Africa Broad, Nelson St., Monrovia
<b>AUDITORS</b>	:	Baker Tilly Liberia (Certified Public Accountants) King Plaza, 2 <sup>nd</sup> -4 <sup>th</sup> Floor 80 Broad Street Monrovia
<b>LEGAL COUNSEL</b>	:	Henries Law Firm 31 Benson Street Monrovia, Liberia

## BRAC LIBERIA MIROFINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

### Report of the Board of Directors

The Board of Directors presents their report and audited financial statements for the year ended December 31, 2019.

### The Board of Directors' Responsibility Statement

The Company's Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at December 31, 2019, the statements of profit and loss and other comprehensive income, the statement of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, and the report of the Board of Directors in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the provisions of the Articles of Incorporation.

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.

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

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

### Principal Activities

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

### Results

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

### Approval of the financial statements

The Board of Directors approved these financial statements on 14 May 2020.

## BRAC LIBERIA MIROFINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

### Report of the Board of Directors (continued)

#### Going concern

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

#### The Board members

The following members served during the year:

Dr Muhammad Musa (Appointed on 30 April 2019)  
Mr. Johannes Maria Antonius Eskes  
Mr. Shameran Abed  
Mr. Syed Abdul Muntakim (Appointed on 23 July 2019)  
Ms. Ruth Adhiambo Okowa (Appointed on 01 October 2019)  
Mr. Faruque Ahmend (Retired on 30 April 2019)

#### Managing Director

Mr Silent Clement Gonondo appointed as Managing Director on 4th March 2019.

#### Auditors

Baker Tilly Liberia, the auditors, have expressed their desire to continue as auditors of the Company



Managing Director  
Silent Clement Gonondo  
BRAC Liberia Microfinance Company Limited



Board Chair  
Dr Muhammad Musa  
Executive Director  
Stichting BRAC International



Board Member  
Syed Abdul Muntakim ACMA CGMA  
Director Finance  
Stichting BRAC International



King Plaza  
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www.bakertillyliberia.com

### INDEPENDENT AUDITOR'S REPORT

TO: THE MEMBERS OF BRAC LIBERIA MICROFINANCE COMPANY LIMITED

#### Opinion

We have audited the financial statements of BRAC Liberia Microfinance Company Limited ("BRAC" or "the Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Liberia Microfinance Company Limited as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for financial reporting by Microfinance Institutions which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Microfinance issued by the Central Bank of Liberia (CBL) and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

#### Basis for opinion

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

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRSs) the Disclosure Guidelines for financial reporting by Microfinance Institutions which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential

Regulations for Microfinance issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised and for such controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

#### Report on other legal and regulatory requirement

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

- We have obtained all the information and explanations we have required, and
- Books of accounts have been maintained by BRAC Liberia Microfinance Company Limited as required by section 8 of Association's Law Title 5 of the Liberian Code of Laws Revised.

(Certified Public Accountants)

March 17, 2020  
Monrovia

## BRAC LIBERIA MIROFINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

### Statement of Financial Position As of December 31, 2019

	Notes	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property and equipment	15	22,156,205	6,049,081	118,857	38,485
Leased asset	17	11,434,000	-	61,338	-
Intangibles	16	3,600,103	5,760,164	19,313	36,647
<b>Current Assets</b>					
Cash and bank	12	209,559,207	153,932,665	1,124,184	979,340
Loans and advances to customers	13	1,185,186,186	754,782,008	6,357,954	4,802,023
Other assets	14	17,418,211	11,141,803	93,440	70,886
Deferred tax asset	11(b)	2,270,753	2,270,753	12,182	14,447
Advance tax payment	11(c)	-	26,278,030	-	167,184
<b>Total Assets</b>		<b>1,451,624,665</b>	<b>960,214,504</b>	<b>7,787,268</b>	<b>6,109,012</b>
<b>Liabilities and Capital Fund</b>					
<b>Liabilities</b>					
Loan security fund	19	250,060,389	162,889,718	1,341,454	1,036,326
Related party balances payables	20	123,850,372	93,686,130	664,398	596,044
Borrowings	21	304,225,574	125,247,289	1,632,024	796,840
Tax payable	11(c)	3,009,433	-	16,144	-
Leased liabilities	18	6,868,784	-	36,847	-
Other liabilities	22	31,023,483	25,734,718	166,426	163,728
<b>Total Liabilities</b>		<b>719,038,035</b>	<b>407,557,855</b>	<b>3,857,293</b>	<b>2,592,938</b>
<b>Capital Fund</b>					
Donor Funds	23	-	-	-	-
Share capital	24	339,339,071	339,339,071	4,076,145	4,076,145
Share premium	25	59,529,493	59,529,493	500,000	500,000
Donated equity	26	155,670,132	155,670,132	990,394	990,394
Retained earnings		235,096,375	53,072,725	1,261,179	337,655
Translation difference		(57,048,441)	(54,954,772)	(2,897,743)	(2,388,120)
<b>Total capital fund</b>		<b>732,586,630</b>	<b>552,656,649</b>	<b>3,929,975</b>	<b>3,516,074</b>
		<b>1,451,624,665</b>	<b>960,214,504</b>	<b>7,787,268</b>	<b>6,109,012</b>

The Board of Directors approved these financial statements on 14 May 2020.

Head Of Finance  
Kamrul Hasan Imran  
BRAC Liberia Microfinance Company Limited

Board Chair  
Dr Muhammad Musa  
Executive Director  
Stichting BRAC International

Managing Director  
Silent Clement Gonondo  
BRAC Liberia Microfinance Company Limited

Board Member  
Syed Abdul Muntakim ACMA CGMA  
Director Finance  
Stichting BRAC International

The notes are an integral part of these financial statements

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Statement of Comprehensive Income  
For the year ended December 31, 2019**

Income	Notes	2019	2018	2019	2018
		LRD	LRD	USD	USD
Service charge on loans	5	556,693,149	361,288,725	2,980,317	2,298,567
Membership fees and other charges	6	34,319,640	21,837,610	183,734	138,934
Other income	7	178,791	214,462	957	1,364
<b>Total operating income</b>		<b>591,191,580</b>	<b>383,340,797</b>	<b>3,165,008</b>	<b>2,438,865</b>
<b>Expenditures:</b>					
Impairment losses on loan and advances to customers	8	(10,340,162)	(903,929)	(55,357)	(5,751)
<b>Operating income after impairment charges</b>		<b>580,851,418</b>	<b>382,436,868</b>	<b>3,109,651</b>	<b>2,433,114</b>
Staff costs	9	(203,558,840)	(132,083,698)	(1,089,774)	(840,334)
Other operating expenses	10	(137,209,189)	(94,257,151)	(734,564)	(599,676)
Depreciation	15,16 & 17	(13,526,606)	(4,319,208)	(72,503)	(27,479)
<b>Total operating expenses</b>		<b>(354,294,634)</b>	<b>(230,660,057)</b>	<b>(1,896,842)</b>	<b>(1,467,490)</b>
<b>Profit/(Loss) before tax</b>		<b>226,556,784</b>	<b>151,776,811</b>	<b>1,212,809</b>	<b>965,624</b>
Income tax Credit/(expense)	12(a)	(44,412,105)	-	(237,765)	-
<b>Net Profit for the year</b>		<b>182,144,679</b>	<b>151,776,811</b>	<b>975,044</b>	<b>965,624</b>
<b>Other comprehensive income</b>					
Unrealized exchange gains/(loss)		(2,093,668)	9,213,634	(11,209)	58,618
<b>Total comprehensive income</b>		<b>180,051,011</b>	<b>160,990,445</b>	<b>963,835</b>	<b>1,024,243</b>

The notes are an integral part of these financial statements.

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Statement of changes in equity  
For the year ended December 31, 2019**

	Share Capital LRD	Share premium LRD	Donor Funds LRD	Retained Earnings LRD	Donated Equity LRD	Translation reserve LRD	Total Capital fund LRD	Total Capital fund USD
<b>At 1 January 2018</b>	339,339,071	59,529,493	2,620,230	(99,774,221)	153,049,902	(64,168,406)	390,596,069	3,118,531
Recognition of additional impairment on loans & advances to customers	-	-	-	1,070,134	-	-	1,070,134	6,808
Donations received during the year	-	-	-	151,776,811	-	-	151,776,811	965,624
Profit for the year	-	-	(2,620,230)	-	2,620,230	9,213,634	9,213,634	(574,889)
Transferred to donated Equity	-	-	-	-	-	-	-	-
Translation difference	-	-	-	-	-	-	-	-
<b>As at 31 December 2018</b>	<b>339,339,071</b>	<b>59,529,493</b>	<b>-</b>	<b>53,072,724</b>	<b>155,670,132</b>	<b>(54,954,772)</b>	<b>552,656,648</b>	<b>3,516,075</b>
<b>At 1 January 2019</b>	339,339,071	59,529,493	-	53,072,724	155,670,132	(54,954,772)	552,656,648	3,516,075
Recognition of additional impairment	-	-	-	-	(121,029)	-	(121,029)	(684)
Adjustment due to IFRS 16 adoption for the first time	-	-	-	182,144,679	-	-	182,144,679	975,131
Profit for the year	-	-	-	-	-	-	-	-
Transferred to Donated equity	-	-	-	-	-	-	-	-
Translation difference	-	-	-	-	-	(2,093,668)	(2,093,668)	(560,583)
<b>As at 31 December 2019</b>	<b>339,339,071</b>	<b>59,529,493</b>	<b>-</b>	<b>235,096,375</b>	<b>155,670,132</b>	<b>(57,048,441)</b>	<b>732,586,631</b>	<b>3,929,975</b>

The notes are an integral part of these financial statements

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Statement of Cash flows**  
**For the year ended December 31, 2019**

	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>Cash flows from operating activities</b>				
Total comprehensive income	180,051,011	160,990,445	963,835	1,024,243
Depreciation	13,526,606	4,319,208	72,503	27,479
Loan loss provision	10,340,162	903,929	55,357	5,751
<b>Cash flows before changes in working capital</b>	<b>203,917,778</b>	<b>166,213,582</b>	<b>1,091,696</b>	<b>1,057,473</b>
Increase/(decrease) in provision for taxation	39,435,012	(3,949,481)	211,120	(25,127)
<b>Changes in working capital</b>				
(Increase)/decrease in receivables and other current assets	(6,276,408)	(817,917)	(33,601)	(5,204)
(Increase)/decrease in interest receivables	(19,179,383)	(785,985)	(102,679)	(5,001)
Increase/(decrease) in current liabilities	5,288,765	4,601,152	28,314	29,273
Increase/(decrease) in related party balances payables	115,056	30,164,242	18,084,492	161,488
Advance taxes paid	(10,147,549)	(6,836,230)	(54,326)	(43,493)
<b>Net cash from operations</b>	<b>243,202,457</b>	<b>176,509,612</b>	<b>1,302,011</b>	<b>1,122,978</b>
Loan disbursements	(2,871,366,000)	(1,805,340,000)	(15,372,168)	(11,485,812)
Loan collection	2,450,170,460	1,545,203,139	13,117,252	9,830,787
Interest receivable written off	(369,417)	(746,701)	(1,978)	(4,751)
<b>Net cash flow from Operating Activities</b>	<b>(178,362,500)</b>	<b>(84,373,950)</b>	<b>(954,883)</b>	<b>(536,798)</b>

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**Statement of Cash flows (continued)**

	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>Cash flow from Investing Activities</b>				
Acquisition/(disposal) of fixed assets	(19,474,479)	(1,256,450)	(104,259)	(7,994)
Acquisition/(disposal) of Leased Assets	(19,433,190)	-	(104,038)	-
(Acquisition)/disposal of intangible assets	-	(255,490)	-	(1,625)
<b>Net cash flow from Investing Activities</b>	<b>(38,907,669)</b>	<b>(1,511,940)</b>	<b>(208,296)</b>	<b>(9,619)</b>
<b>Cash flow from Financing Activities</b>				
Term loans increase/(decrease)	178,978,285	52,724,447	958,180	335,440
Loan security fund increase/(decrease)	87,170,671	55,883,085	466,678	355,536
Lease Liabilities increase/(decrease)	6,868,784	-	36,773	-
Retained earning adjustment due to Adoption of IFRS 16	-	(121,029)	-	(648)
Donor fund decrease/(increase)	-	(2,620,230)	-	(16,670)
Donated equity decrease/(increase)	-	2,620,230	-	16,670
<b>Net cash flow from financing activities</b>	<b>272,896,711</b>	<b>108,607,532</b>	<b>1,460,982</b>	<b>690,976</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>55,626,542</b>	<b>22,721,642</b>	<b>297,803</b>	<b>144,558</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>153,932,665</b>	<b>131,211,023</b>	<b>979,340</b>	<b>1,047,593</b>
Convenience translation reserve	-	-	(152,958)	(212,811)
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>209,559,207</b>	<b>153,932,665</b>	<b>1,124,184</b>
			<b>979,340</b>	

## BRAC LIBERIA MIROFINANCE COMPANY LIMITED

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### 1. Reporting Company

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

### 2. Basis of preparation

#### (a) Basis of presentation of the financial statement

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Disclosure Guidelines for Financial Reporting by Microfinance Institutions which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP).

#### (b) Basis of measurement

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

#### (c) Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (United States Dollars). Major activities were measured in Liberian dollars and translated to United States dollars. The exchange rates used in the financial statements are as follows: 2019 (1USD: 186.41 LRD – closing & 186.79 LRD - Avg) and 2018 (1USD: 157.18 LRD)

#### (d) Use of estimates and judgments

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

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.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Notes 3(d) Depreciation  
Notes 3(h) Provisions and other liabilities

### 3. Significant accounting policies

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

#### (a) Foreign currency transactions

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

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#### (b) Revenue recognition

Service charge on loan

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

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15, revenue from contracts with customers, which replaced IAS 18, revenue and IAS 11, construction contracts, has been applied effectively from 1 January 2018. It applies to all contracts with customers except leases, financial instruments, and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on the requirements of IFRS 9.

#### (c) Provisions and other liabilities

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

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

#### (d) Loan administration fees

These are fees paid by each respective group/client on approval of their loan applications. It charged by Company to cover loan processing costs. The amounts are usually paid before the loans are disbursed.

#### (e) Fixed assets (operating assets)

##### Recognition and measurement

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

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

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

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*Subsequent costs*

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

*Depreciation*

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

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

- Vehicles including motorcycles 5 years
- Furniture 10 years
- Equipment 6.67 years
- Generator 5 years

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

*Disposals*

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

*(f) Intangible (operating assets)*

*Accounting software*

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

The expected useful life of this Software is four years.

*(g) IFRS 9 Financial Instruments*

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

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

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

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

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Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

***(ii) Impairment of financial assets***

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

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

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

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

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

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

### Measurement of ECLs

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

### Credit-impaired financial assets

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

### Presentation of impairment

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

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

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### (h) Changes in significant accounting policies

#### 1. IFRS 16 – Leases

##### (a) Accounting policies adopted

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-statement of financial position lease accounting model for long term operating leases (short-term leases continue to be treated as off-statement of financial position operating leases). A lessee recognizes a right-of-use asset representing its right to use the underlying assets and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard, i.e., lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from 01 January 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the Standard.

On adoption of IFRS 16, the Company has recognized liabilities in respect of leases that had previously been classified as operating leases under IAS 17. These liabilities were measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 6% as of 01 January 2019. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the statement of financial position immediately before the date of initial application.

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

##### (b) Impact of adoption

The change in accounting policy affected the following items in the statement of financial position as on 01 January 2019:

Right-of-Use (RoU) assets recognized as operating fixed assets-increased by LRD11,434,000(US\$61,338), which includes prepayments of LRD4,897,745(US\$26,274); previously, included in other assets on 31 December 2018.

Lease liabilities recognized increased by LRD6,868,784(US\$36,847)

The impact on profit and loss account for the period 1 January 2019 to 31 December 2019 was a decrease in profit after tax by LRD211,500 (US\$1,135).

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

##### (i) Other Liabilities

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

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### (j) Employee benefits

#### *Pension obligations*

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

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

#### *End of service benefit*

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

#### *Medical benefit*

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

### (k) Inventory

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

### (l) Finance income and expenses

Finance income comprises interest received on deposits.

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

### (m) Administrative expenses

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

### (n) Borrowings

Borrowings are recognized initially at fair value, being the proceeds net of transaction costs incurred. If the amount borrowed is denominated in Liberian Dollars, which is the Company's functional and reporting currency, it is maintained at the initial amount recorded, less any repayments made as at the reporting date. If the amount is denominated in a currency other than the reporting currency of the Company, it is revaluated and adjusted through the income statement at each reporting date. Borrowings are classified as current liabilities unless when the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

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### 4. Financial risk factors

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

#### *(a) Credit risk*

The Company takes on exposures to credit risk which is the risk that clients will be unable to pay amounts in full when due. Credit risk is managed by obtaining collateral in the form of mortgage, personal guarantees, shareholder guarantees, lien on inventories and/or receivables, and assignment of contracts and/or insurance. Impairment provisions are provided for expected losses during the duration of the loans.

#### *(b) Liquidity risk*

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

#### *(c) Currency risk*

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

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

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Notes to the Financial Statements (continued)

	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>5. SERVICE CHARGE ON LOANS</b>				
Group Loans (Microfinance)	396,090,424	268,903,759	2,120,513	1,710,801
Small Enterprise Program	156,822,814	92,384,966	839,568	587,765
Job Holders Loan	3,779,911	-	20,236	-
	<u>556,693,149</u>	<u>361,288,725</u>	<u>2,980,317</u>	<u>2,298,567</u>
<b>6. MEMBERSHIP FEES AND OTHER CHARGES</b>				
Membership fees	5,106,280	3,475,010	27,337	22,108
Loan appraisal fees	28,713,660	18,053,400	153,722	114,858
Loan application fees	499,700	309,200	2,675	1,967
	<u>34,319,640</u>	<u>21,837,610</u>	<u>183,734</u>	<u>138,934</u>
<b>7. OTHER INCOME</b>				
Other Income	158,322	156,829	848	998
Gain due to early repayment	20,469	57,633	110	367
	<u>178,791</u>	<u>214,462</u>	<u>957</u>	<u>1,365</u>
<b>8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES</b>				
General provision	10,340,162	903,929	55,357	5,751
	<u>10,340,162</u>	<u>903,929</u>	<u>55,357</u>	<u>5,751</u>
<b>9. STAFF COSTS</b>				
Salary & benefits	175,719,266	102,789,673	940,732	653,962
Bonus	11,453,031	20,312,757	61,315	129,232
NASSCORP	15,007,298	8,573,652	80,343	54,547
Staff Medical and insurance	1,379,245	407,616	7,384	2,593
	<u>203,558,840</u>	<u>132,083,698</u>	<u>1,089,774</u>	<u>840,334</u>

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Notes to the Financial Statements (continued)

10. OTHER OPERATING COSTS

Occupancy expenses (Note - 10.01)	21,923,151	26,662,105	117,368	169,628
Staff training and development	3,606,271	1,590,389	19,307	10,118
Travel and transportation	50,946,264	25,984,487	272,746	165,317
Maintenance and general expenses	8,264,029	5,792,481	44,242	36,853
ERP Maintenance cost	9,662,435	4,643,918	51,729	29,545
Printing and office stationeries	4,819,493	3,951,959	25,802	25,143
Legal and other professional costs	6,702,307	2,182,498	35,882	13,885
Audit fees	1,578,767	1,102,717	8,452	7,016
Insurance claim	1,051,000	896,000	5,627	5,700
Research and evaluation	-	1,237,058	-	7,870
Internet Expense	2,969,294	743,549	15,896	4,731
Finance cost on lease Liabilities	434,063	-	2,324	-
Bank charges	5,798,640	1,820,596	31,044	11,583
Fuel & Vehicle expenses	3,388,720	1,148,240	18,142	7,305
Interest on Bank Loan	4,273,449	1,107,364	22,878	7,045
Current account in transit balance write off	-	4,876,041	-	31,022
Cash & Bank write off	-	854,115	-	5,434
HO logistics and mgt expenses	11,791,306	9,663,635	63,126	61,481
	<u>137,209,189</u>	<u>94,257,151</u>	<u>734,564</u>	<u>599,676</u>

10.1. OCCUPANCY COST

Rent	9,425,676	12,926,560	50,461	82,240
Utilities	12,497,475	13,735,545	66,907	87,387
	<u>21,923,151</u>	<u>26,662,105</u>	<u>117,368</u>	<u>169,628</u>

11. TAXATION

a) Income tax expenses

Corporation tax – Charged/(Reversed) during the year	44,412,105	-	237,765	-
Deferred tax	-	-	-	-
	<u>44,412,105</u>	<u>-</u>	<u>237,765</u>	<u>-</u>

b) Deferred Tax Expense/ Asset

The Company is subject to income taxes in its jurisdiction. The Company recognizes liabilities for anticipated tax issues based on an estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determinations are made.

Deferred tax asset	2,270,753	2,270,753	12,181	14,447
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**Notes to the Financial Statements (continued)**

	2019	2018	2019	2018
	LRD	LRD	USD	USD
<b>c) Advance Tax</b>				
Balance b/f	26,278,030	15,492,319	167,184	123,691
(Charge) /Credit for the year	(44,412,105)	-	(237,765)	-
Paid during the year	10,147,549	6,836,230	54,437	43,493
Translation difference	4,977,093	3,949,481	-	-
	<b>(3,009,433)</b>	<b>26,278,030</b>	<b>(16,144)</b>	<b>167,184</b>
<b>12. CASH AND BANK</b>				
Cash in hand	17,359,827	14,403,884	93,127	91,639
Cash at Bank:				
Access Bank	29,819,058	17,908,150	159,965	113,934
Eco Bank	37,681,378	76,753,463	202,142	488,316
Guranty Trust Bank	4,955,269	8,470,583	26,583	53,891
International Bank	962,002	24,958,490	5,161	158,789
Liberia Bank for Development & Investment	1,505,402	3,775,205	8,076	24,018
Community Bank	4,819,497	2,518,060	25,854	16,020
GN Bank	7,423,728	526,440	38,825	3,349
UBA Bank	13,132,916	4,618,391	70,452	29,383
UBA Bank(short term deposit)	91,900,130	-	493,000	-
	<b>192,199,380</b>	<b>139,528,781</b>	<b>1,031,057</b>	<b>887,701</b>
	<b>209,559,207</b>	<b>153,932,665</b>	<b>1,124,184</b>	<b>979,340</b>

**13. LOAN AND ADVANCES TO CUSTOMERS**

Group loan (Microfinance)	775,378,734	626,790,910	4,159,534	3,987,727
Small enterprises program (SEP)	382,814,569	134,501,543	2,053,616	855,717
Job Holders Loan	19,237,815	-	103,202	-
Loan written off	(5,463,157)	(5,056,875)	(29,307)	(32,173)
Interest receivable	25,978,408	7,176,309	139,362	45,657
Interest receivable written off	(369,417)	(746,701)	(1,982)	(4,751)
Impairment loss on loans advances	(12,390,766)	(7,883,178)	(66,471)	(50,154)
	<b>1,185,186,186</b>	<b>754,782,008</b>	<b>6,357,954</b>	<b>4,802,023</b>

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

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

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
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**Notes to the Financial Statement (continued)**

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

**13.1 The movement on loan account is analyzed as shown below**

	2019	2018	2019	2018
	LRD	LRD	USD	USD
At 1 January	756,235,578	501,155,592	4,811,271	4,001,242
Loan disbursed	2,871,366,000	1,805,340,000	15,372,168	11,485,812
Less: Loan repayment	(2,450,170,460)	(1,545,203,139)	(13,117,252)	(9,830,787)
Translation difference	-	-	(749,835)	(812,824)
	<b>1,177,431,118</b>	<b>761,292,453</b>	<b>6,316,352</b>	<b>4,843,444</b>
Less: Loans written off	(5,463,157)	(5,056,875)	(29,307)	(32,173)
<b>Gross advances to customer</b>	<b>1,171,967,961</b>	<b>756,235,578</b>	<b>6,287,044</b>	<b>4,811,271</b>
Interest receivable	25,978,408	7,176,309	139,362	45,657
Interest receivable written off	(369,417)	(746,701)	(1,982)	(4,751)
Impairment loss on loans advanced (13.2)	(12,390,766)	(7,883,178)	(66,471)	(50,154)
<b>Net advance to customer</b>	<b>1,185,186,186</b>	<b>754,782,008</b>	<b>6,357,954</b>	<b>4,802,023</b>

**13.2 The movement on the impairment on loans account is shown below:**

At 1 January	7,883,178	13,852,959	50,154	110,602
Changes in opening balance due to IFRS 9 adoption	-	(1,070,134)	-	(6,808)
(Adjustment)/Charge for the year	10,340,162	903,929	55,357	5,751
Loans written off	(5,463,157)	(5,056,875)	(29,307)	(32,173)
Interest receivable written off	(369,417)	(746,701)	(1,982)	(4,751)
Translation difference	-	-	(7,752)	(22,468)
<b>At 31 December</b>	<b>12,390,766</b>	<b>7,883,178</b>	<b>66,471</b>	<b>50,154</b>

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

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Notes to the Financial Statement (continued)

Credit risk analysis:

	2019	2018
	LRD	LRD
Portfolio at risk (PAR) 30 days		
Total loans in arrear of 30 days	12,445,230	4,864,144
Total loans outstanding	<u>1,171,967,961</u>	<u>756,235,578</u>
Portfolio at risk (PAR) 30 days	<u>1.06%</u>	<u>0.64%</u>

The PAR 30 figure denotes the amount of loans outstanding greater than 30 days and may not be fully recoverable. Provisions have been taken against these loans in the financial statements based on Company policy. The Management of BRAC Liberia Microfinance Company is constantly reviewing the PAR>30 numbers and trying to reduce it.

14. OTHER ASSETS

	2019	2018	2019	2018
	LRD	LRD	USD	USD
Advance to 3rd party	15,126,611	9,932,103	81,147	63,189
Inventory – passbook	2,291,600	1,209,700	12,293	7,696
	<u>17,418,211</u>	<u>11,141,803</u>	<u>93,440</u>	<u>70,886</u>

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Notes to the Financial Statement (continued)

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Equipment	Motor Vehicles	Total	Total
	LRD	LRD	LRD	LRD	USD
<b>Costs</b>					
Costs					
At 1 January 2018	3,344,742	9,294,090	5,341,650	17,980,482	143,556
Additions	475,599	780,851	-	1,256,450	7,994
Translation difference	-	-	-	-	(29,163)
At 31 December 2018	<u>3,820,341</u>	<u>10,074,941</u>	<u>5,341,650</u>	<u>19,236,932</u>	<u>122,388</u>
Additions	1,998,504	6,662,005	10,813,970	19,474,479	104,259
Translation difference	-	-	-	-	(18,979)
At 31 December 2019	<u>5,818,845</u>	<u>16,736,946</u>	<u>16,155,620</u>	<u>38,711,411</u>	<u>207,668</u>
<b>Accumulated depreciation</b>					
At 1 January 2018	2,744,293	5,852,439	2,431,973	11,028,705	88,054
Charge for the year	342,984	983,350	832,812	2,159,146	13,737
Translation difference	-	-	-	-	(17,887)
At 31 December 2018	<u>3,087,277</u>	<u>6,835,789</u>	<u>3,264,785</u>	<u>13,187,851</u>	<u>83,903</u>
Charge for the year	381,216	1,860,478	1,125,661	3,367,355	18,027
Translation difference	-	-	-	-	(13,120)
At 31 December 2019	<u>3,468,493</u>	<u>8,696,267</u>	<u>4,390,446</u>	<u>16,555,206</u>	<u>88,811</u>
<b>Net book value:</b>					
At 31 December 2018	<u>733,064</u>	<u>3,239,152</u>	<u>2,076,865</u>	<u>6,049,081</u>	<u>38,485</u>
At 31 December 2019	<u>2,350,352</u>	<u>8,040,679</u>	<u>11,765,174</u>	<u>22,156,205</u>	<u>118,857</u>

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

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Notes to the Financial Statement (continued)

	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>16. INTANGIBLE ASSETS</b>				
Opening balance	5,760,164	7,664,736	36,647	61,195
Additions during the year	-	255,490	-	1,625
Translation difference	-	-	(5,770)	(12,431)
Amortized for the year @ 25%	(2,160,062)	(2,160,062)	(11,564)	(13,743)
<b>Closing balance</b>	<b>3,600,103</b>	<b>5,760,164</b>	<b>19,313</b>	<b>36,647</b>

The Company procured an Enterprise Resource System (ERP) from BRAC IT Service Limited. The initial costs of implementation and set up have been capitalized.

**17. LEASE ASSET (RIGHT OF USE)**

Opening balance	-	-	-	-
Additions during the year	19,433,190	-	104,250	-
Depreciation (Lease asset)	(7,999,190)	-	(42,912)	-
<b>Closing balance</b>	<b>11,434,000</b>	<b>-</b>	<b>61,338</b>	<b>-</b>

**18. LEASE LIABILITIES**

Lease Liabilities =< 1 Year	5,303,643	-	28,451	-
Lease Liabilities > 1 Year	1,565,141	-	8,396	-
<b>Closing balance</b>	<b>6,868,784</b>	<b>-</b>	<b>36,847</b>	<b>-</b>

**19. LOAN SECURITY FUND**

Opening balance	162,889,718	107,006,633	1,081,773	854,344
Received during the year	118,233,758	80,763,720	632,977	559,276
Paid off/adjustments	(31,063,087)	(24,880,635)	(166,300)	(158,294)
Translation difference	-	-	(206,997)	(173,554)
<b>Closing balance</b>	<b>250,060,389</b>	<b>162,889,718</b>	<b>1,341,454</b>	<b>1,081,773</b>

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

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

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Notes to the Financial Statement (continued)

	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>20. RELATED PARTY PAYABLES</b>				
Payable to BRAC Bangladesh	68,011,560	55,701,683	364,849	354,381
BRAC International Holding B.V	30,427,139	23,145,914	163,227	147,257
Payable to BRAC IT Services Ltd (BITS)	6,926,996	-	37,160	-
Payable to BRAC Liberia	18,484,677	14,838,533	99,161	94,405
	<b>123,850,372</b>	<b>93,686,130</b>	<b>664,398</b>	<b>596,044</b>

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

**21. BORROWINGS**

KIVA (21.01)	77,613,190	47,609,775	416,357	302,900
Central Bank of Liberia(21.02)	63,939,132	63,939,136	343,003	406,789
Whole Planet Foundation(21.04)	46,310,214	13,698,378	248,432	87,151
Loan from Global Partnership (21.03)	93,392,963	-	501,008	-
Loan from UBA (Overdraft)	22,970,075	-	123,223	-
	<b>304,225,574</b>	<b>125,247,289</b>	<b>1,632,024</b>	<b>796,840</b>

**21.01 LOAN FROM KIVA @ 0%**

Opening balance	47,609,775	31,684,274	302,900	252,968
Received during the year	22,381,635	13,060,011	121,721	96,107
Paid during the year	(1,617,208)	(7,103,235)	(8,263)	(46,176)
Exchange loss/(gain)	9,238,987	9,968,725	-	-
	<b>77,613,189</b>	<b>47,609,775</b>	<b>416,357</b>	<b>302,900</b>

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

**21.02 Loan form Central Bank of Liberia @ 2%**

Opening balance	63,939,136	40,838,569	406,789	326,056
Received during the year	-	34,082,662	-	228,712
Interest payable	1,278,306	957,836	6,857	6,094
Paid during the year	(1,278,310)	(877,733)	(6,858)	(5,584)
Exchange (gain)	-	(11,062,198)	(63,787)	(148,489)
	<b>63,939,132</b>	<b>63,939,136</b>	<b>343,003</b>	<b>406,789</b>

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
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**Notes to the Financial Statement (continued)**

The Company received US\$ 325,000 on October 19, 2017, and US\$ 228,712 on May 31, 2018, at 2% interest rate which is to be paid on quarterly basis. The Principal for each loan is to be repaid to the Central Bank of Liberia as one installment after 3 years with a 3 months grace period, on January 18, 2021 and 31 August 2021 respectively in equivalent local currency.

	2019 LRD	2018 LRD	2019 USD	2018 USD
<b>21.03 GLOBAL PARTNERSHIP @ 6.6%</b>				
Opening balance	-	-	-	-
Received during the year	102,770,000	-	500,000	-
Interest payable	2,220,158	-	11,458	-
Paid during the year	(2,032,194)	-	(10,450)	-
Exchange (gain)	(9,565,000)	-	-	-
	<u>93,392,964</u>	<u>-</u>	<u>501,008</u>	<u>-</u>

The company received US\$ 500,000 from Global Partnership on September 03, 2019 at 6.6% interest rate with quarterly interest repayments. The principal is repayable as USD 250,000 on June 20, 2021 and USD 250,000 on December 20, 2021.

**21.04 WHOLE PLANET FOUNDATION @ 0%**

Opening balance	13,698,378	-	87,151	-
Received during the year	32,611,836	13,698,378	174,947	87,151
Interest payable	-	-	-	-
Paid during the year	-	-	-	-
Exchange (gain)	-	-	(13,666)	-
	<u>46,310,214</u>	<u>13,698,378</u>	<u>248,432</u>	<u>87,151</u>

The Company received loan amounts for LRD 13,698,378 on 27 June, 2018 and LRD 32,611,836 on 9 April 2019 from Whole Planet Foundation at 0% interest rate. The loans are repayable on 31 July 2021 and 30 April 2022 respectively.

**21.04 LOAN CLASSIFICATION**

Loans repayable in one year	100,583,265	47,609,775	539,581	302,900
Loan repayable in more than one year	203,642,309	77,637,514	1,092,443	493,940
	<u>304,225,574</u>	<u>125,247,289</u>	<u>1,632,024</u>	<u>796,840</u>

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
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**Notes to the Financial Statement (continued)**

**22 OTHER LIABILITIES**

	2019 LRD	2018 LRD	2019 USD	2018 USD
Provision for audit fees	1,398,075	1,100,260	7,500	7,000
Self-insurance fund	1,116,455	754,054	5,989	4,797
Bonus provision	-	192,202	-	1,223
NASSCORP provision	5,554,148	5,125,877	29,795	32,612
Gratuity payable	14,428,869	12,098,935	77,404	76,975
Tax withholdings	3,862,683	1,691,440	20,721	10,761
Salary provision	205,797	182,172	1,104	1,159
Other provision	4,457,457	4,589,779	23,912	29,201
	<u>31,023,483</u>	<u>25,734,718</u>	<u>166,426</u>	<u>163,728</u>

**23. DONOR FUNDS**

Donor funds investment in loans to group members(ELA)	-	2,620,230	-	16,670
Donor funds investment in loans to group members(Rockefeller) (23.3)	-	(2,620,230)	-	(16,670)
Transfer to donated equity	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**23.1 DONOR FUNDS RECEIVED IN ADVANCE**

Opening balance	-	-	-	-
Donation received during the year (Note -22.1.1)	-	-	-	-
Transferred to deferred income investment in fixed asset(Rockefeller)	-	-	-	-
Transferred to Donor Funds investment in loans to group members (ELA)	-	-	-	-
Transferred to Donor Funds investment in loans to group members (Rockefeller)	-	-	-	-
Foreign exchange adjustment	-	-	-	-
Transferred to statement of income and expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**23.1.1 Donations received during the year**

BRAC USA (Rockefeller Foundation)	-	-	-	-
BRAC USA (ELA)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
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**Notes to the Financial Statement (continued)**

**23.2 DEFERRED INCOME –FIXED ASSETS**

	2019 <u>LRD</u>	2018 <u>LRD</u>	2019 <u>USD</u>	2018 <u>USD</u>
Opening balance	-	-	-	-
Transferred from donor funds received in advance	-	-	-	-
Depreciation charge during the year	-	-	-	-
Transfer to donated equity	-	-	-	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

**23.3 DONOR FUND INVESTMENT IN LOAN**

Opening balance	-	2,620,230	-	16,670
Transferred from donor funds received in Advance (Rock)	-	-	-	-
Transferred from donor funds received in Advance (ELA)	-	-	-	-
Transfer to donated equity(Rockefeller fund)	-	(2,620,230)	-	16,670
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

**24. SHARE CAPITAL**

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

**25. SHARE PREMIUM**

BRAC International Holdings BV	59,529,493	59,529,493	500,000	500,000
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

**26. DONATED EQUITY**

Opening balance	155,670,132	153,049,902	990,394	973,723
Transfer from Donor funds(Rockefeller)	-	2,620,230	-	16,670
<b>Total</b>	<u>155,670,132</u>	<u>155,670,132</u>	<u>990,394</u>	<u>990,394</u>

**BRAC LIBERIA MIROFINANCE COMPANY LIMITED**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
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**27. CONTINGENT LIABILITIES**

There were no contingent liabilities at year-end (2018: Nil).

**28. CAPITAL EXPENDITURE COMMITMENTS**

There were no material capital expenditure commitments either authorized or contracted as on December 31, 2019 (2018 Nil).

**27. SUBSEQUENT EVENTS**

Events subsequent to the statement of financial position date are reflected only to the extent that they are material. No such events came to our attention as at the date these financial statements were signed.

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