

Audited Financial Statements of BRAC in Bangladesh

For the year ended 31 December 2009

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INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC

Report on the Financial Statements

We have audited the accompanying financial statements of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation), which comprise the balance sheet as at 31 December 2009, the statement of income and expenditure, statement of changes in net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The financial statements of BRAC as at 31 December 2008 were audited by other auditors, whose report dated 17 March 2009, expressed an unqualified opinion on those financial statements.

The financial statements of the donor financing projects were audited by firms of Chartered Accountants as disclosed in Note 30 to the financial statements and were reported on by the auditors without any qualification on those financial statements.

Governing Body of BRAC's Responsibility for the Financial Statements

These financial statements, which are set out on pages 01 to 37, are the responsibility of the Governing Body of BRAC.

The Governing Body of BRAC is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies as summarised in Note 2 to the financial statements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of 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.

This report is made solely to the existing Governing Body of BRAC, as a body, in accordance with Clause 37 of the Rules and Regulations of BRAC and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng
Chartered Accountants

ACNABIN
Chartered Accountants

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls.

It is important to recognise that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involve judgement regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that material errors, fraud or non-compliance with laws or regulations having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation, an audit designed and executed might not detect a material fraud. Our audit should not be relied to disclose fraud and error that may exist.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respect, the financial position of BRAC as of 31 December 2009 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarised in Note 2 to the financial statements.



Baker Tilly Monteiro Heng
Chartered Accountants
Kuala Lumpur, Malaysia



ACNABIN
Chartered Accountants
Dhaka, Bangladesh

15 March 2010

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Balance Sheet
as at 31 December 2009

	Notes	2009 Taka	2008 Taka
ASSETS			
Property, plant and equipment	3	5,608,688,776	5,607,339,327
Investments in related undertakings	4	4,814,649,373	2,878,210,799
Investments in securities and others	5	134,100,000	59,140,000
Loans to Village Organization (VO) members	6	39,554,248,179	41,542,182,420
Motorcycle loans		752,693,444	684,439,580
Inventories	7	1,798,339,059	1,716,963,574
Grants and accounts receivable	8	1,459,379,277	1,054,292,357
Advance, deposits and prepayments	9	1,479,786,028	2,269,911,533
Term deposits	10	8,960,883,021	6,616,102,277
Cash in hand and at banks	11	3,712,998,614	4,880,055,354
TOTAL ASSETS		68,275,765,771	67,308,637,221
LIABILITIES AND NET ASSETS			
Liabilities:			
Deferred income	12	328,397,210	422,422,160
Term loans	13	17,239,765,139	22,704,437,727
VO members' savings deposits	14	18,398,618,148	15,764,569,644
Securitized financing	15	462,360,308	345,083,404
Other long term liabilities	16	4,537,022,247	3,819,825,051
VO members project & current account		15,125,327	27,540,740
Grants received in advance account	17	1,436,507,867	1,834,102,592
Other current liabilities	18	1,838,834,554	1,245,272,326
Provision for taxation		278,941,030	191,941,030
Bank overdrafts	19	4,370,328,157	5,657,677,143
Total Liabilities		48,905,899,987	52,012,871,817
Net Assets:			
Capital fund			
-unrestricted		18,670,754,955	14,766,605,071
-temporarily restricted		699,110,829	529,160,333
		19,369,865,784	15,295,765,404
TOTAL LIABILITIES AND NET ASSETS		68,275,765,771	67,308,637,221

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 15, 2010



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2009

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2009 Taka
Income				
Donor grants	20	57,891,835	11,026,184,327	11,084,076,162
Revenue from:				
– Income Generating Projects		4,949,932,304	–	4,949,932,304
– Program Support Enterprises		2,700,866,354	–	2,700,866,354
Service charge on loans to VO members		11,745,042,192	–	11,745,042,192
Investment income	21	1,539,563,924	52,828,455	1,592,392,379
Other income	22	748,343,608	3,127,419	751,471,027
Income from House Property		94,072,651	–	94,072,651
Total income		21,835,712,868	11,082,140,201	32,917,853,069
Expenditure				
Income Generating Projects		4,306,044,733	–	4,306,044,733
Program Support Enterprises		2,829,602,416	–	2,829,602,416
House Property		77,646,468	–	77,646,468
Education Programme		290,013,567	3,813,011,635	4,103,025,202
Challenging the Frontiers of Poverty Reduction Programme		33,424,246	2,843,200,201	2,876,624,447
Health and Population Programme		69,779,353	3,008,498,543	3,078,277,896
Micro Finance Programme		10,534,750,117	–	10,534,750,117
Relief and Rehabilitation		37,882,278	953,725,603	991,607,881
Poultry & Livestock Extension Programme		20,838,876	–	20,838,876
Fisheries Extension Programme		27,613,407	–	27,613,407
Agriculture & Sericulture Extension Programme		45,199,820	21,073,298	66,273,118
Livelihood Development Programme		106,762,753	226,274,005	333,036,758
Grant to BRAC University		8,700,000	–	8,700,000
Research, Monitoring and Evaluation		4,852,847	87,309,791	92,162,638
Total expenditure		18,393,110,881	10,953,093,076	29,346,203,957
Surplus of income over expenditure before taxation		3,442,601,987	129,047,125	3,571,649,112
Taxation	23	(87,000,000)	–	(87,000,000)
Net surplus for the year		3,355,601,987	129,047,125	3,484,649,112

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 15, 2010



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2008

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2009 Taka
Income				
Donor grants	20	38,706,037	9,783,418,325	9,822,124,362
Revenue from:				
– Income Generating Projects		4,541,369,528	–	4,541,369,528
– Program Support Enterprises		2,649,039,605	–	2,649,039,605
Service charge on loans to VO members		10,265,858,263	–	10,265,858,263
Investment income	21	1,003,691,788	20,723,622	1,024,415,410
Other income	22	589,262,413	10,326,492	5,99,588,905
Income from House Property		93,577,802	–	93,577,802
Total income		19,181,505,436	9,814,468,439	28,995,973,875
Expenditure				
Income Generating Projects		3,947,828,653	–	3,947,828,653
Program Support Enterprises		2,628,845,524	–	2,628,845,524
House Property		87,894,144	–	87,894,144
Education Programme		486,519,266	3,908,998,159	4,395,517,425
Challenging the Frontiers of Poverty Reduction Programme		209,717,000	2,505,065,550	2,714,782,550
Health and Population Programme		88,034,303	1,955,962,779	2,043,997,082
Micro Finance Programme		9,696,673,450	–	9,696,673,450
Relief and Rehabilitation		14,662,345	1,224,795,990	1,239,458,335
Poultry & Livestock Extension Programme		31,365,838	–	31,365,838
Fisheries Extension Programme		29,850,378	1,033,314	30,883,692
Agriculture & Sericulture Extension Programme		42,748,731	7,272,202	50,020,933
Livelihood Development Programme		189,309,926	39,890,972	229,200,898
Grant to BRAC University		15,924,766	–	15,924,766
Research, Monitoring and Evaluation		-	67,552,872	67,552,872
Total expenditure		17,469,374,324	9,710,571,838	27,179,946,162
Surplus of income over expenditure before taxation		1,712,131,112	103,896,601	1,816,027,713
Taxation	23	(20,500,000)	–	(20,500,000)
Net surplus for the year		1,691,631,112	103,896,601	1,795,527,713

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Statement of Changes in Net Assets

for the year ended 31 December 2009

	Capital Fund		Total Net Assets
	Unrestricted	Temporarily Restricted	
	Taka	Taka	
At 1 January 2008	13,074,137,119	389,869,369	13,464,006,488
Net surplus for the year	1,691,631,112	103,896,601	1,795,527,713
Transferred from Motorcycle Replacement Fund	836,840	35,394,363	36,231,203
At 31 December 2008	<u>14,766,605,071</u>	<u>529,160,333</u>	<u>15,295,765,404</u>
At 1 January 2009	14,766,605,071	529,160,333	15,295,765,404
Net surplus for the year	3,355,601,987	129,047,125	3,484,649,112
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Non-operating appreciation in Related Undertakings	5,97,796,886	-	5,97,796,886
Transferred from Motorcycle Replacement Fund	7,51,011	40,903,371	41,654,382
At 31 December 2009	<u>18,670,754,955</u>	<u>699,110,829</u>	<u>19,369,865,784</u>

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Statement of Cash Flows

for the year ended 31 December 2009

Notes	2009 Taka	2008 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	3,571,649,112	1,816,027,713
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	2,072,849,102	1,588,589,068
Depreciation	4,19,373,632	3,96,550,703
Gain on disposal of property, plant and equipment	(30,377,018)	(5,041,476)
Loss on disposal of property, plant and equipment	4,3,531,766	-
Loss on dilution of related undertakings	-	(1,852,489)
Share of results in related undertakings	(733,954,022)	(220,767,071)
Reversal of impairment in value of investment in related undertakings	(446,881)	796,022
Donor grants - amortisation of investment in property, plant and equipment	(83,985,495)	(60,861,600)
Interest on fixed deposits and bank accounts	(857,991,476)	(804,170,268)
Adjustments for other accounts:		
(Increase)/ Decrease in service charge outstanding on loans to VO members	(54,252,354)	1,29,373,281
(Increase)/ Decrease in inventories	(81,375,485)	(80,306,159)
(Increase)/ Decrease in advances, deposits and prepayments	790,125,505	(354,629,386)
(Increase)/ Decrease in accounts receivable, net	(27,756,866)	(123,579,888)
(Increase)/ Decrease in motorcycle loans	(68,253,864)	(118,061,273)
Increase/ (Decrease) in other current liabilities	5,93,562,227	5,00,191,419
Increase/ (Decrease) in deferred income	31,614,928	93,965,098
Increase/ (Decrease) in Bank overdrafts	(1,287,348,986)	(1,224,322,702)
Net cash provided by operating activities	4,296,963,825	1,531,900,992
Cash flows from investing activities:		
Increase/ (Decrease) in loans to VO members	(30,662,507)	(9,273,853,792)
(Increase)/ Decrease in fixed deposits pledged with financial institutions	3,279,888,591	(697,914,380)
(Increase)/ Decrease in fixed deposits unpledged	4,85,004,176	3,400,787,921
(Increase)/ Decrease in short term deposits unpledged	(6,109,673,511)	-
(Increase)/ Decrease in investments in related undertakings	(617,645,751)	(852,517,299)
Interest received on fixed deposits and bank accounts	857,991,476	804,170,268
Purchase of property, plant and equipment	(494,527,401)	(535,277,345)
Proceeds from disposal of property, plant and equipment	6,0,649,572	5,041,476
Dividends received from related undertakings	1,3,404,966	2,499,990
(Investments in)/Realisation of investment in securities and others	(74,960,000)	(14,854,294)
Net cash used in investing activities	(2,630,530,389)	(7,161,917,455)

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Statement of Cash Flows
for the year ended 31 December 2009

Notes	2009 Taka	2008 Taka
Cash flows from financing activities:		
Grants received during the year	10,256,780,816	9,960,971,420
Grants utilised during the year for:		
-operational expenditure & micro-finance	(11,000,090,667)	(9,761,262,762)
-investment in property, plant and equipment	(23,103,215)	(43,660,839)
-motorcycle replacement funds	(8,511,713)	(50,304,259)
Net increase/(decrease) in securitised financing	117,276,904	273,298,053
Increase/ (Decrease) in term loans	(5,464,672,588)	2,562,430,055
Increase/ (Decrease) in VO members savings deposits	2,634,048,504	2,297,381,625
Increase/ (Decrease) in other long term liabilities	6,671,971,96	6,74,633,175
Increase/(Decrease) in VO members project and current accounts	(12,415,413)	2,481,625
Net cash (used in)/ provided by financing activities	<u>(2,833,490,176)</u>	<u>5,915,968,093</u>
Net (decrease)/increase in cash and cash equivalents	(1,167,056,740)	2,85,951,630
Cash in hand and at bank, beginning of the year	<u>4,880,055,354</u>	<u>4,594,103,724</u>
Cash in hand and at bank, end of the year	11 <u>3,712,998,614</u>	<u>4,880,055,354</u>

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)

Notes to Financial Statements

As at and for the year ended 31 December 2009

1 Introduction:

BRAC, a development organization, was formed in 1972 under the Societies Registration Act 1860. Although it was first set up to resettle refugees in post-war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor. At present, BRAC has a large number of development programs that cover the areas of health, education, credit, employment and training for the poor people of Bangladesh. BRAC carries out licensed banking activities through the BRAC Bank Ltd. and also earns from various income generating projects such as Aarong Rural Craft Centre, BRAC Printers and Printing Pack, BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as poultry farms, feedmills, seedmills and prawn hatcheries.

2 Summary of Significant Accounting Policies:

BRAC prepares its financial statements on a going concern basis, under the historical cost convention, except for investments in shares in listed companies classified within investment in securities and others, which are stated at fair value. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items. The financial statements have been prepared in accordance with comprehensive guidelines and policies as disclosed in the forthcoming paragraphs. The financial statements are expressed in Bangladesh Taka.

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

2.1 Basis of preparation of financial statements

BRAC maintains its books of account and records on a programme or project-wise basis. The Head Office maintains records of all treasury, investment and management functions. All cash balances, including those held for programmes, are held by the Head Office and transferred to programmes as required. Balances between projects are eliminated upon combination for the purposes of presentation of the financial statements.

These financial statements include the financial statements of BRAC and, on an equity accounted basis, those of the related undertakings set out in Note 4 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.4, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

In contrast to the ownership of equity interest in related undertakings, BRAC also extends gratuitous grants or provides donor liaison assistance to certain organisations that, in some instances may bear names with resemblance to BRAC, viz BRAC University, BRAC Afghanistan, BRAC Sri Lanka, BRAC Tanzania, BRAC Uganda, BRAC Southern Sudan, BRAC Pakistan, BRAC Liberia and BRAC Sierra Leone. However, no equity is held in these entities, and BRAC's financial statements therefore do not include the financial information of these entities.

BRAC's accounting records and financial statements are maintained and presented in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purposes based on the existence or absence of donor-imposed restrictions.

In the combined financial statements, funds have been classified within either of two net asset categories - temporarily restricted and unrestricted. Accordingly, the net assets of BRAC and changes therein are classified and reported as follows:

2 Summary of Significant Accounting Policies (contd.) :

2.1 Basis of preparation of financial statements (contd.)

- **Temporarily restricted net assets** - Net assets subject to donor-imposed restrictions that permit BRAC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time and/or by actions of BRAC. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, any balances of temporarily restricted net assets are either returned to donors in accordance with donor agreements or utilized consequent to donor and management agreements on a temporarily restricted or unrestricted basis.

In cases where restrictions expire, it is BRAC's policy to effect the reclassification of assets from temporarily restricted net assets to unrestricted net assets via transfers within the balance sheet.

- **Unrestricted net assets** - Net assets that are not subject to any donor-imposed restrictions or which arise from internally funded activities. This category of net assets include amongst others, amounts designated by BRAC for income generating activities, programme support enterprises, micro-financing activities and self-financing social development activities.

2.2 Functional and presentation currency

These financial information are presented in Taka in the financial statements, which is BRAC's functional currency. Except as indicated, financial information have been rounded off to the nearest Taka.

2.3 Foreign currency transactions and translations

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions as per BAS-21 "The effect of Changes in Foreign Exchange Rates".

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2009 have been converted into taka at the exchange rates prevailing at that date.

Translation gains and losses

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2009 have been converted into taka at the exchange rates prevailing at that date.

The resulting exchange translation gains and losses are recognised in the statement of income and expenditure.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	Dec. 2009 Taka	Dec. 2008 Taka
United States Dollars	68.61	68.45
Euro	96.78	94.57
Great Britain Pound	106.73	97.01
Indian Rupee	1.74	1.74

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 25.

2.4 Non-consolidation

BRAC, being a society registered under the Societies Registration Act, 1860 is not subject to any requirement on the preparation of consolidated financial statements. Accordingly, BRAC's investments in related undertakings wherein the effective equity interests are more than 50% are accounted for by the equity method as explained in Note 2.14, together with related undertakings in which the effective equity interests are between 20% and 50%.

2.5 Donor Grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, BRAC's donor grants are for the funding of projects and programmes, and for these grants, income is recognized to equate to expenditure incurred on projects and programmes. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned. For donor grants provided to purchase motorcycles for specific projects, the related accounting treatment given as per policies stated in Note 2.18.

2 Summary of Significant Accounting Policies (contd.) :

2.5 Donor Grants (contd.)

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse programme-related expenditure, the amounts are recognized as income. Donor grants received in-kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). Income recognition of such grants follows that of cash-based donor grants and would thus depend on whether the grants are to be utilized for the purchase of fixed assets or expended as programme-related expenditure.

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

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

2.6 Revenue Recognition

Income generating projects - Aarong Rural Craft Centre, BRAC Printers and Printing Pack and BRAC Dairy and Food Project.

Programme Support Enterprises- mainly comprising poultry farms, feedmills, seedmills, fish and prawn hatcheries, horticulture nurseries, chilling centres, broiler rearing and meat marketing, salt production and marketing recycle paper production and health product related activities.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discount and VAT. Revenue is recognised at the time when significant risks and rewards of ownership have been transferred to the buyer and recovery of consideration is probable. Transfer of risks and rewards occur for the sale of goods, when the product is delivered to the distributor/customers along with dispatch documents and invoices.

Micro finance program- Service charge on loans to VO members

Service charges on loans to VO members are recognized on an accrual basis as income. The recognition of service charge ceases when a loan is transferred to non-interest bearing loan as described in Note 2.11. Service charge is included in income thereafter only when it is realized.

Investment income

Interest on bank accounts, fixed deposits, debentures

Interest income on bank accounts, fixed deposits and debentures are recognised on accrual basis.

House Property Income

House Property Income is recognised on accrual basis whether cash received or not. In case of advance rent, it is adjusted with the monthly rent received from tenants.

Dividend income

Dividend income from shares is recognised when BRAC's right to receive the payment is established.

Other income

Other income are recognized when BRAC's right to receive such income has been reasonably determined.

2.7 Expenses

Programme related expenses arise from goods and services being distributed to beneficiaries in accordance with the programme objectives and activities. BRAC's Head Office overhead expenses are allocated to various projects and programmes at a range of 5% to 10% of their costs, based on agreement with donors or management's judgement.

2 Summary of Significant Accounting Policies (contd.) :

2.8 Property, plant and equipment

An asset which meets the following criteria is recognised as property, plant and equipment:

- i) Its expected useful life is more than three years;
- ii) Its cost exceeds Tk. 2,000.
- iii) It is tangible; and
- iv) Economic benefit is generated from it.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided for on a straight-line basis over the estimated useful lives at the following annual rates:

No depreciation is charged on freehold land and construction work-in-progress.

Item	Annual Depreciation Rate (%)
Buildings	4-10
Furniture & Fixtures	10-20
Equipment	15-33.3
Vehicles	20
Bicycles	20
Machinery	20
Deep tube wells and tanks	20
Hatcheries	20
Motorcycles	20
Camp/Poultry/Livestock sheds	20
Crates/Mannequins/Samples	33.33

Repair and maintenance costs are expensed in the period of occurrence.

The cost of replacing part of an item of property or equipment 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 organization and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in the statement of income and expenditure as incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure, when the asset is derecognized.

2.9 Loans to VO Members

BRAC's activities include providing micro-finance loans to group members without collateral, on a service charge basis under various programmes. Loans inclusive of service charge are stated net of provision for loan losses.

2.10 Provision for Loan Losses

BRAC generally provides for loan losses at 2% of loan disbursements made. Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. At the year end, BRAC calculates the required provision for loan losses based on the loan classification and provisioning methodology which is shown below and any adjustments, if required, are made and accounted for in the financial statements for the year.

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	3%
Watchlist	1 - 30	5%
Substandard	31 - 180	20%
Doubtful	181 - 350	75%
Loss	Over 350	100%

2 Summary of Significant Accounting Policies (contd.) :

2.11 Loans written off

Loans within their maturity period are classified as "Current loans". Loans which remain outstanding after one month of their maturity period are considered as "Late loans". Late loans which remain unpaid after one year are classified as "Non-Interest Bearing Loans" (NIBL). The total amount of NIBL, which are considered bad and have no possibility of recovery, is referred to the Governing Body of BRAC for approval of write off, generally within one year from the date when a loan is transferred to NIBL. Generally loans are written off twice a year i.e. July and December. Any collections realised from loans previously written off are credited to the statement of income and expenditure.

2.12 Securitisation of Micro Finance Loans

BRAC has entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") originating from its micro finance programme, in return for financing through a trust formed for this purpose, known as the BRAC Micro Credit Securitisation Trust ("the Trust"). Eastern Bank Limited (EBL) is working as Trustee in the securitization arrangement. The investors are FMO, Citi Bank N.A., The City Bank and Pubali Bank.

Under this arrangement, the Trust purchases the Designated Loans from BRAC and in turn, finances the purchase of the Designated Loans by issuing asset backed securities.

BRAC retains the responsibility for collections and administering of the Designated Loans from VO members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the VO loan agreements. Under the current arrangement, all the Designated Loans sold are for a maturity period of not more than 12 months.

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance, is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds.

In the event of default by the VO members, BRAC is obliged to replace, substitute or reassign the Designated Loans or Collateral Loans in accordance with agreed pre-set criteria. As a result, the Designated Loans do not meet the derecognition requirements and are therefore recognized in the financial statements even though they have been legally sold.

Funds received from the sale of the Designated Loans are recorded as a liability in the Securitised Financing Account, as stated in Note 15. Upon collection from VO members, BRAC is required to remit the collections based on the agreed terms to the Trustee, and this is accounted for through the Securitised Financing Account. Any prepayment of loans are separately accounted for, and applied as payments against the Securitised Financing Account as the loans mature.

2.13 Provision for Liabilities

Provisions for liabilities are recognised when BRAC has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Investment in Related Undertakings

Related undertakings refer to separately-established undertakings in which BRAC has effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 4.

2 Summary of Significant Accounting Policies (contd.) :

2.14 Investment in Related Undertakings (contd.)

BRAC's investments in these undertakings are accounted for by the equity method whereby the investments are initially recorded at cost and subsequently adjusted to reflect BRAC's share of results for each period added to or deducted from the respective investment costs, from the dates of their acquisition and to the dates of their disposal. On disposal, gains or losses representing the difference between the proceeds on disposal and the carrying value of the undertakings at the date of disposal are recognised in the statement of income and expenditure. Gains or losses on dilution of interest in related undertakings, representing the difference in BRAC's share of net assets before and after the dilution concerned is also recognised in the statement of income and expenditure. Any changes in the net assets in the related undertakings other than by the effect of operating results are directly accounted for as a separate item in the equity with corresponding increase/ decrease in the investment. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

2.15 Investment in Securities and Others

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments in shares of listed companies are subsequently measured at fair value, with unrealized gains or losses recognized in the statement of income and expenditure. Fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset.

Other long-term investments which are intended to be held to maturity, such as debentures and private debt securities, are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortized cost, apart from the amortization process which is dealt with through the statement of income and expenditure, any gain or loss is recognized in the statement of income and expenditure when the investment is disposed of or suffers a permanent diminution in value.

2.16 Accounts Receivable

Accounts receivable arise principally from BRAC's income generating activities and programme support enterprises, and are stated net of provision for doubtful debts. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off when identified.

2.17 Inventories

Retail inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Cost is determined using the weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

Expenditure is recognized at the moment when such inventory delivered or consumed; obsolete inventories are written off.

In case of write off of inventories, such amount is recognized as an expense in the period.

2.18 Motorcycle Replacement Fund

Applicable donor funds are utilized for providing motorcycles to project or programme staffs and these funds are held in a replacement fund. The cost of providing motorcycles to staff is recovered through monthly salary deductions. Donor funds received and utilized for the purchase of motorcycles are transferred to Motorcycle Replacement Fund, and then to Capital Fund over a period of five years, being the average estimated useful life of the motorcycles.

2.19 Self - Insurance Funds

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities', as depicted in Note 16, and is not externally funded.

2 Summary of Significant Accounting Policies (contd.) :

2.19 Self - Insurance Funds (contd.)

BRAC also sets aside monthly amounts equivalent to 3% of the basic salary of employees, to constitute the group self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 12 months' equivalent of basic salary in the first year of employment, to 50 months' equivalent of basic salary in the 10th year of employment onwards. The self-insurance fund for employees is held as a provision, also within 'Other long term liabilities' and is not externally funded. It is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuations carried out in 2008 in respect of the funds, and are disclosed in Note 16 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of these funds.

2.20 Employee Gratuity and Redundancy Fund

BRAC makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's service for each permanent employee (based on basic salary of the last month). The fund is held as a provision within 'Other long term liabilities', as depicted in Note 16, and is not externally funded. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made as a one-time termination benefit in the event of cessation of service from BRAC on grounds of redundancy.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuation carried out in 2008, and are disclosed in Note 16 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provision in respect of the fund.

2.21 Employee Provident Fund

BRAC maintains recognised contributory provident fund for its eligible permanent employees. The fund is operated by the Board of Trustees. All confirmed employees are contributing 10% of their basic salary as subscription of the fund. BRAC also contributes equal amount of the employees' contribution to the fund.

2.22 Taxation

Under the Income Tax Ordinance (ITO), 1984, BRAC is subject to taxation for some of its projects and keeps their provision for taxation for its various projects i.e. Aarong, Printers & Printing Pack, Non agro Support Program, Self financing Social Development Program and House Property as referred in Note 23. As per Sixth Schedule, Part- A, Para- 1A of ITO 1984, income from Microfinance activities are tax exempted.

BRAC submits its Return for Tax for the organization as a whole. BRAC generally shows its provision for taxation under self financing social development project head in the segmental financial information.

2.23 Borrowing Costs

Borrowing costs are interest and other costs that BRAC incurs in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case these costs are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2 Summary of Significant Accounting Policies (contd.) :

2.24 Impairment of Assets

At each balance sheet date, BRAC reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use.

An impairment loss is recognised as an expense in the statement of income and expenditure immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exists or have decreased.

2.25 Goodwill

Goodwill represents the excess of the cost of acquisition over BRAC's interest in the fair value of the identifiable assets and liabilities of investments in related undertakings at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24 above except that an impairment loss for goodwill is not reversed unless the specific external events that caused the impairment loss is reversed by a subsequent external event. Goodwill arising on the acquisition of related undertakings is included within the respective carrying amounts of the related undertakings concerned.

2.26 Financial Instruments

Financial instruments are recognised in the balance sheet when BRAC has become a party to the contractual provisions of the instrument.

a) Investments in Related Undertakings

Investments in related undertakings are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24.

b) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and an estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

c) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

d) Interest-Bearing Borrowings

Interest-bearing bank loans, overdrafts and securitised financing are recorded at the amount of proceeds received, net of transactions costs. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investments of funds drawdown from that borrowing facility.

All borrowing costs are recognized as an expense in the statement of income and expenditure in the period in which they are incurred. The carrying values of these financial instruments approximate their fair values due to their short term maturities.

2 Summary of Significant Accounting Policies (contd.) :

2.27 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances at the end of the year. Included in cash and bank balances are donations which are received through donor grants. By virtue of donor agreements, the manner in which such donations are to be applied may be restricted to specific projects and/or assets.

2.28 Related parties

The loans provided to the related parties are unsecured and settlement occurs through bank transfer. There have been no guarantees provided or received for any related party receivables or payables.

Disclosures relating to Related Parties are stated in Note 4 and Note 24.

2.29 Contingent liability

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organization; or

Any present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may results in the recognition of income which may never be realized.

2.30 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the organization's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed.

2.31 General

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. Property, plant and equipment

Group of fixed assets	Cost				Depreciation				Amount in Taka		
	Opening balance 01-01-2009	Additions during the year	Transferred during the year	Disposals and written offs during the year	Closing balance 31-12-2009	Opening balance 01-01-2009	Charged during the year	Adjustment for disposals and written offs during the year	Closing Balance 31-12-2009	Written down value 31-12-2009	Written down value 31-12-2008
Freehold land	2,374,733,181	22,271,847	-	(2,696,461)	2,394,308,567	-	-	-	-	2,394,308,567	2,374,733,181
Buildings	2,811,921,325	-	188,113,667	(26,656,093)	2,973,378,899	8,64,326,599	137,087,088	-	1,001,413,687	1,971,965,212	1,947,594,726
Furniture & fixtures	6,04,159,601	34,461,258	-	(1,484,917)	637,135,942	3,84,107,708	45,202,569	(668,212)	428,642,065	2,08,493,877	220,051,893
Equipment	1,291,856,219	55,038,545	-	-	1,346,894,764	9,40,038,673	9,2,138,351	-	1,032,177,024	3,14,717,740	351,817,546
Vehicles	4,19,926,522	36,250,904	-	(10,052,000)	446,125,426	2,83,441,291	37,600,457	(9,132,000)	3,11,909,748	134,215,678	136,485,231
Bicycles	35,523,603	-	-	(1,638,362)	33,885,241	21,923,134	1,697,887	(1,638,362)	21,982,659	11,902,582	13,600,469
Machineries	8,28,191,715	106,288,366	-	(55,796,109)	878,683,972	4,68,866,803	74,844,450	(15,662,356)	5,28,048,897	350,635,075	359,324,912
Deep tubewells and tanks	11,633,553	124,320	-	-	11,757,873	7,955,390	1,563,541	-	9,518,931	2,238,942	3,678,163
Hatcheries	11,555,425	576,895	-	-	12,132,320	7,755,792	1,553,985	-	9,309,777	2,822,543	3,799,633
Camp/Poultry/Livestock sheds	201,289,795	1,429,465	-	-	202,719,260	80,707,857	11,456,211	-	92,164,068	110,555,192	120,581,938
Motorcycles	4,506,345	-	-	(2,581,308)	1,925,037	1,354,487	1,42,467	-	1,496,954	428,083	3,151,858
Construction work-in-progress	34,260,518	223,456,260	(188,113,667)	-	69,603,111	-	-	-	-	6,960,311	34,260,518
Crates/Mannequins/ Samples/Antiques	101,468,940	14,629,541	-	-	116,098,481	63,209,681	1,6,086,626	-	7,9,296,307	3,6,802,174	38,259,259
Total 2009	8,731,026,742	494,527,401	-	(100,905,250)	9,124,648,893	3,123,687,415	4,19,373,632	(27,100,930)	3,515,960,117	5,608,688,776	5,607,339,327
Total 2008	8,203,315,596	535,277,345	-	(7,566,199)	8,731,026,742	2,734,702,911	396,550,703	(7,566,199)	3,123,687,415	5,607,339,327	

Allocation of depreciation:

	Dec. 2009	Dec. 2008
i) included in cost of sales of commercial projects	35,541,563	29,462,830
ii) included in programme related expenses	383,832,069	367,087,873
	419,373,632	396,550,703

An amount of Tk. 83,985,495 (2008: 60,861,600) has been transferred to the statement of income and expenditure from Deferred income - investment in fixed assets to cover the depreciation charge for donor funded fixed assets as disclosed in Notes 12 & 20.

Landed properties with an aggregate net book value of Tk. 1,024,045,904 (2008: 1,024,045,904) have been pledged to secure term loans and overdraft facilities as disclosed in Notes 13 and 19 to the financial statements.

4 Investments in related undertakings

Related undertakings	2009				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	1,464,730,703	2,078,786,026	-	-	3,543,516,729
BRAC Industries Ltd.	24,999,900	1,711,973	-	-	26,711,873
BRAC BD Mail Network	186,162,000	(135,579,676)	26,582,274	-	77,164,598
Documenta TM Ltd	2,400,000	3,196,137	-	-	5,596,137
BRAC Services Ltd.	10,000,000	(55,671,418)	56,960,416	(11,288,998)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	161,250,590	-	-	211,250,590
BRAC Karnafuli Tea Company Ltd	243,908,025	(19,694,731)	267,984,703	-	492,197,997
BRAC Kaiyachara Tea Company Ltd	63,300,695	(906,125)	45,366,388	-	107,760,958
BRAC Banshkhali Tea Company Ltd	27,719,870	(46,300,162)	159,255,419	-	140,675,127
BRAC Kodala Tea Company Ltd	81,680,954	(25,732,446)	106,298,870	-	162,247,378
Bangladesh Netting Factory	17,071,429	(1,672,188)	32,128,745	-	47,527,986
	2,171,973,576	1,959,387,980	694,576,815	(11,288,998)	4,814,649,373

Related undertakings	2008				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	954,821,142	732,231,767	-	-	1,687,052,909
BRAC Industries Ltd.	24,999,900	1,673,708	-	-	26,673,608
BRAC BD Mail Network	178,160,000	(84,202,976)	5,500,000	-	99,457,024
Documenta TM Ltd	2,400,000	3,040,088	-	-	5,440,088
BRAC Services Ltd.	10,000,000	(48,896,992)	50,632,871	(11,735,879)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	123,389,655	-	-	173,389,655
BRAC Karnafuli Tea Company Ltd	243,908,025	(22,074,170)	241,528,803	-	463,362,658
BRAC Kaiyachara Tea Company Ltd	63,300,695	(4,574,962)	45,196,387	-	103,922,120
BRAC Banshkhali Tea Company Ltd	27,719,870	(36,850,837)	131,156,687	-	122,025,720
BRAC Kodala Tea Company Ltd	81,680,954	(21,498,964)	88,918,017	-	149,100,007
Bangladesh Netting Factory	17,071,429	(1,194,279)	31,909,860	-	47,787,010
	1,654,062,015	641,042,038	594,842,625	(11,735,879)	2,878,210,799

	2009	2008
Represented by:		
Share of net tangible assets	3,941,114,731	2,104,410,347
Goodwill on acquisition	178,957,827	178,957,827
Loans	694,576,815	594,842,625
	4,814,649,373	2,878,210,799

4 Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2009	2008	Principal activities
BRAC Bank Ltd.	37.18	33.51	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd.	39.7	39.7	Internet service provider
BRAC Services Ltd.	100.0	100.0	Hospitality
Delta BRAC Housing Finance Corp.Ltd.	20.37	20.37	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
Documenta TM Ltd.	80.0	80.0	Software development
BRAC Karnafuli Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kaiyachara Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Banshkhali Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kodala Tea Company Ltd.	99.1	99.1	Tea plantation
Bangladesh Netting Factory	94.0	94.0	Poultry Processing

BRAC's investments in the related undertakings are represented by its share in the respective net tangible assets, goodwill and loans extended.

Loans represent finance provided for working capital and earn 12% (2008: 12%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2009 is a non-distributable portion amounting to Tk 546,819,135 (2008: Tk 468,753,685).

The market value of BRAC Bank Ltd shares at 31 December 2009 was Tk. 687.50 per share (2008: Tk 828.00) and Tk.685.8 per share (2008: Tk.825.75) on the Dhaka ("DSE") and Chittagong ("CSE") Stock Exchanges respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2009 was Tk. 1,627 per share and Tk. 1,590 per share on the DSE and CSE respectively.

Significant events during the year:

BRAC Bank Ltd.

On July 06, 2009, BRAC Bank Ltd. allotted 1,592,304 ordinary shares of Tk.100 each at a ratio of 1:30 to BRAC through a bonus issue exercise.

On December 10, 2009, through a back to back Block Market sale and purchase arrangement, BRAC acquired 755,280 ordinary shares of Tk. 100 each in BRAC Bank Ltd from another shareholder, International Finance Corporation (IFC) at Tk. 675 per share. Following the acquisition, BRAC's equity interest in BRAC Bank Ltd. increased from 33.51% to 37.18%.

5. Investments in securities and others

	2009 Taka	2008 Taka
DBH 1st Mutual Fund	6,000,000	-
Bangladesh Bank Bonds	74,100,000	59,140,000
	<u>134,100,000</u>	<u>59,140,000</u>

The Bangladesh Bank Bonds earned interest at 8.5% (2008: 8.5%) per annum respectively during the year.

6. Loans to Village Organisation (VO) members

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2009	44,804,962,315	98,048,915	(3,360,828,810)	41,542,182,420
Additions	75,680,757,000	11,745,042,192	(2,072,849,102)	85,352,950,090
Realisation	(75,719,833,227)	(11,621,051,104)	-	(87,340,884,331)
Write-off	(886,238,040)	(69,738,734)	955,976,774	-
At December 31, 2009	<u>43,879,648,048</u>	<u>152,301,269</u>	<u>(4,477,701,138)</u>	<u>39,554,248,179</u>

Loans to VO members bear annual service charges as follows:

Micro-credit	10% -15% (2008: 12.5% - 15%) per annum on loan disbursed
Housing loans	10% (2008: 10%) per annum on loan disbursed

Repayments are made in weekly/monthly instalments.

The loan principal outstanding and loan loss provision are analysed as follows:

Loan Classification	Days in Arrears	Loan Outstanding 2009 Taka	Loan loss Provision 2009 Taka	Loan Principal 2008 Taka	Loan loss Provision 2008 Taka
Standard	Current (no arrears)	38,553,025,391	1,156,590,762	40,682,070,340	813,641,407
Watchlist	1 - 30	1,965,285,960	98,264,298	679,353,369	33,967,668
Substandard	31 - 180	362,851,506	72,570,301	1,131,725,168	226,345,034
Doubtful	181 - 350	977,264,731	732,948,548	99,754,946	74,816,210
Loss	Over 350	2,173,521,729	2,173,521,729	2,212,058,492	2,212,058,492
Additional provision for AILA		-	2,43,805,500	-	-
		<u>44,031,949,317</u>	<u>4,477,701,138</u>	<u>44,804,962,315</u>	<u>3,360,828,810</u>

Loans to VO members include certain securitised loan receivables as follows :

	2009 Taka		
	Principal	Interest	Total
Securitised VO Loans	3,982,152,230	669,227,289	4,651,379,519
Less : Collections from VO members in respect of securitised loans	3,555,377,451	631,168,611	4,186,546,062
	<u>426,774,779</u>	<u>38,058,678</u>	<u>464,833,457</u>

6. Loans to Village Organisation (VO) members (contd.)

In July 2006, BRAC entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") to Eastern Bank Limited ("EBL" or "Trustee"), to raise funds of up to an aggregate of USD 180 million (approximately Taka 12.6 billion) over a period of 6.5 years. Under the arrangement, 12 tranches will be drawn, out of which 5 tranches had already been drawn.

Designated Loans are assigned to BRAC Micro Credit Securitization Trust ("the Trust") set up for this purpose. Under this arrangement, the Trust purchases the Designated Loans from BRAC and in turn, finances the purchase of the Designated Loans by issuing asset backed securities, represented by the Designated Loans, to investors or beneficiaries of the Trust.

BRAC retains the responsibility for collections and administering of the Designated Loans from VO members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the VO loan agreements. Under the current arrangement, all the Designated Loans sold are for a maturity period of not more than 12 months. In the event of default by the VO members, BRAC is obliged to replace, substitute or reassign the Designated Loans or Collateralised Loans in accordance with agreed pre-set criteria. As a result, the Designated Loans do not meet the derecognition requirements and are therefore recognized in the financial statements even though they have been legally sold.

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds. At 31 December 2009, the Collateral Loans amount to Taka 233,103,236 in addition to the nominal value of the Designated Loans of Taka 464,833,457.

7. Inventories

	2009 Taka	2008 Taka
Seeds and feed	431,012,621	627,949,563
Medical supplies and consumables	39,346,773	50,546,711
Printing and stationery	142,829,847	168,882,773
Handicraft goods	982,849,324	666,238,260
Dairy products	97,755,074	82,675,479
Programme materials	104,545,420	120,670,788
	1,798,339,059	1,716,963,574

8. Grants and accounts receivable

Grants receivable (Note 17)	582,061,017	204,730,963
Interest receivable on fixed deposits and bank accounts	282,426,959	326,567,912
Other accounts receivable	620,153,491	535,447,544
	1,484,641,467	1,066,746,419
Provision for doubtful debts	(25,262,190)	(12,454,062)
	1,459,379,277	1,054,292,357

Included in interest receivable on fixed deposits is Tk. 43,147,154 (2008: Tk. 308,328,417) receivable after 12 months.

9. Advance, deposits and prepayments

Advances:		
Employees	193,434,196	275,753,204
Suppliers	395,480,337	1,021,794,382
Advance for tax	487,213,090	352,127,337
	1,076,127,623	1,649,674,923
Deposits for facilities and utilities	16,214,874	100,597,734
Debt service reserve for securitised financing	92,278,411	262,911,071
Prepayments	295,165,120	256,727,805
	1,479,786,028	2,269,911,533

10. Term deposits		2009 Taka	2008 Taka
Fixed deposits pledged with financial institutions (Notes 13 and 19)		2,217,230,385	5,497,118,976
Fixed deposits unpledged		633,979,125	1,118,983,301
Short term deposit unpledged		6,109,673,511	-
		8,960,883,021	6,616,102,277
11. Cash in hand and at banks			
Cash in hand		152,845,732	242,973,757
Cash at banks		3,560,152,882	4,637,081,597
		3,712,998,614	4,880,055,354
12. Deferred income			
Investment in Fixed assets (Note-12.1)		268,064,212	328,946,492
Motorcycle Replacement Fund (Note-12.2)		60,332,998	93,475,669
		328,397,210	422,422,160
12.1. Investment in Fixed assets			
At 1 January 2009		328,946,492	346,147,253
Transfer from Grant received in advance	17	23,103,215	43,660,839
Transfer to Income and Expenditure (unrestricted)	20	(57,891,835)	(38,706,037)
Transfer to Income and Expenditure (temporarily restricted)	20	(26,093,660)	(22,155,563)
		268,064,212	328,946,492
12.2. Motorcycle Replacement Fund			
At 1 January 2009		93,475,668	79,402,613
Transfer from Grant received in advance	17	8,511,713	50,304,259
Transfer to Capital Fund (unrestricted)		(751,011)	(836,840)
Transfer to Capital Fund (temporarily restricted)		(40,903,371)	(35,394,363)
		60,332,998	93,475,669

13. Term loans

	2009 Taka	2008 Taka
* Standard Chartered Bank (SCB)	3,978,142,857	3,173,771,428
Citi Bank NA [guaranted by OPIC & IFC]	1,993,750,000	2,718,750,000
Pubali Bank Ltd. (PBL)	901,66,748	1,577,397,275
FMO, Netherlands	1,222,678,571	1,467,214,286
Mercantile Bank Ltd.	198,019,036	1,300,000,000
Palli Karma Shahayak Foundation (PKSF)	623,333,326	1,296,666,636
Agrani Bank Ltd.	870,800,000	1,126,800,000
IIDFC Ltd.	860,000,000	950,000,000
The Trust Bank Ltd.	180,808,887	846,423,781
Citi Bank NA [local currency syndication]	494,000,000	646,000,000
AB Bank Ltd.	512,748,128	620,812,761
Prime Bank Ltd.	-	607,142,856
Norfund, Norwegian	489,071,429	586,885,714
* HSBC Bank Ltd.	377,500,000	562,500,000
Eastern Bank Ltd.	669,478,117	482,735,404
Shahjalal Islami Bank Ltd.	406,872,457	460,760,445
National Bank Ltd	400,195,106	398,268,287
Bangladesh Krishi Bank (BKB)	183,333,331	383,333,331
Bank Asia Ltd.	147,342,070	317,055,510
Janata Bank Ltd.	412,388,291	243,101,811
Mutual Trust Bank Ltd.	222,848,516	235,552,701
* Commercial Bank of Ceylon Ltd.	161,040,000	234,400,000
Bangladesh Commerce Bank (BCB) Ltd.	150,864,832	216,665,085
* Rajshahi Krishi Unnyon Bank (RAKUB)	349,333,500	210,025,000
Dutch Bangla Bank Ltd.	384,824,308	202,210,076
Uttara Finance & Investment Ltd.	-	189,030,224
Southeast Bank Ltd.	138,944,883	187,501,259
NCC Bank Ltd.	75,328,609	181,748,077
Sonali Bank Ltd.	200,000,000	156,498,563
BASIC Bank Ltd.	265,984,891	150,432,443
* Rupali Bank Ltd.	222,500,000	150,000,000
IPDC of Bangladesh Ltd.	46,316,000	116,970,734
MIDAS Financing Ltd.	49,916,130	116,666,665
Jamuna Bank Ltd.	51,619,574	99,378,126
Uttara Bank Ltd.	58,333,333	91,666,667
State Bank of India	60,000,000	90,000,000
IDLC Finance Ltd.	-	89,506,636
Export Import Bank of Bangladesh (EXIM) Ltd.	170,428,923	70,435,163
Premier Leasing and Finance Ltd.	-	45,554,175
Phonix Financing and Investments Ltd.	-	41,102,820
Standard Bank Ltd.	13,663,690	38,473,788
United Commercial Bank Ltd. (UCBL)	-	25,000,000
The City Bank Ltd.	112,500,000	-
One Bank Ltd.	51,239,596	-
Islamic Development Bank (IDB)	343,450,000	-
	<u>17,239,765,139</u>	<u>22,704,437,727</u>

13. Term loans (contd.)

	2009 Taka	2008 Taka
Term Loans are analysed as follows:		
Amount repayable within 12 months	10,108,942,583	13,091,359,002
Amount repayable after 12 months:		
- Repayable after 12 months and within 24 months	3,599,642,482	4,324,990,297
- Repayable after 24 months and within 36 months	1,879,978,299	2,580,610,984
- Repayable after 36 months and within 48 months	1,063,779,612	1,515,872,178
- Repayable after 48 months and within 60 months	5,874,222,163	653,626,705
- Repayable after 60 months -		537,978,561
	7,130,822,556	9,613,078,725
	17,239,765,139	22,704,437,727

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2009.

* Secured by fixed deposits amounting to Tk. 568,332,721 (2008: Tk.1,580,173,721) and properties amounting in aggregate to Tk. 472,498,556 (2008: Tk 472,498,556)

The term loans were obtained to support various micro finance and development projects undertaken by BRAC and for working capital purposes. The loans are repayable at various intervals, i.e., monthly, quarterly, half-yearly, annually and bi-annually and bear the following interest rates:

	2009	2008
PKSF	7%	5%-7%
Other financial institutions	6%-15%	6%-16%

14. VO members' savings deposits

	2009 Taka	2008 Taka
Opening balance	15,764,569,644	13,467,188,019
Deposits during the year	11,822,933,239	14,231,140,038
Withdrawals during the year	(9,188,884,735)	(11,933,758,413)
Closing balance	18,398,618,148	15,764,569,644
VO members' savings deposits are analysed as follows:		
Compulsory savings	7,048,954,136	5,675,245,072
Own savings	11,349,664,012	10,089,324,572
Total	18,398,618,148	15,764,569,644

The rate of interest paid in respect of savings deposits by VO members was 5% - 10% (2008: 5%) per annum.

BRAC has two types of savings deposits initiatives, namely, Own savings and Compulsory savings, Monthly savings and Term deposit, with a view to facilitating and encouraging savings by VO members.

- Own savings:** Each VO member deposits a minimum amount of Tk. 5 in a weekly meeting. The amount to be deposited weekly is fixed by the VO member at the inaugural meeting of the year up to a maximum amount of Tk.20 per week.
- Compulsory savings:** When loans are disbursed to VO members, 5% of the loan sanctioned is deducted at source at inception and recorded under "saving deposits" of the VO member loan. This deducted amount is considered as "deposit against loan disbursed".
- Monthly savings:** Each VO member can save for 3 years, 5 years, 8 years and 10 years. The monthly savings varies between Tk. 100 to Tk. 1,000.
- Term deposits:** Each VO member can save 1 to 10 years for a fixed time period. The amount will be between Tk.10,000 to 100,000.

14. VO members' savings deposits (contd.)

Rules for Savings withdrawals:

- (a) The entire amount of savings deposits of a VO member will be refunded when the member retires or is terminated from membership.
- (b) After one year of becoming a VO member 50% of savings deposits may be withdrawn to meet special requirements such as marriage of offspring, illness, etc.
- (c) Loan outstanding balance including service charge on loan is to be fully repaid by a VO member before withdrawal of the entire amount of savings deposits.
- (d) If the savings deposit balance of a VO member is less than Tk 2,000 after part withdrawals, no interest will be paid on the remaining balance. Moreover, if a VO member withdraws deposits more than twice in a year, no interest will be paid for that financial year.
- (e) VO member can withdraw his/ her entire monthly savings and term deposits any time before the maturity date of savings deposits.

15. Securitised financing

	2009 Taka	2008 Taka
Financing for securitised receivables	894,661,804	1,442,488,351
Interest Charge	15,022,545	58,570,026
	<u>909,684,349</u>	<u>1,501,058,377</u>
Less: Repayments	<u>447,324,041</u>	<u>1,155,974,973</u>
	<u>462,360,308</u>	<u>345,083,404</u>

The amounts financed are in return for the sale of an identified pool of microfinance loan receivables ("Designated Loans") and in addition BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan balance is maintained as additional security. At 31 December 2009, the value of Designated Loans and Collateralised Loans amounted to Taka 464,833,457 and Taka 233,103,236 respectively.

The financing bears interest at effective rates ranging between 6.53% to 12.48% per annum.

All repayment obligations in respect of the term loan have been met and no amounts were in arrears as at 31 December 2009.

16. Other long term liabilities

	2009 Taka	2008 Taka
Employee gratuity and redundancy fund	3,504,754,781	2,993,355,591
Self-insurance fund		
- Employees	255,704,828	240,328,641
- BRAC properties and motorcycles	436,213,832	381,477,640
	<u>691,918,660</u>	<u>621,806,281</u>
Other funds		
- Special fund for scholarship	4,419,905	4,098,141
- Relief and rehabilitation fund	130,806,416	2,835,360
- Emergency fund	182,528,033	182,528,033
- Staff welfare fund	22,594,452	15,201,645
	<u>4,537,022,247</u>	<u>3,819,825,051</u>

16. Other long term liabilities (contd.)

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2008 was performed by an independent professional actuary. Based the valuation, there was an excess provision of Tk 33,721,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2005, included official mortality tables in Bangladesh, an interest rate of 8% which is the average rate of interest expected to be realised over the applicable period and a rate of salary increase of 7% per annum.

An actuarial valuation of the self-insurance fund for employees as at 31 December 2008 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 46,418,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2005, included official mortality rates in Bangladesh.

The indicative excess provisions in respect of the self-insurance fund for employees and the employee gratuity and redundancy fund, amounting to an aggregate of Tk 80,139,000. have not been written back, but will be considered in determining future provisions.

BRAC also commissioned an investigation report by an independent professional actuary on the properties and motorcycles self-insurance fund as at 31 December 2008. Similar to the valuation carried out in 2005, the investigation report addressed BRAC's properties and motor cycles within and outside the Dhaka City Corporation areas. The investigation report set out a recommendation that to attain a satisfactory financial position required for the self-insurance fund, an additional provision of Tk 55,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 55,000,000 over a period of two years commencing 2008. Accordingly, Tk 55,000,000 has been accreted in the financial year 2008 and 2009.

The Special fund for scholarship represents the Catherine H. Lovel memorial fund which will subsequently be utilized for a scholarship programme for poor girls. It is represented by specific fixed deposits, from which interest is added to the fund.

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, and is held as a liability. In 2009, additional amount of Tk.50,000,000 has been accreted from net surplus of income generating projects. This fund will be utilized to meet outgoings during natural disasters and climate change.

The Emergency fund represents receipts from service charges from prior disbursements of grants under the donor funded Micro-credit Rehabilitation Project to assist micro-credit borrowers in the event of natural disasters such as floods, typhoons and cyclones. The fund is represented by a specific bank balance from which interest is added to the fund.

The staff welfare fund represents deductions from the staff salary which are utilised to defray medical expenses incurred by staff and, under certain instances, their families. The fund is managed by a staff committee who decide upon the quantum to be disbursed as well as the eligibility of staff family members for benefits.

17. Grants received in advance account

	Note	2009 Taka	2008 Taka
At 1 January		1,834,102,592	1,623,732,366
Receivables as at 1 January		(204,730,963)	(100,104,297)
		<u>1,629,371,629</u>	<u>1,523,628,069</u>
Donations received during the year	26	10,256,780,816	9,960,971,420
Transferred to deferred income:			
-Investment in fixed assets	12	(23,103,215)	(43,660,839)
Motorcycle replacement fund	12	(8,511,713)	(50,304,259)
Transfer to Statement of Income and Expenditure for expenditure during the year	20	(11,000,090,667)	(9,761,262,762)
		<u>854,446,850</u>	<u>1,629,371,629</u>
Receivables as at 31 December		582,061,017	204,730,963
At 31 December		<u>1,436,507,867</u>	<u>1,834,102,592</u>

18. Other current liabilities

	2009 Taka	2008 Taka
Liabilities for expenses	948,335,600	551,993,353
Liabilities for goods	454,054,168	302,201,664
Advances received for training, publications, supplies etc.	436,444,786	391,077,309
	<u>1,838,834,554</u>	<u>1,245,272,326</u>

19. Bank overdrafts

* Pubali Bank Ltd.	2,071,292,241	2,219,964,603
Prime Bank Ltd.	424,417,050	687,624,708
* Bangladesh Krishi Bank (BKB)	-	559,299,084
IFC Bank Ltd.	243,081,399	368,977,360
State Bank of India	13,245,254	342,760,061
Dhaka Bank Ltd.	160,728,873	281,909,832
Standard Bank Ltd.	105,033,580	187,820,954
National Bank Ltd.	158,927,168	180,029,011
United Commercial Bank Ltd.	239,526,830	175,753,450
Premier Bank Ltd.	92,147,674	168,096,787
The Trust Bank Ltd.	284,393,260	128,757,318
Uttara Bank Ltd.	112,717,188	117,493,325
Bank Alfalah Ltd.	84,823,741	106,148,640
Dutch Bangla Bank Ltd.	121,144,901	57,049,774
* Sonali Bank Ltd.	45,029,850	40,416,428
Bank Asia Ltd.	86,407,571	33,432,470
* Rupali Bank Ltd.	74,894,282	1,301,374
Janata Bank Ltd.	-	774,054
* Agrani Bank Ltd.	17,919,238	67,910
South East Bank Ltd.	34,598,057	-
	<u>4,370,328,157</u>	<u>5,657,677,143</u>

* The bank overdrafts are secured by fixed deposits amounting to Tk.1,648,897,664 (2008: Tk 3,916,945,255) and properties amounting in aggregate to Tk. 551,547,348 (2008: 551,547,348).

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 11% -13% (2008: 9.25% -14.5%) per annum, and are repayable within 12 months.

20. Donor grants

	Notes	2009 Taka	2008 Taka
Donor grants recognised in the Statement of Income and Expenditure:			
Transferred from grants received in advance	17	11,000,090,667	9,761,262,762
Transferred from deferred income:			
amortisation of investment in fixed assets			
- unrestricted	12	57,891,835	38,706,037
- temporarily restricted	12	26,093,660	22,155,563
		83,985,495	60,861,600
		<u>11,084,076,162</u>	<u>9,822,124,362</u>

21. Investment income	2009 Taka	2008 Taka
Interest on bank accounts and fixed deposits	857,991,476	804,170,268
Debenture interest	-	921,594
In respect of investments in related undertakings:		
- Share of profits less losses	733,954,022	221,972,059
- (Increase)/ Decrease of Provision for impairment losses	446,881	(796,022)
- Dilution loss of Delta BRAC Housing Finance Corporation	-	(1,852,489)
	734,400,903	219,323,548
	1,592,392,379	1,024,415,410

22. Other income		
Gain on disposal of property, plant and equipment	30,377,018	5,041,476
Partial reimbursements on cost of programme supplies	122,819,810	52,679,727
Training income	487,884,949	404,440,029
Sale of waste materials	54,765,964	60,304,234
Interest received on loans and advances	51,634,217	66,670,621
Foreign exchange gain - unrealised	3,989,069	10,452,818
	751,471,027	599,588,905

23. Taxation		
Income taxation charge for the year	87,000,000	20,500,000

Although some of the income of BRAC is taxable under Income Tax Ordinance 1984, the tax authority has been exercising their discretionary power over the years in assessing BRAC's income and tax thereon. On this process BRAC has always been charged with an arbitrary and exorbitant amount of tax every year from the assessment year 1991-92. Being aggrieved, BRAC has naturally preferred legal process against the order of the authority. Respective files have been awaiting verdict at different levels of legal jurisdictions. As a result there has been created a large amount contingent liabilities (liabilities of uncertainties) of Tk. 3,301,407,775 against tax liability for the assessment years from 1991-92 to 2007-08. BRAC have obtained stay orders from High Court Division of Supreme Court against the settlement of such liabilities. It is pertinent to mention that BRAC has an amount of Tk. 539,700,714 paid as advance tax over the years. BRAC is of the view that the basis of taxation is inappropriate and therefore, BRAC will not be liable to taxation. Accordingly, the amount have not been provided for in the financial statements 31 December 2009.

24. Related Party Disclosures	2009 Taka	2008 Taka
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in addition to Note 4, other transactions regarding to related parties are stated below:

Sl.#	Name of Related Party	Nature of Transactions		
1.	BRAC Bank Ltd.	Fixed deposits	558,430,868	1,758,052,076
		Short term deposit	6,109,683,511	-
		34 Bank Accounts (2008: 31)	957,004,509	1,894,175,715
2.	Delta BRAC Housing Finance Corp Ltd.	Fixed deposits	537,957,059	581,778,355

25. Foreign currency denominated monetary assets and liabilities		
Resident Foreign Currency Deposits (in US\$)	442,815,581	392,568,551
Resident Foreign Currency Deposits (Euro)	18,247,446	17,613,374
Resident Foreign Currency Deposits (in GBP)	16,673,572	14,950,373
Cash at bank (in US\$)	13,657,682	14,453,323
Cash at bank (in Euro)	919,200	1,451,632
Cash at bank (Indian Rupee)	174	174
Cash at bank (in GBP)	115,380	401,178
	115,380	401,178

26. Financial Instrument**a) Financial Risk Management Objectives and Policies**

BRAC's financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not, however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

b) Interest Rate Risk

BRAC's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to VO members and VO members saving deposits. BRAC does not engage in speculative transactions or take speculative positions on its interest exposure.

c) Foreign Exchange Risk

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

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

d) Liquidity Risk

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

e) Credit Risk

The credit policy of BRAC requires all credit exposures to be measured, monitored and managed proactively. Exposure to credit risk is monitored on an ongoing basis by the commercial ventures' respective management teams. BRAC does not have any significant exposure to any individual customer or counterparty.

27. Schedule of donation received

Name of the projects	Donor	2009 Taka	2008 Taka
BRAC Education Program	EKN	909,851,327	1,563,706,880
	NOVIB	105,067,575	53,416,100
	DFID	1,323,634,000	775,413,019
	CIDA	43,307,936	331,750,003
	AusAID	387,004,000	212,218,555
	NORAD	-	192,963,488
	Sub Total	2,768,864,838	3,129,468,045
Challenging the Frontiers of Poverty Reduction Programme	NOVIB	46,796,182	37,206,901
	AusAID	15,018,940	498,012,555
	DFID	2,197,944,946	1,372,231,786
	CIDA	163,231,722	752,157,586
	Sub Total	2,422,991,790	2,659,608,828
BRAC University Institute of Education Development	EKN	50,000,000	12,782,240
	NORAD	-	(6,967,923)
	SDC	32,741,968	21,390,078
		82,741,968	27,204,395
BRAC University Institute of Education	Plan Bangladesh Institute of Dev. Studies-Sussex	10,927,104	9,945,299
		-	1,745,382
		10,927,104	11,690,681
MA in Governance and Development Program	EKN	-	50,397,584
	World Bank	2,083,690	2,082,000
		2,083,690	52,479,584
Cyclone Relief and Rehabilitation Activities	NOVIB	34,777,005	46,874,788
	Conrad N. Hilton Foundation	-	409,859
	Ford Foundation	-	34,154,900
	AusAID	-	94,815,000
	DFID	-	398,788,738
	BRAC USA	899,532	150,713,477
	WFP	-	772,562
	Local contribution	393,230	6,123,504
		36,069,767	732,652,828
Flood Relief and Rehabilitation Activities	Plan Bangladesh	-	14,356,296
	UNICEF	-	14,811,060
	NOVIB	-	43,971,772
		-	73,139,128
Improving Maternal Neonatal & Child Survival Program (MNCS)	AusAID	305,550,000	191,698,310
	EKN	44,687,244	68,196,876
	DFID	163,392,975	-
		513,630,219	259,895,186
AILA Relief & Rehabilitation	BRAC USA	22,039,824	-
	Luftfahrt ohne Grenzen e. V.	46,779,303	-
		68,819,127	-
Pilot project of distributing reading glass in Manikganj	Vision Spring	629,748	1,315,559
Early Childhood Development Support Program	AKF	3,240,000	1,975,000
Char Development and Settlement Program	EKN	29,543,496	28,316,340
Atta Fortification Program	WFP	55,861,612	60,162,670
Northwest Crop Diversification Project	GOB	14,715,563	5,191,837
HIV/AIDS Prevention Project	UNICEF	-	3,047,620
School Feeding Program	Land O Lakes	3,611,520	5,227,200
Northwest Microfinance Expansion Program	AusAID	-	4,990,809
TB Control Program	The Global Fund	608,640,779	425,191,291
Social Protection Package for Retrenched State Owned Enterprise Workers	DFID	162,806,235	25,989,125

Name of the projects	Donor	2009 Taka	2008 Taka
Tree Improvement project	Inter Co-operation Bangladesh	6,055,475	5,863,960
Improving Sexual and Reproductive Health	Institute of Dev. Studies-Sussex	9,252,044	8,229,467
Pathway of Women Empowerment of research project	Institute of Dev. Studies-Sussex	9,445,127	9,916,336
BRAC Water, Sanitation and Hygiene Program	EKN	1,186,352,302	829,597,069
Malaria Control Program	The Global Fund	241,709,864	181,329,195
Deepening Democracy, Building Citizenship and Promoting Participation	Institute of Dev. Studies-Sussex	685,548	3,956,556
Eurasia /South Asia teaching excellence and achievement	International Research and Exchanges Board	1,973,922	2,281,335
Safe Migration Facilities	Manusher Jonno Foundation	13,109,493	20,713,974
Maternal, Neonatal and Child Health	Bill and Melinda Gates Foundation	404,967,608	496,489,089
BRAC Non-formal Primary Education Program	EC	231,141,872	219,357,003
Revealing the Challenges of Urban Bangladesh DOTS Program	University of Leeds	1,076,421	913,626
Vitamin A Captul Supplementation for Unreached Children in Hard to Reach areas	Micro-Nutrient Initiative	689,507	6,285,966
Early Learning for Child Development Project (ELCDP)	UNICEF	211,399,588	146,609,961
BRAC Innovation Fund towards a new Dimention of Adolescent Development Program	NOVIB	638,941	6,150,249
BRAC Limb Centre and Brace Centre	International Committee of the Red Cross (ICRC)	686,600	898,346
Mainstreaming Nutrition in to BRAC Program	ICDDRDB	1,643,658	3,426,383
Community Based Postnatal Care Study in Bangladesh	Save the Children	2,576,638	4,559,436
Prevention & Control of HIV among High Risk Population	Save the Children	12,795,571	32,698,950
Indoor Air Polution and Health in Developing Countries Survey	Standford University	6,820,096	2,266,917
Improving Recognition Prolonged Labor and Birth with Unsile Academic	Emory University	341,102	2,910,915
Impact of Oral Supplementation with Sprinkles on Infection morbidity	Hospital for Sick Children	-	1,909,396
HIV/AIDS Targeted Intervention among Clients of Sex Workers	UNICEF	4,812,256	12,602,823
BRAC Economic and Social Development Program in Aceh	NOVIB	-	25,911,247
Community Safety Pilot project	Safer World	81,090	958,757
Maternal Perinatal Depressive Symptom on Infant Dev.	Karolinska University-Sweden	550,400	728,124
Post SIDR Livelihood Rehabilitation Program	EC	760,480,404	341,564,392
Cyclone SIDR Emergency Health & Nutrition Response in Bangladesh	Save the Children	2,090,841	29,699,997
BRAC New Innitiative of HRLS	GTZ	885,054	1,187,446
Pro-Poor Growth for South Africa and Asia	Oxford University	4,270,465	4,329,556
Distributing Essential Information over Mobile Phones	DIMAGI	6,769,412	2,464,200
Adolscent Development Program	UNICEF	97,937,287	46,983,894
Screening of Tube Well in Bangladesh Arsenic	The Rotary Foundation	420,486	630,729
BRAC International Coference on Scaling Health Innovations	BRAC USA	13,458,115	-
Increase Case Detection in Low Performing Sub-districts Including Hill Tract	Fidelis, France	23,948,401	-
National Food Security Nutritional Surveillance Project	EC	71,354,119	-
Promoting Child Sensetive Disaster Risk and Cyclone & Flood Pron Area	Save the Children	1,869,825	-
Support to Farmers in north-west Bangladesh during Monga through the introduction of Agriculture	AIDA	15,063,581	-
VCT Services BRAC TB Cetnre	Family Health International	3,586,241	-
TQI-SEP Innovation and Development	GOB	2,806,108	-
Alive and Thrive Project	Applied Research & Technical Services(AEDARTS)	71,963,322	-
Social and Financial Empowerment of Adolescents (SOFEA)	BRAC USA	45,894,576	-
TOTAL		10,256,780,816	9,960,971,420

28. Segmental financial information

	Unrestricted										Temporarily restricted		Total 2009 Taka
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka			
Property, plant and equipments	505,809,137	134,365,337	332,784,940	695,598,841	2,626,849	1,135,327,099	2,405,422,946	196,766,106	5,408,701,255	199,997,521	5,608,688,776		
Investments in related undertakings	-	-	-	-	-	-	4,814,649,373	-	4,814,649,373	-	4,814,649,373		
Investments in securities and others	-	-	-	-	-	-	134,100,000	-	134,100,000	-	134,100,000		
Loans to Village Organization (VO) members	-	-	-	-	-	39,554,248,179	-	-	39,554,248,179	-	39,554,248,179		
Motor cycle loans	-	-	2,413,461	9,043,241	20,899	322,658,261	14,016,205	-	348,152,067	404,541,377	752,693,444		
Inventories	982,849,324	125,863,577	97,755,074	451,271,231	13,489,185	72,214,500	51,666,009	-	1,795,108,900	3,230,159	1,798,339,059		
Grants and accounts receivable	51,818,693	184,419,238	26,877,317	275,075,495	15,973,827	70,859,774	288,547,118	5,556,773	919,128,235	540,251,042	1,459,379,277		
Advance deposits and prepayments	104,470,908	80,390,717	32,762,216	85,655,508	459,504	388,447,319	670,203,299	19,116,779	1,381,506,250	98,279,778	1,479,786,028		
Inter-programme current account	(130,678,319)	(313,706,421)	33,649,376	51,193,275	7,862,291	-	347,585,922	-	(4,093,876)	4,093,876	-		
Fixed deposits	-	-	-	-	-	2,054,169,106	6,906,713,915	-	8,960,883,021	-	8,960,883,021		
Cash in hand and at banks	131,926,839	30,992,551	54,753,297	(305,071,240)	2,427,449	4,490,304,682	(2,591,169,951)	643,967,394	2,458,131,011	1,254,867,603	3,712,998,614		
Total Assets	1,646,196,582	242,324,999	580,995,681	1,262,766,351	42,860,004	48,088,228,920	13,041,734,836	865,407,042	65,770,514,415	2,505,251,356	68,275,765,771		
Liabilities and net Assets													
Liabilities:													
Deferred income	-	-	-	-	-	170,468	151,711,950	-	151,882,418	176,514,792	328,397,210		
Term loans	90,166,748	-	-	200,000,000	-	16,749,598,391	200,000,000	-	17,239,765,139	-	17,239,765,139		
VO members savings deposits	-	-	-	-	-	18,398,618,148	-	-	18,398,618,148	-	18,398,618,148		
Securitized financing	-	-	-	-	-	462,360,308	-	-	462,360,308	-	462,360,308		
Other long term liabilities	-	-	-	-	-	182,528,083	4,156,264,008	-	4,537,022,247	-	4,537,022,247		
VO members project & current account	166,494,522	31,735,684	-	-	-	14,826,107	299,220	-	15,125,327	-	15,125,327		
Grants received in advance account	-	-	-	-	-	-	-	-	-	1,436,507,867	1,436,507,867		
Other current liabilities	99,837,440	19,803,607	88,488,199	236,244,741	19,955,755	766,048,617	413,143,233	2,195,094	1,645,716,686	193,117,868	1,838,834,554		
Provision for taxation	-	-	-	-	-	-	278,941,030	-	278,941,030	-	278,941,030		
Bank overdrafts	-	-	-	-	-	-	4,370,328,157	-	4,370,328,157	-	4,370,328,157		
Total Liabilities	356,498,710	51,539,291	88,488,199	436,244,741	19,955,755	36,574,150,072	9,570,687,598	2,195,094	47,099,759,460	1,806,140,527	48,905,899,987		
Net assets- Capital fund	1,289,697,872	190,785,708	492,507,482	826,521,610	22,904,249	11,514,078,848	3,471,047,238	863,211,948	18,670,754,955	699,110,829	19,369,865,784		
Total Liabilities and Net assets	1,646,196,582	242,324,999	580,995,681	1,262,766,351	42,860,004	48,088,228,920	13,041,734,836	865,407,042	65,770,514,415	2,505,251,356	68,275,765,771		

Balance Sheet as at December 31, 2009

Assets:

Property, plant and equipments
Investments in related undertakings
Investments in securities and others
Loans to Village Organization (VO) members
Motor cycle loans
Inventories
Grants and accounts receivable
Advance deposits and prepayments
Inter-programme current account
Fixed deposits
Cash in hand and at banks

Liabilities and net Assets

Liabilities:

Deferred income
Term loans
VO members savings deposits
Securitized financing
Other long term liabilities
VO members project & current account
Grants received in advance account
Other current liabilities
Provision for taxation
Bank overdrafts
Total Liabilities

Net assets- Capital fund

Total Liabilities and Net assets

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted	
	Unrestricted										Development Projects	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Total Taka	Total 2008	
Property, plant and equipments	489,109,932	118,612,518	302,049,895	859,410,321	2,774,805	1,174,011,405	2,247,569,536	217,014,554	5,410,552,566	196,786,361	5,607,339,927	
Investments in related undertakings	-	-	-	-	-	-	2,878,210,799	-	2,878,210,799	-	2,878,210,799	
Investments in securities and others	-	-	-	-	-	-	59,140,000	-	59,140,000	-	59,140,000	
Loans to Village Organization members	-	-	-	-	-	41,542,182,420	-	-	41,542,182,420	-	41,542,182,420	
Motor cycle loans	-	2,314,038	-	9,266,280	21,354	231,908,700	40,869,324	-	284,379,696	400,059,884	684,439,580	
Inventories	666,238,260	166,841,286	82,675,479	652,417,882	11,603,709	119,584,561	14,866,749	-	1,714,227,906	2,735,668	1,716,963,574	
Grants and accounts receivable	46,116,263	44,621,085	8,415,530	393,872,800	12,857,500	127,142,401	275,703,466	6,425,357	915,154,402	139,137,955	1,054,292,357	
Advance deposits and prepayments	104,898,504	239,050,269	43,373,258	132,669,579	3,647,264	873,610,076	736,559,688	17,092,413	2,150,901,051	119,010,482	2,269,911,533	
Inter-programme current account	23,797,983	(383,018,117)	95,023,096	(4,947,502)	-	-	269,144,540	-	-	-	-	
Fixed deposits	-	-	-	-	-	1,274,404,467	5,341,697,810	-	6,616,102,277	-	6,616,102,277	
Cash in hand and at banks	92,211,777	32,769,157	45,280,330	(840,130,899)	873,122	1,220,335,451	1,791,796,320	623,091,780	2,966,247,038	1,913,808,316	4,880,055,354	
Total Assets	1,422,372,719	218,896,198	579,131,626	1,202,558,441	31,777,754	46,563,179,481	13,655,558,232	863,624,104	64,537,098,555	2,771,538,666	67,308,637,221	
Liabilities and net Assets												
Liabilities:												
Deferred income	-	-	-	-	-	225,379	207,854,118	-	208,079,497	214,342,663	422,422,160	
Term loans	120,000,000	-	79,999,995	320,000,000	-	20,229,152,784	1,955,284,948	-	22,704,437,727	-	22,704,437,727	
VO members savings deposits	-	-	-	-	-	15,764,569,644	-	-	15,764,569,644	-	15,764,569,644	
Other long term liabilities	-	-	-	-	-	345,083,404	-	-	345,083,404	-	345,083,404	
Securitized financing	147,420,294	27,428,274	-	-	-	182,528,033	3,462,448,450	-	3,819,825,051	-	3,819,825,051	
VO members project & current account	-	-	-	-	-	271,391,539	401,201	-	275,407,740	-	275,407,740	
Grants received in advance account	118,566,998	14,114,388	68,597,197	305,635,991	17,726,861	244,237,115	265,592,369	16,838,339	1,051,339,248	1,834,102,592	1,834,102,592	
Other current liabilities	-	-	-	-	-	-	191,941,030	-	191,941,030	198,933,078	1,245,272,326	
Provision for taxation	-	-	-	-	-	-	5,657,677,143	-	5,657,677,143	-	5,657,677,143	
Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	
Total Liabilities	386,017,292	41,542,662	148,597,192	625,635,991	17,726,861	36,792,935,898	11,741,199,259	16,838,339	49,770,493,484	2,242,378,333	52,012,871,817	
Net assets- Capital fund	1,036,355,427	177,353,536	430,534,434	576,922,450	14,050,893	9,770,243,583	1,914,358,973	846,785,765	14,766,605,071	529,160,333	15,295,765,404	
Total Liabilities and Net assets	1,422,372,719	218,896,198	579,131,626	1,202,558,441	31,777,754	46,563,179,481	13,655,558,232	863,624,104	64,537,098,555	2,771,538,666	67,308,637,221	

Balance Sheet as at December 31, 2008

Assets:

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted		Total 2009
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Total Unrestricted Taka	Development Projects Taka	Taka	
Statement of Income and Expenditure for the year ended December 31, 2009													
Income													
Donor grants	-	-	-	-	-	54,911	57,836,924	-	57,891,835	11,026,184,327	-	11,084,076,162	
Revenue from													
- Income Generating Projects	2,701,948,345	787,144,302	1,460,839,657	-	-	-	-	-	4,949,932,304	-	-	4,949,932,304	
- Program Support Enterprises	-	-	-	2,583,290,064	117,576,290	-	-	-	2,700,866,354	-	-	2,700,866,354	
Service charge on loans to VO members	-	-	-	-	-	11,745,042,192	1,338,260,948	-	11,745,042,192	-	-	11,745,042,192	
Investment income	-	-	-	-	-	201,302,976	12,677,075	-	1,539,563,924	52,828,455	-	1,592,392,379	
Other income - internal	(4,473,338)	(8,203,737)	-	-	-	-	-	-	-	-	-	-	
Other income	35,214,535	9,604,950	4,991,914	28,403,249	539,849	317,955,419	351,633,692	-	748,343,608	3,127,419	-	751,471,027	
Income from house property	-	-	-	-	-	-	-	94,072,651	94,072,651	-	-	94,072,651	
Total income	2,732,689,542	788,545,515	1,465,831,571	2,611,693,313	118,116,139	12,264,355,498	1,760,408,639	94,072,651	21,835,712,868	11,082,140,201	11,082,140,201	32,917,853,069	
Expenditure													
Income generating projects	2,224,046,608	740,112,651	1,341,885,474	-	109,262,783	-	272,159,016	-	4,306,044,733	-	-	4,306,044,733	
Program Support Enterprise	-	-	-	2,448,180,617	-	-	-	-	2,829,602,416	-	-	2,829,602,416	
House Property	-	-	-	-	-	-	-	77,646,468	77,646,468	-	-	77,646,468	
Education Programme	-	-	-	-	-	-	290,013,567	-	290,013,567	3,813,011,635	-	4,103,025,202	
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	33,424,246	-	33,424,246	2,843,200,201	-	2,876,624,447	
Health and Population Programme	-	-	-	-	-	-	69,779,353	-	69,779,353	3,008,498,543	-	3,078,277,896	
Micro Finance Programme	-	-	-	-	-	10,534,750,117	-	-	10,534,750,117	953,725,603	-	10,534,750,117	
Relief and Rehabilitation	-	-	-	-	-	-	37,882,278	-	37,882,278	20,838,876	-	58,721,154	
Poultry & Livestock Extension Programme	-	-	-	-	-	-	20,838,876	-	20,838,876	27,613,407	-	48,452,283	
Fisheries Extension Programme	-	-	-	-	-	-	27,613,407	-	27,613,407	45,199,820	-	72,813,227	
Agriculture & Sericulture Extension Programme	-	-	-	-	-	-	45,199,820	-	45,199,820	226,274,005	-	271,473,815	
Livelihood Development Programme	-	-	-	-	-	-	106,762,753	-	106,762,753	8,700,000	-	115,462,753	
Grant to BRAC University	-	-	-	-	-	-	8,700,000	-	8,700,000	4,852,847	-	13,552,847	
Research, Monitoring and Evaluation	-	-	-	-	-	-	4,852,847	-	4,852,847	10,953,093,076	-	10,953,093,076	
Total Expenses	2,224,046,608	740,112,651	1,341,885,474	2,448,180,617	109,262,783	10,534,750,117	917,226,163	77,646,468	18,393,110,881	10,953,093,076	10,953,093,076	29,346,203,957	
Surplus of income over expenditure before taxation	508,642,934	48,432,864	123,946,097	163,512,696	8,853,356	1,729,605,381	843,182,476	16,426,183	3,442,601,987	129,047,125	-	3,571,649,112	
Taxation	-	-	-	-	-	-	(87,000,000)	-	(87,000,000)	-	-	(87,000,000)	
Net surplus stated in statement of income & expenditure before inter-progr. allocations	508,642,934	48,432,864	123,946,097	163,512,696	8,853,356	1,729,605,381	756,182,476	16,426,183	3,355,601,987	129,047,125	-	3,484,649,112	
Inter-programme allocations	(255,300,489)	(35,000,692)	(61,973,049)	86,086,454	-	14,229,884	201,957,892	-	(50,000,000)	-	-	(50,000,000)	
Net surplus/(deficit) for the year after inter-programme allocations	253,342,445	13,432,172	61,973,048	249,599,150	8,853,356	1,743,835,265	958,140,368	16,426,183	3,305,601,987	129,047,125	-	3,434,649,112	

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted		Total 2008
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Temporarily restricted			
										Development Projects Taka	Projects Taka		
Income													
Donor grants	-	-	-	-	-	398,728	3,830,309	3,870,607	9,783,418,325	-	-	9,822,124,362	
Revenue from													
- Income Generating Projects	2,395,264,070	8,627,666,623	1,283,338,835	-	-	-	-	4,541,369,528	-	-	4,541,369,528		
- Program Support Enterprises	-	-	-	2,545,093,509	1,039,946,096	-	-	2,649,039,605	-	-	2,649,039,605		
Service charge on loans to VO members	-	-	-	-	-	1,026,858,263	-	10,265,858,263	-	-	10,265,858,263		
Investment income	-	-	-	-	-	2,811,171,629	722,520,159	-1,003,691,788	20,723,622	1,024,415,410	-		
Other income - internal	(20,510,322)	(35,899,662)	-	-	-	56,409,984	-	-	-	-	-		
Other income	1,537,7418	9,405,255	4,091,789	-	-	1,827,29,370	3,77,658,581	5,89,262,413	10,326,492	-	599,588,905		
Income from house property	-	-	-	-	-	-	-	93,577,802	-	-	93,577,802		
Total income	2,390,131,166	8,36,272,216	1,287,430,624	2,545,093,509	103,946,096	10,730,157,990	1,194,896,033	19,181,505,436	9,814,468,439	28,995,973,875			
Expenditure													
Income Generating Projects	1,985,053,161	789,850,975	1,172,924,517	-	-	-	-	3,947,828,653	-	-	3,947,828,653		
Program Support Enterprise	-	-	-	2,531,205,903	97,639,621	-	-	2,628,845,524	-	-	2,628,845,524		
House Property	-	-	-	-	-	-	-	87,894,144	-	-	87,894,144		
Education Programme	-	-	-	-	-	-	4,86,519,266	4,86,519,266	3,908,998,159	-	4,395,517,425		
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	2,09,717,000	2,09,717,000	2,505,065,550	-	2,714,782,550		
Health and Population Programme	-	-	-	-	-	-	8,8,034,303	8,8,034,303	1,955,962,779	-	2,043,997,082		
Micro Finance Programme	-	-	-	-	-	9,696,673,450	-	9,696,673,450	-	-	9,696,673,450		
Relief and Rehabilitation	-	-	-	-	-	-	1,4,662,345	1,4,662,345	1,224,795,990	-	1,239,458,335		
Poultry & Livestock Extension Programme	-	-	-	-	-	-	3,1,365,838	3,1,365,838	-	-	31,365,838		
Fisheries Extension Programme	-	-	-	-	-	-	2,9,850,378	2,9,850,378	1,033,314	-	30,883,692		
Agriculture & Sericulture Extension Programme	-	-	-	-	-	-	4,2,748,731	4,2,748,731	7,272,202	-	50,020,933		
Livelihood Development Programme	-	-	-	-	-	-	1,89,309,926	1,89,309,926	39,890,972	-	229,200,898		
Grant to BRAC University	-	-	-	-	-	-	1,5,924,766	1,5,924,766	-	-	15,924,766		
Research, Monitoring and Evaluation	-	-	-	-	-	-	-	-	67,552,872	-	67,552,872		
Total Expenses	1,985,053,161	789,850,975	1,172,924,517	2,531,205,903	97,639,621	9,696,673,450	1,108,132,553	17,469,374,324	9,710,571,838	27,179,946,162			
Surplus of income over expenditure before taxation	405,078,005	4,642,241	1,14,506,107	13,887,606	6,306,475	1,033,484,540	86,763,480	1,712,131,112	103,896,601	1,816,027,713			
Taxation	-	-	-	-	-	-	(20,500,000)	-	-	(20,500,000)			
Net surplus stated in statement of income & expenditure before inter-progr. allocations	405,078,005	46,421,241	114,506,107	13,887,606	6,306,475	1,033,484,540	6,626,348	1,691,631,112	103,896,601	1,795,527,713			
Inter-programme allocations	(202,538,742)	(8,415,773)	-	(14,043,231)	(3,522,492)	-	2,28,520,238	-	-	-			
Net surplus for the year after inter-programme allocations	202,539,263	38,005,468	114,506,107	(155,625)	2,783,983	1,033,484,540	294,783,718	1,691,631,112	103,896,601	1,795,527,713			

29. Statement of Functional Expenses

	Unrestricted										Temporarily restricted		Total 2009
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total 2009 Taka		
Salaries and benefits	270,162,363	14,366,128	48,272,304	122,105,692	2,937,094	3,813,556,680	48,745,052	-	4,320,145,313	3,604,345,862	7,924,491,175		
Travelling and transportation	21,814,542	2,717,662	31,532,209	37,523,491	278,083	304,254,198	13,533,909	-	411,654,094	453,657,677	865,311,771		
Teachers' salaries	-	-	-	-	-	-	-	-	-	-	985,165,081		
Teachers' training	-	-	-	-	-	-	-	-	-	-	249,018,528		
School rent and maintenance	-	-	-	-	-	-	-	-	-	-	140,546,328		
Stationery, rent and utilities	68,614,796	4,076,830	20,995,116	7,541,040	779,742	70,869,392	19,582,535	97,352	192,556,803	229,554,899	422,111,702		
Maintenance and general expenses	51,517,016	2,143,045	14,623,426	13,896,187	588,249	102,687,123	41,791,304	2,435,850	229,682,200	90,709,606	320,391,806		
VO members' training	-	-	-	-	-	-	4,560,000	-	4,560,000	649,790,217	654,350,217		
Staff training and development	2,254,716	-	135,236	2,717,105	-	18,524,174	2,529,795	-	26,161,026	276,834,384	302,995,410		
Programme supplies	-	-	-	1,342,198	32,415	88,895,500	15,641,232	-	105,911,345	4,210,248,576	4,316,159,921		
Interest on VO members' savings deposits	-	-	-	-	-	1,015,786,386	-	-	1,015,786,386	-	1,015,786,386		
Interest on long term loans	-	-	7,878,581	68,553,542	65,647	2,888,903,402	-	-	2,965,401,172	-	2,965,401,172		
Bank overdraft interest and charges	28,880,065	1,677,636	-	-	-	99,256,410	392,837,747	-	522,651,858	-	522,651,858		
Cost of goods sold- income generating projects	1,714,026,111	709,817,295	1,158,818,915	-	-	-	-	-	3,582,662,321	-	3,582,662,321		
Cost of goods sold- agro-indus and dev. enterprises	-	-	-	2,052,994,932	103,413,321	-	-	-	2,156,408,253	-	2,156,408,253		
Publicity, advertisement and sales commissions	19,196,832	-	9,873,627	58,272,013	180,509	-	7,828,178	-	95,351,159	25,342,197	120,693,356		
Loan loss provision for loans to VO members	-	-	-	-	-	2,072,849,102	-	-	2,072,849,102	-	2,072,849,102		
Depreciation of property, plant and equipment	47,084,737	2,789,055	49,329,271	77,238,921	681,372	59,167,749	89,317,395	20,343,848	345,952,348	378,797,21	383,832,069		
Provision for bad and doubtful debts	495,430	2,525,000	426,789	5,995,496	306,351	-	-	-	9,749,066	-	9,749,066		
Grants to BRAC University	-	-	-	-	-	-	8,700,000	-	8,700,000	-	8,700,000		
Allocation to self- insurance fund	-	-	-	-	-	-	-	54,769,418	54,769,418	-	54,769,418		
Property, Plant and Equipment written off	-	-	-	-	-	-	272,159,016	-	272,159,016	-	272,159,016		
	2,224,046,608	740,112,651	1,341,885,474	2,448,180,617	109,262,783	10,534,750,117	917,226,163	77,646,468	18,393,110,881	10,953,093,076	29,346,203,957		

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 35,541,563

29. Statement of Functional Expenses (cont'd.)

	Unrestricted											Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Project Taka	House Property (Building) Taka	Total Unrestricted		Temporarily restricted		
									Taka	Taka	Development Projects	Taka	
Salaries and benefits	242,341,170	11,779,548	42,812,856	122,144,368	2,633,641	3,814,708,332	130,823,020	-	4,367,242,935	2,889,363,357	-	7,256,606,292	
Travelling and transportation	16,310,489	2,216,866	28,492,033	34,473,831	302,964	215,975,219	58,521,220	-	356,292,622	422,704,225	-	778,996,847	
Teachers' salaries	-	-	-	-	-	-	-	-	-	1,081,807,968	-	1,081,807,968	
Teachers' training	-	-	-	-	-	-	-	-	-	-	-	392,449,463	
School rent and maintenance	-	-	-	-	-	-	-	-	-	-	-	214,405,525	
Stationery, rent and utilities	67,718,527	2,460,923	15,173,758	10,501,960	731,677	120,793,124	19,549,617	5,507,258	242,436,844	204,884,561	-	447,321,405	
Maintenance and general expenses	35,533,049	2,605,569	11,426,887	20,633,319	275,246	144,339,055	51,777,655	8,112,320	274,708,100	101,371,954	-	376,075,054	
VO members' training	-	-	-	-	-	-	20,050,000	-	20,050,000	486,753,201	-	506,803,201	
Staff training and development	4,395,074	-	221,206	701,498	2,762	20,654,469	18,696,326	-	44,671,335	321,561,031	-	366,232,366	
Programme supplies	-	-	-	-	-	-	98,145,244	-	175,731,017	3,514,297,483	-	3,690,028,500	
Interest on VO members' savings deposits	-	-	-	-	-	-	-	-	691,516,942	-	-	691,516,942	
Interest on long term loans	-	-	-	-	-	-	-	-	2,991,306,932	-	-	2,991,306,932	
Bank overdraft interest and charges	38,247,426	5,508,563	-	71,696,816	-	77,585,773	-	-	677,575,024	-	-	677,575,024	
Cost of goods sold of income generating projects	1,526,031,517	761,063,354	1,020,157,427	-	-	44,084,678	589,733,645	-	3,307,252,298	-	-	3,307,252,298	
Cost of goods sold of agro-industries & dev. ent.	-	-	-	-	712	-	-	-	2,264,644,851	-	-	2,264,644,851	
Publicity, advertisement and sales commissions	18,048,834	-	3,832,272	11,547,298	92,723,334	-	-	-	47,349,913	49,769,768	-	97,139,681	
Loan loss provision for loans to VO members	-	-	-	-	11,271	-	-	-	1,588,589,068	-	-	1,588,589,068	
Depreciation of property, plant and equipment	36,427,075	1,991,152	42,203,347	78,998,423	686,784	66,050,448	91,000,822	18,546,520	335,904,571	31,183,302	-	367,087,873	
Provision for bad and doubtful debts	-	2,225,000	1,370,957	8,586,874	271,231	-	-	-	12,454,062	-	-	12,454,062	
Grants to BRAC University	-	-	-	-	-	-	15,924,766	-	15,924,766	-	-	15,924,766	
Allocation to self-insurance fund	-	-	-	-	-	-	-	55,728,046	55,728,046	-	-	55,728,046	
	1,985,053,161	789,850,975	1,172,924,517	2,531,205,903	97,639,621	9,696,673,450	1,108,132,553	87,894,144	17,469,374,324	9,710,571,838	-	27,179,946,162	

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 29,462,830.

30 Donor financing Projects

The financial statements of certain donor financing projects were audited by the following firms of Chartered Accountants:

Sl. #	Name of Project	Name of Auditors	Period of Financial Statements
1	BRAC Education Program	Ernst & Young and S.F. Ahmed & Co	July 2008 to June 2009
2	BRAC Non-formal Primary Education Programme	S.F. Ahmed & Co	November 2008 to November 2009
3	Challenging the Frontiers of Poverty Reduction Programme	Ernst & Young and S.F. Ahmed & Co	January to December 2009
4	BRAC University Institute of Education Development	S. F. Ahmed & Co	March 2008 to March 2009
5	MA in Governance and Development Program	S. F. Ahmed & Co	August 2008 to September 2009
6	BRAC Water, Sanitation and Hygiene Program	S. F. Ahmed & Co	May 2008 to June 2009
7	Post SIDR Livelihood Rehabilitation Program *	S. F. Ahmed & Co	June 2008 to November 2009
8	Distributing Essential Information over Mobile Phones	S. F. Ahmed & Co	May 2008 to April 2009
9	Char Development and Settlement Program	S. F. Ahmed & Co	July 2008 to June 2009
10	BRAC Innovation Fund towards a new Dimension of Adolescent Development	J. R. Chowdhury & Co	September 2008 to August 2009
11	BRAC Economic and Social Development Program in Aceh	J. R. Chowdhury & Co	February 2008 to October 2009
12	Support to Farmers in north-west BD in Monga through the introduction of Agriculture	J. R. Chowdhury & Co	December 2008 to June 2009
13	Cyclone Relief and Rehabilitation Activities	J. R. Chowdhury & Co	January to December 2009
14	Social Protection Package for Retrenched State Owned Enterprise Workers	J. R. Chowdhury & Co	January to December 2009
15	Malaria Control Program	ACNABIN	July 2008 to April 2009
16	Northwest Microfinance Expansion Program	ACNABIN	July 2008 to June 2009
17	TB Control Program	ACNABIN	July 2008 to June 2009
18	TB Control Program Phase II	ACNABIN	July 2008 to June 2009
19	Pathway of Women Empowerment of research project	A. K. Deb & Co	Feb 2009 to January 2010
20	Eurasia/South Asia teaching excellence and achievement program	A. K. Deb & Co	September 2008 to September 2009
21	Vitamin A Capsule Supplementation for Unreached Children in Hard to Reach Areas	A. K. Deb & Co	May 2008 to April 2009
22	Improving Recognition Prolonged Labor and Birth with Unskill Academic	A. K. Deb & Co	November 2008 to October 2009
23	National Food Security Nutritional Surveillance Project	A. K. Deb & Co	July 2008 to June 2009

* Factual finding report was issued by the auditor for this project.

Key Statistics

Coverage

Population	110 million out of 147 million
Districts	64 out of 64
Staff Distribution	4.5% (head office) 95.5% (field)

Personnel

Category	Male	Female	Total
Full Time Staff	38,804	9,399	48,203
BEP Teachers	565	64,794	65,359
Health workers	-	7,247	7,247
Total	39,369	81,440	120,809

Volunteer Workforce

Health volunteers	80,000
Human rights legal education volunteers	5,519
Artificial insemination workers	1,859
Panel lawyers	416
Panel doctors	166

Annual Expenditure

Year	Amount (in millions USD)	Donor contribution
1980	0.78	100 %
1985	2.3	97 %
1990	21.25	68.2 %
1995	63.73	54 %
2000	152	21 %
2005	259	24 %
2009	460	30 %

Microfinance

Village organisations (VOs)	295,507
VO members	8.36 m
Borrowers	6.24 m
Cumulative disbursement	BDT 430,708 m (USD 6,982.07 m)
Disbursement in 2009	BDT 75,680 m (USD 1,104.83 m)
Outstanding loan	BDT 44,032 m (USD 642.8 m)
Repayment rate	99.29%
Average loan size	BDT 19,064 (USD 278.30)
Savings of VO members	BDT 18,398 m (USD 268.59 m)
Cost per unit of money lent	5.90%

Ultra Poor

Number of women who received asset grant	272,000
Number of women who received soft loan	894,912

Education

Primary Schools

Currently running	38,250
Current students	1.12 m
Graduates	4.11 m
Cost per child per year	USD 32.2

Pre-primary schools

Currently running	26,350
Current students	0.70 m
Cost per child per year	USD 24.9

Secondary School Teacher Training

Total teachers trained	32,264
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Continuing Education

Adolescent centres	8,868
Adolescent members	233,018
Community libraries	2,195

Health

Pregnant women received ante-natal care	3.81 m
Manoshi population coverage	14.5 m
Malaria cases tested (BSE/RDT)	161,880
Tuberculosis population coverage	88.5 m
Tuberculosis patients treated	274,093
People detected with presbyopia	69,361
Reading glasses sold	30,769

Water, Sanitation and Hygiene

Total latrine installed/repaired	5 m
Total participants in cluster meetings	61.5 m

Human Rights & Legal Aid Services

Human Rights & Legal Education classes held	149,415
Graduates	3,460,875
Complaints resolved by ADR	65,214
Cases sent to court	19,492

Social Development

Polli Somaj formed	11,830
Capacity development of local govt. members	5,160 (female)
Popular theatre shows staged	119,321
Human rights violation reported	9,173

Social Enterprises

Total assets	BDT 4,525 m (USD 66.05 m)
Gross revenue	BDT 7,717 m (USD 112.65 m)
Net revenue	BDT 853 m (USD 12.46 m)

Note: Figures as of 31 December, 2009
Effective exchange rate for 2009: USD 1 = BDT 68.5