
INDEPENDENT AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS OF BRAC

as at and for the year ended
31 December 2019

Independent Auditor's Report To the Governing Body of BRAC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of BRAC ("the entity") which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in net assets and statement cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the entity as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies summarized in note # 2 to the said financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to following notes to the financial statements:

- (i) Note # 2, which describes the basis of preparation of the financial statements and the significant accounting policies. The financial statements are prepared to assist the entity to meet the requirement of Clause 37 of the Rules and Regulation of BRAC. As a result, the financial statements may not be suitable for another purpose.
- (ii) Note # 2.6, where management explains the impact of COVID-19 on operating activities and cash flow/ financial position of the entity and management has concluded that such reduction is temporary and once the outbreak is contained the entity would be back to its normal activities within a short period of time. Accordingly, management has not made any significant adjustment to the operating plan/cash flow forecast used for impairment assessment and just reassess market related conditions.
- (iii) Note # 2.35, where management describes the reason for restatement to amend comparative financial information. In our opinion, such restatement is appropriate and have been properly applied. We were not engaged to audit or review the 2018 financial statements of the entity other than with respect to the adjustments and procedures required in accordance with ISA 510: Initial Audit Engagements - Opening Balances.

Our opinion is not modified in respect of these matters.

Other matters

The financial statements of BRAC for the year ended 31 December 2018 were audited by A. Qasem & Co., Chartered Accountants, who expressed an unmodified opinion on those financial statements on 24 March 2019.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies summarized in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, which we could not obtain prior to the date of this auditors' report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

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

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

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

Dhaka,
Dated, 15 April 2020



Md. Rokonuzzaman FCA
Partner
ACNABIN, Chartered Accountants

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Financial Position
As at 31 December 2019

Notes	Reported Balance	Restated Balance	Restated Balance	
	31-Dec-19 Taka	31-Dec-18 Taka	01-Jan-18 Taka	
Assets				
Cash and bank balances	3	25,492,553,348	21,561,781,316	21,024,279,120
Advance, deposits and prepayments	4	10,720,793,501	13,395,077,904	10,012,346,517
Inventories	5	6,099,099,677	5,567,755,743	4,963,482,830
Grants and accounts receivable	6	3,334,745,791	3,860,680,137	3,432,380,353
Microfinance loans	7	243,987,950,556	202,494,959,364	163,229,190,720
Motor cycle loans	8	85,192,350	207,030,285	692,968,379
Investments in securities and others	9	747,400,000	1,057,400,000	1,925,728,676
Investments in related undertakings	10	31,297,956,474	27,710,751,304	17,361,028,752
Property, plant and equipment	11	19,386,654,376	19,018,501,326	17,350,511,791
Total assets		341,152,346,073	294,873,937,379	239,991,917,138
Liabilities and net assets				
Liabilities				
Liabilities for expenses and materials	12	13,897,568,153	11,208,183,484	9,664,233,920
Bank overdrafts	13	27,893,463,383	36,115,730,851	23,688,516,176
Term loans	14	44,532,426,404	38,136,805,679	28,969,558,656
Members' savings deposits	15	97,006,031,994	69,587,804,893	59,880,530,227
Grants received in advance	16	2,112,020,638	3,011,803,509	3,149,635,367
Deferred grant income	17	694,027,199	750,483,192	692,029,289
Other long term liabilities	18	17,070,707,618	14,498,696,826	13,140,029,256
Provision for taxation		4,560,746,075	8,693,564,948	6,940,564,947
Total Liabilities		207,766,991,465	182,003,073,382	146,125,097,838
Net assets:				
Unrestricted		132,903,772,867	111,711,995,654	92,711,216,682
Temporarily restricted		481,581,742	1,158,868,343	1,155,602,618
		133,385,354,609	112,870,863,997	93,866,819,300
Total liabilities and net assets		341,152,346,073	294,873,937,379	239,991,917,138

Footnotes:

1. Independent Auditors' report-Page 1-3
2. The annexed notes form an integral part of these financial statements



Chief Financial Officer
BRAC



Executive Director
BRAC



Chairperson, Governing Body
BRAC

Dhaka, 15 April, 2020

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Comprehensive Income and Expenditure
For the year ended 31 December 2019

Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2019 Taka	Total 2018 Taka
Income				
Donor grants	19	112,659,417	13,742,772,486	13,855,431,903
Social enterprises	20	16,727,388,949	-	16,727,388,949
Microfinance programme	21	56,866,222,004	-	56,866,222,004
Self-financing social development programme	22	1,111,125,520	-	1,111,125,520
Investment income	23	200,683,637	-	200,683,637
Community contribution	24	350,684,899	649,482,463	1,000,167,362
House property		92,593,668	-	92,593,668
Total income		75,461,358,094	14,392,254,949	89,853,613,043
Expenditure				
Social enterprises		14,751,216,995	-	14,751,216,995
Micro finance programme		39,909,043,349	-	39,909,043,349
House property		46,169,419	-	46,169,419
Agriculture and food security		-	16,385,453	16,385,453
Community empowerment programme		6,717,639	272,801,304	279,518,943
Education programme		502,248,091	1,623,975,492	2,126,223,583
Gender, justice and diversity		-	118,242,230	118,242,230
Health programme		142,419,516	4,083,498,361	4,225,917,877
Human rights and legal aids services		12,442,354	329,134,670	341,577,024
Policy advocacy		-	53,531,885	53,531,885
Water, sanitation and hygiene programme		-	341,772,203	341,772,203
Ultra poor programme		2,673,024	2,005,687,885	2,008,360,909
Forcibly-displaced Myanmar nationals		-	4,568,977,441	4,568,977,441
Disaster management and climate change		11,751,639	206,214,149	217,965,788
Skills development programme		-	754,954,897	754,954,897
Migration Programme		1,040,385	264,505,489	265,545,874
Social Development Programme		227,182,085	-	227,182,085
Other development projects		36,160,789	1,244,655,458	1,280,816,247
Grants		236,338,397	-	236,338,397
Total expenditure		55,885,403,683	15,884,336,917	71,769,740,599
Surplus/(deficit) of income over expenditure		19,575,954,412	(1,492,081,968)	18,083,872,444
BRAC contribution to support donor funded programme	26	(1,492,081,968)	1,492,081,968	-
Surplus of income over expenditure before taxation		18,083,872,444	-	18,083,872,444
Taxation	27	(729,000,000)	-	(729,000,000)
Net surplus for the year		17,354,872,444	-	17,354,872,444

Footnotes:

1. Independent Auditors' report-Page 1-3
2. The annexed notes form an integral part of these financial statements



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Dhaka, 15 April, 2020

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Statement of Changes in Net Assets
 For the year ended 31 December 2019

	Net Assets		Total Net assets Taka
	Unrestricted	Temporarily Restricted	
	Taka	Taka	
Balance at 1 January 2018 as previously reported	97,097,840,599	1,155,602,618	98,253,443,217
Adjustment for prior period tax	(4,386,623,917)		(4,386,623,917)
Restated balance at 1 January 2018	92,711,216,682	1,155,602,618	93,866,819,300
Net surplus for the year	15,988,585,082	3,265,725	15,991,850,807
Share of non operating changes in net assets in related undertakings	2,291,168,096	-	2,291,168,096
Investment reserve fund	730,025,794	-	730,025,794
Revaluation loss on DBH 1st mutual fund	(9,000,000)	-	(9,000,000)
At 31 December 2018	111,711,995,654	1,158,868,343	112,870,863,997
At 1 January 2019	111,711,995,654	1,158,868,343	112,870,863,997
Net surplus for the year	17,354,872,444	-	17,354,872,444
Share of non operating changes in net assets in related undertakings	2,293,495,976	-	2,293,495,976
Investment reserve fund	787,401,878	-	787,401,878
Transferred from closed projects	756,006,915	(677,286,601)	78,720,314
At 31 December 2019	132,903,772,867	481,581,742	133,385,354,609

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Statement of Cash Flows
For the year ended 31 December 2019

Notes	2019 Taka	2018 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	18,083,872,444	17,744,850,808
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	7 4,317,719,641	3,397,704,456
Depreciation	11 1,232,137,670	1,078,706,853
Gain on disposal of property, plant and equipment	21-22 (27,647,286)	929,389
Cash dividend received	23 (94,194,688)	(67,219,833)
Donor grants - amortisation of investment in property, plant and equipment and motorcycle replacement fund	19 (230,480,659)	(78,530,340)
Interest on fixed deposits and bank accounts	25 (1,565,444,511)	(1,127,637,125)
Adjustments for other accounts:		
Increase in service charge outstanding on microfinance loans	(1,850,675,836)	(1,079,638,715)
(Increase)/ decrease in inventories	(531,343,934)	(604,272,914)
(Increase) in advances, deposits and prepayments	2,674,284,403	(3,382,731,387)
Decrease/(increase) in accounts receivable	337,804,586	(56,065,553)
Increase in motorcycle loans	121,837,935	485,938,094
Decrease/(increase) in liabilities for expenses and materials	2,689,384,670	1,543,949,564
Increase in deferred income	174,024,665	136,984,243
Adjustment of Advance tax	(4,861,818,873)	-
Net cash provided by operating activities	20,469,460,226	17,992,967,540
Cash flows from investing activities:		
Increase in microfinance loans	(43,960,034,997)	(41,583,834,385)
Decrease/(increase) in fixed deposits pledged with financial institutions	(702,013)	(2,719,706)
Increase in investments in related undertakings	(506,307,116)	(7,328,528,662)
Interest received on fixed deposits and bank accounts	1,565,444,511	1,127,637,125
Purchase of property, plant and equipment	(1,603,353,979)	(2,749,049,697)
Proceeds from disposal of property, plant and equipment	30,710,545	1,423,920
Dividends received from related undertakings	94,194,688	67,219,833
(Investments in)/Realisation of investment in securities and others	310,000,000	859,328,676
Net cash used in investing activities	(44,070,048,361)	(49,608,522,896)
Cash flows from financing activities:		
Grants received during the year	13,159,812,800	12,589,798,816
Grants utilised during the year for:		
-operational expenditure & micro-finance	(13,618,721,131)	(12,962,880,661)
-investment in property, plant and equipment	(168,997,156)	(136,228,543)
-motorcycle replacement funds	(5,027,509)	(755,700)
Increase in term loans	6,395,620,725	9,167,247,023
Increase in members savings deposits	27,418,227,101	9,707,274,666
Increase/(Decrease) in other long term liabilities	2,572,010,792	1,358,667,570
Net cash (used in) provided by financing activities	35,752,925,622	19,723,123,171
Net (decrease)/increase in cash and cash equivalents	12,152,337,487	(11,892,432,185)
Cash and cash equivalents, beginning of the year	(14,997,621,895)	(3,105,189,710)
Cash and cash equivalents at the end of the year	3.4 (2,845,284,408)	(14,997,621,895)

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Notes to Financial Statements
For the year ended 31 December 2019

1 Introduction:

BRAC was formed as a development organisation 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 also earns from various income generating projects such as Aarong Rural Craft Centre, BRAC Printing Pack, BRAC Dairy and Food project and various programme support enterprises such as Seed and Agro Enterprises 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) and loans & borrowings which are stated at fair value and amortized cost respectively. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items.

Given the nature and diversity in activities, BRAC has not been in a position to fully comply with the International Financial Reporting Standards (IFRSs). However, as leading NGO in both local and international perspective, BRAC has always been in persuasion to present the best possible Financial Statements adhering to the applicable reporting norms including IFRSs as found suitable. Also, there was no specific set of guiding rules or regulations including accounting and financial reporting standards strictly applicable for organization, like BRAC, hence BRAC had to choose and pick suitable reporting guidelines to be able to formulate a set of policies to be followed in presenting its financial statements. Over time, all these policies have been acceptable by the stakeholders and users of BRAC's financial statements.

But, according to the recently circulated gazette (Public Gazette by Financial Reporting Council on dated 16 March 2020), requiring Public Interest Entities to comply with IFRS in presenting financial statements, BRAC is contemplating to undertake an initiative to critically workout the gap between existing reporting policies to the applicable IFRSs. Based on the results of this initiative, BRAC would take necessary steps to bridge the gap by implementing additional policies including modification into the existing, in coming years, if found appropriate.

The significant accounting policies, which have been materially consistent over the years, as applied and 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, the related undertakings set out in Note 10 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.5, 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, Stitching BRAC International, BRAC International Holdings B.V, BRAC Afghanistan, BRAC Myanmar, BRAC Tanzania, BRAC Uganda, BRAC South Sudan, BRAC Pakistan, BRAC Liberia, BRAC Sierra Leone, BRAC Philippines, BRAC Nepal and BRAC Rwanda. 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.

2 Summary of Significant Accounting Policies (contd.):

2.1 Basis of preparation of financial statements (contd.)

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:

- Temporarily restricted net assets - Net assets subject to donor-imposed restriction that permit BRAC to use or expand 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 restrictions end 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 case 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 Reporting period

These financial statements have been prepared for the period from 1 January 2019 to 31 December 2019

2.3 Authorisation for issue

These financial statements have been authorised for issue by the Finance Committee of BRAC on 15 April 2020

2.4 Functional and presentation Currency

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

2.5 Use of estimates and judgements

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

2.6 Going Concern

In the Covid 19 outbreak situation, the organization responded to support the community with awareness campaign activity, offering food support to the financially affected group in addition to coordinating with Govt. to support medical response with BRAC doctors & volunteers.

Due to the lockdown situation, BRAC's financial performance and growth may get disrupted in 2020 and 2021, depending on the duration of lockdown but will not have any impact on going concern. BRAC's current liquidity along with its reputation on the local money market gives the organization required strength to recover from the economic shutdown and be on track for growth path in 6 to 12 months time. The management believes that Covid 19 will not have any material impact on BRAC's financial strength and future stability. The management along with Board personnel are assessing the status on a regular basis and risk mitigating measures.

BRAC has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis.

2.7 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 as explained in Note 2.16, together with related undertakings in which BRAC has significant influence and/or where effective equity interests are between 20% and 50%.

2. Summary of Significant Accounting Policies (contd.):

2.8 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 property, plant and equipment, 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, income is recognized over the estimated useful life of the motorcycles.

All donor grants received are initially recorded 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.

2.9 Revenue recognition

Social Enterprises projects

Social Enterprises comprise Aarong Rural Craft Centre, BRAC Printing Pack, BRAC Dairy and Food Project, Seed and Agro Enterprises, Fish and Prawn Hatcheries, Artificial Insemination Center, Horticulture Nurseries, Chilling Centres, Broiler Rearing and Meat Marketing, Salt Production and Marketing, Recycled Hand Made Paper Production and Health Product related activities.

Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discount and VAT. Revenue is recognized 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, when the goods are delivered to the distributor/customers along with dispatch documents and invoices.

Service charge on microfinance loans

Service charges on microfinance loans 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 2.14. Service charge is included in income thereafter only when it is realized. Loans are returned to the accrual basis only when the full amount of the outstanding arrears of loans received and future collectability is reasonably assured.

Interest on bank accounts, fixed deposits, bonds

Interest income is recognised on an accrual basis.

House property income

House property income is recognised on an accrual basis whether cash is received or not.

2. Summary of Significant Accounting Policies (contd.):

2.9 Revenue recognition (contd):

Other income

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

Community contributions

Community contributions represent fees charged to participants of selected programmes and activities run by BRAC and is recognised when BRAC's right to receive such income has been reasonably determined.

2.10 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 7% to 10% of their costs, based on agreement with donors or management's judgement.

2.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if all the following conditions are met:

- a) the asset is available for use
- b) it is probable that future economic benefits will flow to BRAC
- c) the cost of the item can be measured reliably and exceeds Tk. 2,000
- d) it is expected to be used for more than 3 years

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets at the following annual rates which are consistent with the prior year:

<u>Item</u>	<u>Annual Depreciation Rate (%)</u>
Buildings	4-10
Furniture & Fixtures	10-20
Equipment	15-33.3
Computer and IT Equipment	20-33.3
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
Software	20

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of Significant Accounting Policies (contd.):

2.11 Property, plant and equipment (contd.)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of income and expenditure in the year the asset is derecognized.

2.12 Microfinance loans

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

2.13 Provision for loan losses

Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio and calculates the required provision for loan losses based on the loan classification and following the provisioning methodology which is shown below:

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	1%
Watchlist	1 - 30	5%
Substandard	31 - 180	25%
Doubtful	181 - 350	75%
Loss	Over 350	100%

2.14 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.

2.15 Provisions

Provisions 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.

2.16 Investments in related undertakings

Related undertakings refer to separately-established undertakings in which BRAC has significant influence and/or effective equity interests. Details of these undertakings are disclosed in Note 10.

BRAC's investments in these undertakings 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. Distribution received from the undertakings is recognised in the statement of income and expenditure. Unrealised share of profit from undertakings as well as any changes in net assets in the related undertakings other than by the effect of operating results are recognised directly in the statement of changes in net assets. 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. Gain 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. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

In case the share of losses from related undertakings is equal or more than the cost of investment then those losses were not recognised.

2. Summary of Significant Accounting Policies (contd.):

2.17 Investment in securities and others

All investments other than investment in related undertakings 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.

2.18 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.

2.19 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.

2.20 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 amortized to the statement of income and expenditure over a period of five years, being the average estimated useful life of the motorcycles.

2.21 Self - insurance fund

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 18, and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 1% 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 employee self-insurance fund is used only for the staff who are working outside Bangladesh and any special cases, which is not covered by the employee group insurance.

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 2019.

2. Summary of Significant Accounting Policies (contd.):

2.22 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 18, 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 2019.

2.23 Employee provident fund

BRAC makes contribution to a recognised contributory provident fund for its eligible employees which is operated by a Board of Trustees. The contribution by BRAC is 10% of the basic salary of each confirmed employees and this is equivalent to the contribution by each eligible employee. Contributions to this fund are recognised as an expenses in the period in which the employee services are performed.

2.24 Employee group insurance

BRAC is maintaining a group insurance policy with Guardian Life Insurance Ltd. for covering the risk of life of the employee and family health , on a monthly fixed premium basis. This policy 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 50 months for natural death, permanent injuries and 100 months for accidental death equivalent of last month basic salary . In case of health coverage, it covers inpatient and outpatient medical facilities in all over the Bangladesh as well as in abroad.

2.25 Foreign currencies

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions.

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:

	2019 Taka	2018 Taka
United States Dollars (USD)	83.95	82.75
Euro	94.03	95.33
Great Britain Pound (GBP)	110.28	108.94
Australian Dollars (AUD)	58.54	59.93

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 28.

2.26 Taxation

Income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities in accordance with the Income Tax Ordinance, 1984 (Amended) for activities by which BRAC generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of Significant Accounting Policies (contd.):

2.27 Borrowing costs

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

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.

2.28 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 in the statement of income and expenditure when the impairment losses recognised for the asset no longer exists or have decreased.

2.29 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 2.16.

b) Investments in securities and others

Investments in securities and others are stated at cost, subsequently adjusted for fair value or at amortized cost. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.17.

c) 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.

d) 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.

e) 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 drawn down 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.):

2.30 Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprises cash and bank balances and unpledged fixed deposits, against bank overdrafts, if any, are deducted. 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.

2.31 Contingent liabilities

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 BRAC; 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 remote .

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

2.32 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.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus, have adversely affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home) and securing the supply of materials that are essential for the safety of our staff. At this stage, the impact on our business and results is limited. We will continue to follow the various national institution policies & guidance and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Since the end of reporting period there has been no material changes affecting the financial position of BRAC.

2.33 Segmental reporting

BRAC is organised into operating segments based on projects and programmes which are independently managed by the respective program managers responsible for the performance within the operating segments.

The programme managers report directly to the management of BRAC who regularly review the segment results in order to assess segment performance. Additional disclosures on each of these segments are shown in notes 31 and 32 respectively. BRAC provides segment information voluntarily.

2.34 Comparatives and reclassification

Comparative information have been disclosed in respect of the year 2018 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

2.35 Prior Period Adjustments

BRAC had a dispute with tax authorities for the tax payable of different years between 1991-92 to 2009-10. Following a Supreme Court directive, pending outcome of Review Petition, BRAC paid a tax amount of BDT 438,66,23,917 during 2015-16 for some of the disputed years, which was recorded as advance income tax in the books of accounts instead of charging to Income Statement.

Based on outcome of Review Petition in 2019, BRAC recognized the entire amount of BDT 438,66,23,917 as an adjustment to Net Assets in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Comparatives have been restated accordingly.

		2019	2018
		Taka	Taka
3. Cash and bank balances			
	Cash in hand and at banks (Note 3.1)	5,440,041,114	5,453,549,106
	Deposits (Note 3.2)	20,052,512,234	16,108,232,210
		<u>25,492,553,348</u>	<u>21,561,781,316</u>
3.1	Cash in hand and at banks		
	Cash in hand	904,837,175	707,145,663
	Cash at banks	4,535,203,939	4,746,403,443
		<u>5,440,041,114</u>	<u>5,453,549,106</u>
3.2	Deposits		
*	Fixed deposits pledged with financial institutions	444,374,373	443,672,360
	Fixed deposits unpledged	16,182,269,617	12,457,129,069
	Short term deposit unpledged	3,425,868,244	3,207,430,781
		<u>20,052,512,234</u>	<u>16,108,232,210</u>
*	The total amount is held as security against term loan of BKB and Overdraft of Pubali Bank Ltd. Included in the above balance are amounts placed with related undertakings as follows:		
No.	Name of related party	Nature of balances	
1.	BRAC Bank Ltd.	Fixed deposits pledged	444,374,373
		Fixed deposits unpledged	16,182,269,617
		Short term deposits unpledged	3,425,868,244
		68 Bank Accounts (2018: 68)	2,524,961,759
			443,448,893
			1,553,704,032
			3,207,430,781
			679,224,787
3.3	Deposits analysed by programme:		
	Microfinance Programme	17,850,909,997	14,073,281,392
	Other Programmes	2,201,602,237	2,034,950,818
		<u>20,052,512,234</u>	<u>16,108,232,210</u>
3.4	Cash and cash equivalents		
	For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at December 31:		
	Cash in hand and at banks	5,440,041,114	5,453,549,106
	Fixed deposits unpledged	16,182,269,617	12,457,129,069
	Short term deposits unpledged	3,425,868,244	3,207,430,781
	Bank overdrafts (Note 13)	(27,893,463,383)	(36,115,730,851)
		<u>(2,845,284,408)</u>	<u>(14,997,621,895)</u>
4. Advances, deposits and prepayments			
	Advances:		
	Employees	5,245,761,770	4,682,181,521
	Suppliers	996,271,467	601,470,862
	Advance for tax	2,260,608,299	6,505,113,157
		<u>8,502,641,536</u>	<u>11,788,765,540</u>
	Deposits:		
	Deposits for facilities and utilities	25,255,593	20,568,604
	Prepayments	2,192,896,372	1,585,743,760
		<u>10,720,793,501</u>	<u>13,395,077,904</u>
5. Inventories			
	Seeds and feed	504,387,181	491,032,674
	Medical supplies and consumables	103,887,849	97,019,751
	Printing and stationery	127,469,534	67,500,506
	Handicraft goods	4,867,438,271	4,407,548,602
	Dairy products	273,007,615	274,865,128
	Programme materials	222,909,227	229,789,082
		<u>6,099,099,677</u>	<u>5,567,755,743</u>

The COVID-19 pandemic has caused significant drop in sales of Aarong products in 2020, especially during the festive seasons, i.e. celebration of National Independence Day and Bangla New Year. However, most of the inventories which remained unsold by 31 December 2019, was sold subsequently by the first two months of 2020, so no adjustment is required to be made to the balance of inventories as at 31 December 2019.

6. Grants and accounts receivable

Grants receivable
Interest receivable on fixed deposits and bank accounts
Other accounts receivable

2019 Taka	2018 Taka
1,124,558,318	1,312,687,879
1,197,628,160	1,012,248,249
1,012,559,313	1,535,744,009
<u>3,334,745,791</u>	<u>3,860,680,136</u>

BRAC management have assessed the donors' ability to meet their commitment to provide the grants to BRAC considering the impact of COVID-19 pandemic. As per its continued assessment, the management did not find any significant uncertainty in donors' ability to meet their commitment for grants.

7. Microfinance loans

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At 1 January 2019	207,977,681,055	2,372,929,967	(7,855,651,658)	202,494,959,364
Additions	431,715,805,600	54,922,134,692	(4,317,719,641)	482,320,220,651
Realisation	(387,755,770,603)	(53,071,458,856)	-	(440,827,229,459)
Write-off	(1,809,730,991)	(384,855,613)	2,194,586,604	-
At 31 December 2019	<u>250,127,985,061</u>	<u>3,838,750,190</u>	<u>(9,978,784,695)</u>	<u>243,987,950,556</u>

Loans to members bear annual service charges 19% to 25% (2018: 19% to 25%) on a declining balance method. Repayments are made in weekly/monthly instalments.

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

Loan Classification	Days in Arrears	Principal Outstanding 2019 Taka	Loan loss Provision 2019 Taka	Loan Principal 2018 Taka	Loan loss Provision 2018 Taka
Standard	Current (no arrears)	238,582,893,303	2,385,828,933	199,142,107,830	1,991,421,078
Watchlist	1 - 30	1,104,228,114	55,211,406	1,412,323,197	70,616,160
Substandard	31 - 180	3,782,993,516	945,748,380	2,028,860,187	507,215,047
Doubtful	181 - 350	263,496,610	197,622,458	431,961,870	323,971,403
Loss	Over 350	6,394,373,519	6,394,373,519	4,962,427,971	4,962,427,971
		<u>250,127,985,062</u>	<u>9,978,784,695</u>	<u>207,977,681,055</u>	<u>7,855,651,658</u>

The COVID-19 pandemic has continued to put significant impact on the economic activities of the borrowers under microfinance schemes. As a result, BRAC might experience irregular payment of installments as well as bad debt in 2020. As no guidance from the regulatory authorities regarding changes in requirement for provision for loan loss in light of the COVID-19 pandemic is received, the loan loss provision is calculated as per the existing guidelines from Microcredit Regulatory Authority.

8. Motor cycle loans

At 1 January 2019
Additions during the year
Loan realisation during the year
At 31 December 2019

2019 Taka	2018 Taka
207,030,285	692,968,379
10,140,175	2,426,300
(131,978,110)	(488,364,394)
<u>85,192,350</u>	<u>207,030,285</u>

9. Investment in securities and others

DBH 1st Mutual Fund
AB Bank Subordinated Bond
MTB Subordinated Bond
Bangladesh Sanchay Patra (BSP)

47,400,000	47,400,000
400,000,000	600,000,000
150,000,000	200,000,000
150,000,000	210,000,000
<u>747,400,000</u>	<u>1,057,400,000</u>

Market value of DBH 1st Mutual Fund at 31 December 2019 was Tk. 8.40 per unit (2018: Tk. 7.90) and Tk. 8.00 per unit (2018 Tk. 9.00) on the Dhaka Stock Exchange(DSE) and Chittagong Stock Exchange (CSE) respectively. The maturity date of the Mutual Trust Bank Subordinated Bond will be on 19 October 2022 with effective interest rate ranging from 10.5% to 13.5% (2018: 10.50% to 13.50%) per annum. The Bangladesh Sanchay Patra (BSP) earned interest at 8.50% to 13.45% (2018: 11.28% to 13.19%) per annum respectively during the year.

10 Investments in related undertakings

Related undertakings	2019			
	Cost of Investment Taka	Share of Reserves Taka	Loans Taka	Total Taka
BRAC Bank Ltd.	4,760,329,616	12,762,802,851		17,523,132,467
BRAC Industries Ltd.	24,999,900	11,367,898		36,367,798
BRACNet Ltd.	185,915,300	(59,632,507)		126,282,793
BRAC IT Services Ltd.	36,134,000	(36,134,000)		-
BRAC Services Ltd.	10,000,000	(265,750,475)	348,546,208	92,795,733
Delta BRAC Housing Finance Corp. Ltd	40,000,000	965,383,265		1,005,383,265
BRAC Karnafuli Tea Company Ltd	243,908,025	31,117,433	1,246,419,078	1,521,444,536
BRAC Kaiyachara Tea Company Ltd	63,300,695	261,437,689	204,800,565	529,538,949
BRAC Kodala Tea Company Ltd	81,680,954	(48,364,524)	467,288,146	500,604,576
Bangladesh Netting Factory	17,071,429	33,690,552	44,124,575	94,886,556
BRAC Environmental Enterprises Ltd.	90,000,000	(71,014,811)	124,890,003	143,875,192
IPDC Finance Ltd.	1,112,443,508	392,665,090		1,505,108,598
Mayalogy Ltd.	18,155,513	(5,484,123)		12,671,390
BRAC EPL Investment Ltd.	1,300	-		1,300
BRAC Kumon Ltd.	49,980,000	(7,266,469)	18,528,831	61,242,362
Edotco Bangladesh Co. Ltd.	7,228,750,000	813,582,403		8,042,332,403
BRAC OSIRIS Impact Ventures Ltd.	100,000,000	(511,296)		99,488,704
Bhumijo Ltd.	3,000,000	(200,148)		2,799,852
	<u>14,065,670,240</u>	<u>14,777,688,828</u>	<u>2,454,597,406</u>	<u>31,297,956,474</u>

Related undertakings	2018			
	Cost of Investment Taka	Share of Reserves Taka	Loans Taka	Total Taka
BRAC Bank Ltd.	4,760,329,616	10,733,881,920		15,494,211,536
BRAC Industries Ltd.	24,999,900	9,434,226		34,434,126
BRACNet Ltd.	185,915,300	(60,231,042)		125,684,258
BRAC IT Services Ltd.	36,134,000	(28,913,400)	108,097,894	115,318,494
BRAC Services Ltd.	10,000,000	(238,868,852)	339,851,201	110,982,349
Delta BRAC Housing Finance Corp. Ltd	40,000,000	890,578,400		930,578,400
BRAC Karnafuli Tea Company Ltd	243,908,025	(81,608,142)	1,164,047,996	1,326,347,879
BRAC Kaiyachara Tea Company Ltd	63,300,695	194,399,496	186,735,366	444,435,557
BRAC Kodala Tea Company Ltd	81,680,954	(40,361,346)	434,116,886	475,436,494
Bangladesh Netting Factory	17,071,429	33,602,774	28,727,737	79,401,940
BRAC Asset Management Company Ltd	13,000,000	3,418,703		16,418,703
BRAC Environmental Enterprises Ltd.	90,000,000	(71,014,811)	124,870,528	143,855,717
IPDC Finance Ltd.	759,023,000	290,225,303		1,049,248,303
Mayalogy Ltd.	20,000,000	(4,879,477)		15,120,523
BRAC EPL Investment Ltd.	1,300	-		1,300
BRAC Kumon Ltd.	49,980,000	1,290,817		51,270,817
Edotco Bangladesh Co. Ltd.	7,228,750,000	69,254,908		7,298,004,908
	<u>13,624,094,219</u>	<u>11,700,209,477</u>	<u>2,386,447,608</u>	<u>27,710,751,304</u>

	2019 Taka	2018 Taka
Transfer to change in net assets	<u>3,080,897,854</u>	<u>3,021,193,890</u>
Share of non-operating changes in net assets in related undertakings	<u>2,293,495,976</u>	<u>2,291,168,096</u>
Investment in reserve fund (Statutory reserve)	<u>787,401,878</u>	<u>730,025,794</u>

10 Investment in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2019	2018	Principal activities
BRAC Bank Ltd.	44,28	44,28	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99,99	99,99	Cold storage
BRACNet Ltd.	19,99	19,99	Internet service provider
BRAC IT Services Ltd.	51,00	51,00	Software Development
BRAC Services Ltd.	100,00	100,00	Hospitality
Delta BRAC Housing Finance Corp.Ltd.	18,39	18,39	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Karnafuli Tea Company Ltd.	99,94	99,94	Tea Plantation
BRAC Kaiyachara Tea Company Ltd.	99,85	99,85	Tea Plantation
BRAC Kodala Tea Company Ltd.	99,12	99,12	Tea Plantation
Bangladesh Netting Factory	93,94	93,94	Poultry Processing
BRAC Asset Management Company Ltd	-	26,00	Management of Assets and Portfolio Investment
BRAC Environmental Enterprises Ltd.	90,00	90,00	Waste management services
IPDC Finance Ltd.	25,00	25,00	Finance services
Mayalogy Ltd.	15,70	20,35	Women Empowerment through online in Bangladesh.
BRAC Kumon Ltd.	99,96	99,96	Establish and operate Educational Institutes.
Edotco Bangladesh Co. Ltd.	26,00	26,00	Telecommunications Service Provider.
BRAC OSIRIS Impact Ventures Ltd.	99,99	0,00	Invest in profitable and impact business ventures.
Bhumijo Ltd.	30,00	0,00	To ensure healthy and hygiene Public Toilets in Public places by designing, renovating, maintaining.

- 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 6%-12% (2018: 7% -8%) interest per annum. These loans have no fixed repayment terms.
- The market value of BRAC Bank Ltd shares at 31 December 2019 was Tk. 57.10 per share (2018: Tk. 71.70) and Tk. 56.70 per share (2018: Tk.72.00) on the Dhaka Stock Exchange(DSE) and Chittagong Stock Exchange (CSE) respectively.
- The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2019 was Tk. 114.30 per share (2018: Tk.128.10) and Tk. 112.20 per share (2018: Tk.132.00) on the DSE and CSE respectively.
- The market value of IPDC Finance Ltd. shares at 31 December 2019 was Tk. 25.60 per share (2018: Tk. 37.60) and Tk. 25.50 per share(2018: Tk. 37.60) on the DSE and CSE respectively.
- On 15 May 2019 BRAC acquired 10,000,000 ordinary shares of face value Taka 10, representing 99.99% of total shares in BRAC OSIRIS Impact Ventures Ltd. with cash consideration of Taka 100,000,000.
- On 19, February 2019 BRAC acquired 2,400 ordinary shares of face value Taka 100, representing 30% of total shares in Bhumijo Ltd. with cash consideration of Taka 3,000,000.

Significant transactions with related undertakings are as follows:

Related undertakings	Nature of transaction	2019	2018
		Taka	Taka
BRAC Bank Ltd	Interest on fixed deposits and bank balance	164,537,704	25,596,471
IPDC Finance Ltd.	Interest on fixed deposits	104,725,907	40,003,250
BRAC Services Ltd.	Service facilities	8,695,007	58,864,329

The BRAC management has assessed the impact of COVID-19 pandemic on BRAC's investments in related undertakings by reviewing their financial statement disclosures and directors' report and holding discussion with the management of the companies. BRAC management have also observed performance of the related undertakings in the first quarter of 2020. No significant uncertainty was found on the recoverability of the investment in related undertakings.

11. Property, plant and equipment

Group of fixed assets	Cost						Depreciation			Amount in Taka	
	Opening balance 01-01-2019	Additions during the period	Transferred during the period	Disposals during the period	Closing balance 31-12-2019	Opening balance 01-01-2019	Charged during the period	Adjustment/ disposals during the period	Closing Balance 31-12-2019	Written down value 31-12-2019	Written down value 31-12-2018
	Freehold land	10,127,230,980	211,674,376	-	-	10,338,905,356	-	-	-	-	10,338,905,356
Buildings	6,728,278,736	-	306,819,132	-	7,035,097,868	2,394,029,158	247,373,099	-	2,641,402,257	4,393,695,611	4,334,249,578
Furniture & fixtures	2,137,234,238	168,432,055	-	(114,899,508)	2,190,766,785	1,154,913,715	181,325,357	(114,765,931)	1,221,483,141	989,283,644	982,320,523
Equipment	2,706,170,761	82,884,569	-	(36,405,085)	2,752,650,245	1,583,406,698	223,912,623	(36,060,783)	1,771,258,538	981,391,707	1,122,764,063
Computer	1,105,262,747	203,306,632	-	(53,159,426)	1,255,409,953	771,161,789	174,536,235	(53,111,638)	892,586,386	362,823,567	334,100,958
Vehicles	1,311,039,704	226,847,636	-	(37,799,069)	1,500,088,271	932,337,541	137,549,837	(35,271,477)	1,034,615,901	465,472,370	378,702,163
Bicycles	14,767,993	149,205	-	(2,111,621)	12,805,577	9,244,463	2,202,894	(2,111,621)	9,335,736	3,469,841	5,523,530
Machineries	1,497,313,750	183,212,387	-	(6,205,217)	1,680,526,137	902,464,062	158,681,430	(6,205,217)	1,061,145,492	619,380,645	594,849,688
Deep tube well and tanks	40,576,530	1,747,113	-	-	36,118,426	36,845,157	2,502,122	-	33,142,062	2,976,364	-
Hatcheries	16,917,766	1,200,078	-	-	18,117,844	16,917,766	747,392	-	17,665,158	452,686	-
Motor cycles	2,907,361	16,383,985	-	(214,498)	19,076,848	2,906,630	3,009,548	(214,498)	5,701,680	13,375,168	731
Construction Work in progress	970,289,397	396,730,724	(306,819,132)	-	1,060,200,989	-	-	-	-	1,060,200,989	970,289,397
Crates/Mannequins/Samples/Antiques	626,241,337	110,785,219	-	-	737,026,556	461,502,995	100,297,133	-	561,800,128	175,226,428	164,738,342
Total December 2019	27,284,231,300	1,603,353,979	-	(250,794,424)	28,636,790,855	8,265,729,974	1,232,137,670	(247,731,165)	9,250,136,479	19,386,654,376	19,018,501,326
Total December 2018	24,705,111,969	2,749,049,687	-	(169,930,366)	27,284,231,300	7,354,600,178	1,078,706,853	(167,577,057)	8,265,729,974	19,018,501,326	

Allocation of depreciation:

	2019 Taka	2018 Taka
i) included in cost of sales of income generating projects	158,473,984	139,644,704
ii) included in programme related expenses	1,073,653,686	939,062,149
	1,232,137,670	1,078,706,853

Note 32
Note 32

An amount of Tk.174,024,665 (2018: 136,984,243) 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 17

12. Liabilities for expenses and materials

Liabilities for expenses
 Liabilities for goods
 Advances received for training, publications, supplies etc.

2019	2018
Taka	Taka
6,089,283,549	4,782,742,597
540,951,210	452,155,416
7,267,333,395	5,973,285,471
<u>13,897,568,154</u>	<u>11,208,183,484</u>

13. Bank overdraft

Agrani Bank Ltd.
 Bank Alfalah Ltd.
 Bank Asia Ltd.
 BRAC Bank Ltd.
 Dhaka Bank Ltd.
 Dutch Bangla Bank Ltd.
 Eastern Bank Ltd.
 Habib Bank Ltd.
 HSBC
 IFIC Bank Ltd.
 Jamuna Bank Ltd.
 Janata Bank Ltd.
 Mutual Trust Bank Ltd.
 Prime Bank Ltd.
 * Pubali Bank Ltd.
 Rupali Bank Ltd.
 Sonali Bank Ltd.
 Southeast Bank Ltd.
 Standard Bank Ltd.
 The City Bank Ltd.
 The Trust Bank Ltd.
 United Commercial Bank Ltd.
 Uttara Bank Ltd.

2,986,117,252	3,210,017,472
194,749,502	195,784,919
711,795,221	2,889,102,543
566,890,970	563,038,090
1,573	69,560
90,732,850	161,700,138
48,712,821	45,982,679
200,167,698	193,388,849
6,254,200	3,843,081
52,857,594	63,401,465
1,562,443,603	2,725,053,727
1,562,302,069	2,005,562,030
1,052,178,763	1,705,314,869
1,834,950,649	2,216,950,125
7,345,918,145	7,362,553,172
292,202,501	435,420,889
6,201,485,666	6,320,669,937
98,960	15,180,260
44,271	626,071,647
416	293,417,105
361,261,156	2,157,690,863
33,802	4,255,573
2,822,263,701	2,921,261,858
<u>27,893,463,383</u>	<u>36,115,730,851</u>

* The bank overdraft of Pubali Bank is secured by fixed deposits amounting to Tk. 444,127,868 (2018: Tk. 443,448,893) .

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 11.28% (2018: 6.50% to 12.00%) per annum, and are repayable within 12 months.

14. Term loans

	2019 Taka	2018 Taka
AB Bank Ltd.	249,998,781	-
Bangladesh Bank	-	2,741,174,000
Bank Alfalah Ltd	200,000,852	200,000,000
BASIC Bank Ltd.	354,340,050	896,595,118
BRAC Bank Ltd.	3,800,000,000	3,000,000,000
Citibank N.A.	1,000,000,000	1,000,000,000
Commercial Bank of Ceylon PLC.	1,450,000,000	1,450,000,000
Dhaka Bank Ltd.	1,000,000,000	-
Dutch Bangla Bank Ltd.	2,825,889,060	1,371,008,133
Eastern Bank Ltd.	3,108,048,834	2,801,411,524
Habib Bank Ltd.	200,000,000	200,000,000
HSBC	2,175,000,000	1,250,000,000
IDLC Finance Ltd.	500,000,000	-
IFIC Bank Ltd.	3,439,984,916	3,439,956,004
Jamuna Bank Ltd.	809,978,877	149,999,707
Meghna Bank Ltd.	750,000,000	-
Mercantile Bank Ltd.	1,000,000,000	1,000,000,000
Modhumoti Bank Ltd.	199,999,568	-
Mutual Trust Bank Ltd.	442,985,169	-
NCC Bank Ltd.	2,986,867,877	-
Prime Bank Ltd	2,000,000,000	2,000,000,000
* Rajshahi Krishi Unnyon Bank (RAKUB)	-	180,000,000
Rupali Bank Ltd.	3,000,000,000	3,000,000,000
SABINCO	179,832,419	345,175,997
Shahjalal Islami Bank Ltd.	3,800,000,000	2,000,000,000
Southeast Bank Ltd.	200,000,000	-
Standard Chartered Bank (SCB)	7,106,000,000	7,106,000,000
State Bank of India	1,100,000,000	1,100,000,000
The City Bank Ltd.	-	2,199,892,767
UAE Bangladesh Investment Company Ltd.	200,000,000	-
United Commercial Bank Ltd.	-	499,759,097
Woori Bank	453,500,001	205,833,332
	<u>44,532,426,404</u>	<u>38,136,805,679</u>
Term Loans are analysed as follows:		
Amount repayable within 12 months	43,551,180,602	36,569,370,347
Amount repayable after 12 months:		
Repayable after 12 months but less than 24 months	859,260,519	983,878,239
Repayable after 24 months but less than 36 months	121,985,283	484,905,139
Repayable after 36 months but less than 48 months	-	98,651,954
	<u>981,245,802</u>	<u>1,567,435,332</u>
	<u>44,532,426,404</u>	<u>38,136,805,679</u>

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2019. The term loan 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, biannually and annually and bear 6.50% to 12.50% (2018: 5% to 11.5%) interest rates.

15. Members' savings deposits

	2019 Taka	2018 Taka
At 1 January 2019	69,587,804,893	59,880,530,227
Deposits during the year	64,565,418,593	41,538,256,343
Withdrawals during the year	(37,147,191,492)	(31,830,981,677)
At 31 December 2019	<u>97,006,031,994</u>	<u>69,587,804,893</u>
Compulsory savings	66,614,074,713	57,790,444,897
Voluntary savings	11,865,020,726	9,377,019,804
Term deposits	18,526,936,555	2,420,340,192
At 31 December 2019	<u>97,006,031,994</u>	<u>69,587,804,893</u>

15. Members' savings deposits (contd.)

The rate of interest paid in respect of savings deposits by members was 6%-10% (2018: 6%-10%) per annum.

BRAC has three types of savings deposits initiatives, namely (a) Compulsory savings (b) Voluntary savings and (c) Term deposits, with a view to facilitating and encouraging savings by members in rural areas.

(a) **Compulsory savings**

(i) Each member deposits a minimum amount of Tk.10 in a weekly meeting. The amount to be deposited weekly is fixed by the member at the inaugural meeting of the year. The interest rate is 6% per annum.

(ii) A member can withdraw the entire amount of savings after the loan outstanding balance including service charges thereon has been fully repaid.

(iii) BRAC is allowed to offset the amount of loan balance with the equivalent savings balance of the loanee in the event of default.

(b) **Voluntary savings**

(i) Each member can save for periods ranging from 3 years to 10 years on a monthly basis. The voluntary savings range from Tk. 100 to Tk. 1,000. The interest rate ranges from 7% for a 3 years period to 10% for a 10 year period.

(ii) Any member can withdraw his/her savings by giving a seven (7) days written notice.

(c) **Term deposits:**

Each member can save for a period 1 to 7 years for a fixed time period. The amount of deposit can range from Tk. 10,000 to 100,000.

16. Grants received in advance account

	Notes	2019 Taka	2018 Taka
At 1 January 2019		3,011,803,509	3,149,635,367
Grants receivables		(1,312,687,879)	(940,453,649)
		<u>1,699,115,630</u>	
Donations received during the period	30	13,177,794,995	12,640,242,326
Transferred to deferred income:			
- Investment in fixed assets	17	(168,997,156)	(136,228,543)
- Motorcycle replacement fund	17	(5,027,509)	(755,700)
Transfer to Statement of Income and Expenditure for expenditure during the period	19	(13,618,721,131)	(12,962,880,661)
		<u>1,084,164,829</u>	<u>1,749,559,140</u>
Refund		(17,982,195)	(50,443,510)
Donor fund advance of closed projects transferred to capital fund		(78,720,314)	-
Grants receivables		<u>1,124,558,318</u>	<u>1,312,687,879</u>
At 31 December 2019		<u>2,112,020,638</u>	<u>3,011,803,509</u>

17. Deferred grant income

	Notes	Investment in Fixed Assets Taka	Motorcycle Replacement Fund Taka	Total Taka
At 1 January 2019		739,556,677	10,926,516	750,483,192
Transferred from Grants received in advance	16	168,997,156	5,027,509	174,024,665
Amortisation to Statement of Income and Expenditure	19	(225,669,257)	(4,811,402)	(230,480,658)
At 31 December 2019		<u>682,884,576</u>	<u>11,142,623</u>	<u>694,027,199</u>

18. Other long term liabilities	2019 Taka	2018 Taka
Employee gratuity and redundancy fund	13,858,942,527	12,377,120,719
Self-insurance fund		
- Employees	490,359,180	478,613,714
- BRAC properties and motorcycles	956,047,478	878,219,091
	1,446,406,658	1,356,832,805
Other funds		
- Special fund for scholarship	6,495,313	6,268,162
- Relief and rehabilitation fund	1,717,747,395	717,995,238
- Staff welfare fund	41,115,725	40,479,902
	1,765,358,433	764,743,302
	17,070,707,618	14,498,696,826

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 the fund.

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, as well as additional amounts accreted by BRAC as deemed appropriate and is held as a liability. This fund is utilized to meet outgoing during natural disasters and climate change and is substantially represented by separate bank balances 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.

19. Donor grants	Notes	2019 Taka	2018 Taka
Donor grants recognised in the Statement of Income and Expenditure:			
Transferred from grants received in advance	16	13,618,721,131	12,962,880,661
Transferred from deferred income:			
amortisation of investment in fixed assets			
- unrestricted		112,251,143	4,194,509
- temporarily restricted	17	113,418,114	71,728,141
		225,669,257	75,922,650
amortisation of motorcycle replacement fund			
- unrestricted		408,274	308,026
- temporarily restricted	17	4,403,128	2,299,665
		4,811,402	2,607,691
Total donor grants		13,849,201,790	13,041,411,002
Interest on bank accounts and fixed deposits in respect of donor funds		6,230,113	11,144,409
		13,855,431,903	13,052,555,411

20. Social Enterprises			
Revenue from Sales (Note-20.1)		16,717,272,105	15,953,591,192
Other income (Note-20.2)		10,116,844	9,839,809
		16,727,388,949	15,963,431,001
20.1 <u>Revenue from Sales</u>			
Aarong Rural Craft Centre		9,835,855,885	9,037,410,660
BRAC Dairy and Food Project		3,996,690,451	3,969,933,580
Agro-based program support enterprises		2,422,504,328	2,479,072,712
BRAC Printing Pack		387,483,770	373,892,188
Non-agro-based program support enterprises		74,737,671	93,282,052
		16,717,272,105	15,953,591,192
20.2 <u>Other Income</u>			
Partial reimbursement on cost of donor funded programme supplies		10,116,844	9,839,809
		10,116,844	9,839,809

	2019 Taka	2018 Taka
21. Microfinance Programme		
(Loss)/gain on disposal of property, plant and equipment	-	333,799
Service charge on microfinance loans	55,447,988,656	45,010,650,247
Bank interest against member savings deposits (Note 25)	1,418,233,348	959,197,028
	<u>56,866,222,004</u>	<u>45,969,847,275</u>
22. Self-financing Social Development Projects		
Interest on bank accounts and fixed deposits (Note 25)	140,981,050	157,295,688
Other income (22.1)	970,144,470	1,081,333,338
	<u>1,111,125,520</u>	<u>1,238,629,026</u>
22.1 <u>Other income</u>		
Training income	546,364,470	563,728,634
Partial reimbursements on cost of programme supplies	319,910,598	484,850,601
Sale of wastage materials	66,092,798	28,442,145
(Loss)/gain on disposal of property, plant and equipment	27,647,286	(1,263,188)
Foreign exchange (loss)/gain - unrealised	10,129,318	5,575,146
	<u>970,144,470</u>	<u>1,081,333,338</u>
23. Investment income		
In respect of investments in related undertakings:		
- Cash dividend income	94,194,688	67,219,833
In respect of investments in securities and others:		
- Interest on Subordinated bond	78,899,623	106,383,890
- Interest on BSP	21,348,193	28,144,289
- Income on EPL Investment	-	10,727,448
- Profit on dilution of shares	1,441,133	-
- Realised profit on DBH 1st Mutual Fund	4,800,000	5,400,000
	<u>200,683,637</u>	<u>217,875,460</u>
24. Community contribution		
Education Programme	391,635,413	957,790,793
Health Nutrition and Population Programme	523,623,987	504,907,531
Community Empowerment Programme	26,878,478	9,258,776
Skill Development Programme	39,601,769	19,281,326
BRAC WASH in hard to reach and urban areas	17,322,420	19,615,634
Human rights and legal aids services	335,820	382,425
Integrated Development Programme	769,475	1,169,843
	<u>1,000,167,362</u>	<u>1,512,406,328</u>
Community contribution represent feed charged by BRAC to participate of programmes or activities.		
25. Interest on fixed deposits and bank accounts		
Microfinance Program against member savings deposits	1,418,233,348	959,197,028
Self-financing social development programmes	140,981,050	157,295,688
Donor based development Projects	6,230,113	11,144,409
	<u>1,565,444,511</u>	<u>1,127,637,125</u>
26. BRAC contribution to support Donor Funded Programmes		

BRAC contributed funds to meet the funding requirement per agreement and shortfall in donor funded programmes expenditure during the year in order to ensure the continued implementation and execution of such programmes. The corresponding figure of 2018 was BDT 1,350,498,021.

27. Taxation

Income tax provision for the year

2019 Taka	2018 Taka
729,000,000	1,753,000,000

Under the Income Tax Ordinance, 1984 (Amended), in addition to its commercial activities, BRAC is also subject to taxation on income derived from other non-commercial activities unless they are tax exempted. Income from microfinance and social development activities are tax-exempted.

The tax charge is in respect of taxable income arising from BRAC's taxable activities in 2019, and is subject to agreement with the tax authorities.

28. Foreign currency denominated monetary assets and liabilities

Resident Foreign Currency Deposits (in US\$)
Resident Foreign Currency Deposits (Euro)
Resident Foreign Currency Deposits (in GBP)
Cash at bank (in US\$)
Cash at bank (in Euro)
Cash at bank (in GBP)
Cash at bank (in AUD)

2019 Taka	2018 Taka
784,069,911	712,410,673
17,873,869	18,035,925
17,853,061	17,012,029
22,457,540	60,153,308
3,005,562	2,383,693
1,381,021	1,044,363
-	-

29. Financial instruments**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

Interest rate risk is the risk that arises due to changes in market interest rates. BRAC is not exposed to fluctuations in market interest rates as it has no floating interest rate bearing financial liability as at the reporting date. BRAC has not entered into any agreement involving derivative instrument at the reporting date.

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.

30. Schedule of donation received

Name of the projects	Donor	2019 Taka	2018 Taka
Strategic Partnership Arrangement (SPA)	DFID	3,588,750,000	4,396,000,000
	DFAT	1,257,200,000	1,338,525,000
	Sub Total	4,845,950,000	5,734,525,000
Vision Bangladesh Project	Orbis International	5,274,241	4,589,000
	Vision Spring	2,831,414	-
	BRAC-USA	588,759	2,945,839
		8,694,414	7,534,839
Refugee Programme	Phillips Lighting Foundation	-	1,265,658
	DFAT	-	183,900,000
	BRAC-USA	-	43,740,063
	BRAC-UK	-	36,928,817
	Alliance for Multicultural	-	784,460
	WFP	856,081	6,670,227
	Singapore American School	-	224,223
	Local Donor's	21,709	2,820,056
		877,790	276,333,504
Cash based intervention for Rohingya refugees and host community in Cox's Bazar	DFID	54,583,870	-
	UNOPS	54,065,927	-
		108,649,797	-
Humanitarian Leadership Academy	HLA	7,051,955	18,395,733
	Save the Children	2,545,472	-
		9,597,427	18,395,733
Right Here Right Now (RHRN)	Bandhu Social Welfare Foundation	4,219,660	-
	UNHCR	2,524	-
		4,222,184	-
CFPR Phase -IV Char Development and Settlement Program Integration WASH TB Care and Prevention in Bangladesh Phased Elimination of Malaria from Bangladesh-GFATM	Whole Planet Foundation	22,636,136	-
	Euroconsult Mott Mac Donald		479,911
	EKN	25,861,751	157,549,234
	The Global Fund	1,958,352,840	1,251,241,593
	The Global Fund	372,913,059	251,813,561

Name of the projects	Donor	2019 Taka	2018 Taka
Bangladesh MYCN-Home Fortification Program	The Global Alliance for Improved Nutrition (GAIN)	414,494	73,529,666
Building Young Women's Leadership through Sports	Women Win	19,010,625	-
Reading Glasses for Improved Livelihood	Vision Spring	37,362,498	47,989,696
BRAC School Meal Piloting	WFP	14,151,705	13,706,168
BRAC Innovation fund for Digital Financial Services	Bill and Melinda Gates Foundation	-	58,952,588
Graduation as Resilience	BRAC-UJK	3,643,152	-
Neuro Developmental Disability (NDD) Project	Apasen International	1,296,463	727,607
National Early Childhood Development Support Program (NECDSP)	Shishu Academy	12,054,172	22,690,127
School Feeding Program at Gaibandha	WFP	-	5,188,928
Building capacity to address issues of SRHR, Gender and Emotional wellbeing in technical,vocational,higher and general education	MDF-Training & Consultancy (NUFFIC)	8,060,421	-
Capacity Building to promote day-care services and women's employability in the RMG Sector"	MDF-Training & Consultancy (NUFFIC)	22,191,716	-
Delivering maternal health care through mobile biometrics in Dhaka Urban Slums	SimPrints	-	4,049,089
Adolescent Sexual and Reproductive Health in Bangladesh	BRAC - USA	-	4,178,495
BRAC Chevron BPI Enterprise Development Pilot Project (JIBIKA)	BRAC - USA	-	-
BRAC Play Lab Project	BRAC - USA	21,813,422	77,092,629
Breast Feeding Promotion and Support at public Health Care	UNICEF	-	7,260,232
Chitmooh Livelihood Development Programme Lalmonirhat	SCB	2,541,404	5,227,626
Community Fire Prevention Project	IDEO.ORG	-	2,248,979
Effect of BIO Fortified Leantiles on Iron and Selenium Status	University of Saskatchewan	9,495,918	23,022,187
English and digital for Girl's Education	British Council	8,573,367	968,000
Ensuring Clean and safe Birthing through Promotion Safe Birth kits at Community Level (TOMS Shoes)	BRAC - USA	-	9,372,559
Financial Literacy for Adolescent in Chittagong	SCB	1,321,866	6,005,310
Innovation for Improving Early Grad Reading Activity	USAID	57,223,068	205,475,989
Unlocking the production Potential of "polder communities" in Coastal Bangladesh through improved Resource use efficiency and diversified cropping systems	IRRI	4,151,000	4,095,000
Garments Worker Financial diaries	Microfinance Opportunities	-	3,697,131
Bangladesh District Eye Care Programme	Sight Savers-UK	3,768,071	3,287,735
Field Evaluation of a Passive Aeration System for Aquaculture (FEPASA)	University of Toronto	376,680	2,244,533
Targeting and Re-Aligning Agriculture to Improved Nutrition	IFPRI-UK	28,646,679	20,744,522
Unit for Body Rights Program (UBR-2)	RHSTEP	2,634,870	5,337,564

Name of the projects	Donor	2019 Taka	2018 Taka
Empowering Girls on Sexual and Reproductive Health Rights Towards Combating Child Marriage Skills for Employment Investment Programme (SEIP) Project- Tranch-1	Mannion Danieals Ltd.	-	6,567,092
Empowering the ready-made garment workers living in slum of Dhaka	GOB	12,709,125	-
Empowering Women for Building Social Cohesion project(Phase-II)UNW	Campaign for Popular Education (CAMPE)	-	3,623,420
Empowering Women for Building Social Cohesion project	Porticus	55,140,186	-
Improvement of the Real Situation of Overcrowding in Prisons(I RSOP)	UN Women	7,128,624	13,973,943
Improving Health and Nutrition Status of Urban Extreme poor in Bangladesh	UN Women	12,688,946	4,227,238
Income Support Programme for the poorest (ISPP) JAWTNO Project	GIZ	-	10,519,976
PRO-poor Growth of Rural Enterprises Through Sustainable Skills-development-PROGRESS	Concern Worldwide	-	60,108,255
Shishu Niketan: Low cost Schools in Bangladesh	World Bank	41,811,030	20,905,514
Support Socio economic development of 910 vulnerable families from Bagerhat District(Bangladesh)	EC	116,973,327	203,883,882
through Innovative models of small scale aquaculture	BRAC-UK	12,629,210	25,364,907
Community Mobilization Volunteers(CMV)Network for life Saving Message on health nutrition, Sanitation and Protection in humanitarian crisis in coxs Bazar	AIDA	6,637,879	10,490,676
Construction of Lower Secondary School in Bangladesh	UNICEF	106,647,853	49,506,065
Early Learning and Non Formal Basic Education for Children from Myanmar in Bangladesh	Dubai Care	21,131,956	-
Emergency Response and Recovery for Flash Floods and Cyclone Mora to Support the Reduction of ongoing Suffering of the most Affected Communities and Assist	UNICEF	-	90,842,164
Improving Mother and Child Nutrition in Bangladesh (SHIMA)	BRAC USA	32,165,298	34,772,850
Second Chance Education (SCE) Under PEDP III	CIEF	14,061,314	-
Shujog	Save the Children	-	86,539,287
Sustainable reintegration and Improved Migration Governance In Bangladesh	Google Asia Pacific Ltd.	4,959,113	4,641,884
Effects of play based early stimulation in children on self-regulation and executive functioning skills from rural low income households – a randomized control	IOM	117,555,199	97,308,233
IED-BRACU	Grant Challenges Canada	-	6,349,241
Alternative Learning Program for Out of School Adolescent	Zurich University	-	5,782,200
Bridge School Programme	UNICEF	59,810,260	33,189,388
Communities Rights and gender TB Tools Assessment in Bangladesh	EAC-QATAR	81,035,031	7,902,368
Creation of Child -friendly Space for Forcibly- displaced Myanmar National	UNOPS	-	4,326,400
Emergency Nutrition Response	Porticus	3,774,400	56,146,000
Ensuring protective environment for children from forcibly displaced Myanmar National in Cox's Bazar District	UNICEF	-	31,240,809
Ensuring protective environment for children and adolescents of Rakhine state of Myanmar in Cox's Bazar District	UNICEF	11,352,713	55,835,286
Flash Flood Response and Recovery Project(FRRP)	UNICEF	85,498,568	97,301
Improved Wash service for the Rohiyanga Refugee and Host Communities in Cox's Bazar	UNOPS	-	162,347,463
	UNICEF	147,563,656	11,919,059

Name of the projects	Donor	2019 Taka	2018 Taka
Increasing Access to improved Water sanitation Hygiene service in School	Charity Water	185,679,155	73,191,256
Integrated Assistance Package in Cox Bazar	WFP	26,406,165	28,718,067
MINCH-Urban Project (Phase-II)	JPGSPH BRAC University	406,277	448,267
MINCH-Rural Project (Phase-II)	BRAC USA	-	2,646,560
Multi sectoral emergency assistance for Rohingya in Coxbazar Districts	UNHCR	1,677,190,016	1,676,448,388
Phase-1 Descriptive Framing Research	Porticus	935,014	14,542,506
Promotion of Nutrition through Vegetable Cultivation Project	DAI Global LLC.	-	13,438,600
Socio-economic reintegration of returnee migrant workers	Embassy of Denmark	46,853,132	17,213,983
Supporting Adolescent Empower for Changing Harmful Social Norms and Emergencies	UNICEF	38,514,654	33,025,426
WASH in Make Shift Settlement in Balukhali, Ukhlia	IOM	40,588,945	11,550,000
Aarong model Urban Schools Program	Aarong	-	276,792
BRAC's humanitarian Programme for forcibly displaced Myanmar	DFAT	-	136,308,517
BRAC's humanitarian programme for forcibly-displaced Myanmar nationals	DFAT	-	167,498,493
BRAC Humanitarian Response In Cox Bazar : Education and Critical Infrastructure Development Support	BRAC-USA	310,816,218	335,798,489
Deliver and Integrated Assistance Package in Cox's Bazar	OSF	-	8,378,000
Humanitarian Response to the Rohingya Crisis in Bangladesh (Host Community)	WFP	77,418,756	30,075,000
Self Reliance Assistance for Rohingya and Host Community in Ukhiya and Teknaf Upazilla Cox's Bazar	DFAT	-	2,396,625
Humanitarian Response to the Rohingya Crisis in Bangladesh (Host Community)	Save the Children	2,396,625	90,225,000
Implementation of Comprehensive 5th Control Deworming	DFAT	-	21,345,363
Provision of Sustainable WASH Services for Rohingya and Host communities	BRAC USA	-	300,000,000
Scale Up of Early learning and informal basic education for forcibly Displaced Myanmar Nations	EKN	80,000,000	129,669,085
Scaling up Mother@Work programme at ready-made garment factories	UNICEF	203,931,473	2,777,543
The Effects of Community Based Psycho-social Intervention in Reducing Postpartum Depression and Improving Infant's Development in the Refugee Community from Rakhine State of Myanmar in Bangladesh	UNICEF	16,270,522	6,338,040
Health Campus Humanitarian Programme	Grant Challenges Canada	2,365,381	8,466,358
Non Formal Primary level education to forcibly Displaced Myanmar Nation	WMO	-	97,167,072
SAPLING	EAC-QATAR	-	28,922,260
Changing The Perception of Youth in Bangladesh about Skill Development	Bill and Melinda Gates Foundation	-	-
Development, Production and Distribution of Teaching & Learning Materials for Learning Competency	Embassy of Denmark	26,237,752	-
Framework and Approach (LCFA) Levels I-IV	UNICEF	33,725,134	-
Digitization Implementation Monitoring & public Procurement Project	BIGD	5,341,409	-
Emergency Life savings comprehensive integrated health and protection support	DFAT	-	-
Emplying Early Childhood in Emergency Setting-Rohingya refugees project	Sesame workshop, USA	456,204,402	-

Name of the projects	Donor	2019 Taka	2018 Taka
Engaging Multi Sectoral Partners for creating opportunities, Improving Wellbeing and realising Rights for Urban Poor (Empower) project	Unilever Bangladesh Ltd	810,000	-
Enhancing Disaster Resilience (Access & Site Improvement)	WFP	80,499,483	-
Integrated and Equitable SRH Services	UNFPA	5,612,606	-
NYCF Focused Emergency Nutrition Response to Forcibly Displaces Rohingya Nationals on Cox's Bazar	UNICEF	24,645,408	-
Livelihood support and women's empowerment in Cox's Bazar	Global Affairs Canada	327,286,405	-
Promotion of Gender Justice Strengthening Engage Men and Boys Network for Reducing Violence Against Women and Children in Bangladesh	Amplify Change	28,723,204	-
Responsible Recruitment of Bangladeshi worker Project	BRAC-USA	7,213,216	-
Risk Financing to Manage Climate and Disaster Shocks in BD	World Bank	8,067,678	-
School Nutrition for Adolescent Project (SNAP)	Nutrition Intervention	12,393,375	-
SCK-Enhancing the resilience and well-being of Rohingya	Save the Children	9,513,357	-
Sustainable Reintegration of Bangladesh Returnees	IRARA Service Ltd	14,316,653	-
WASH Support to The displaced Rohingya population in Ukhiya and Teknaf Upazilla, Cox's Bazar District	IOM	49,631,900	-
Women's Empowerment and Social Cohesion Building	Safer World	8,561,096	-
Regarding the Implementation of a WFP Assistance Programme –Self Reliance	WFP	12,050,000	-
Socio-Economic Reintegration of returnee Migrant worker's of Bangladesh Project (SDC)	The Embassy of the Switzerland	68,000,000	-
Achieving Peace and tolerance through CMC engagement in Rohingya refugee camps and host communities (CBLP)	MSI	14,253,654	-
Advancing inclusive and resilient Urban development targeted at the Urban Poor-output 1: Country Studies Project	IIED	3,829,344	-
Beeter Business for Children	UNICEF	603,671	-
BRAC Boat School	EAC-QATAR	1,478,464	-
BRAC Chevron Enterprise Development Project (JIBIKA) Phase-II	BRAC-USA	41,576,249	-
Building Blocks of Early Years Learning in Bangladesh	Porticus	32,979,345	-
Comprehensive Integrated Health Services for the Displaced Rohingya in Cox's Bazar	DFATD GAC	62,904,958	-
Effects of play based early stimulation in children on self-regulation and executive functioning skills from rural low income households – a randomized control	Grand Challenge Canada	5,230,528	-
Emergency Life savings comprehensive integrated health and protection support	DFAT	296,750,000	-
Emergency support for 2019 flood affected house holds in Bangladesh	BRAC USA	24,140,129	-
Ensuring Long Term Medical Services & Post Award Livelihood Support for the Victims of Rana Plaza	BRAC USA	33,460,479	-
Humanitarian Support to cyclone Bulbul Affected people in satkhira Municipality	German Embassy	2,193,500	-

Name of the projects	Donor	2019 Taka	2018 Taka
IED BRACU	Zurich University	6,101,280	-
Implementation of Nutrition Intervention Under Integrated Assistance Package in Cox'sbazarComprehensive 5th Control Deworming	WFP	15,634,880	-
Integrated Comprehensive Essential Primary Health Care for Rohingya Refugees in Cox's Bazar	BRAC-UK	6,792,347	-
Integrated joint protection and education services for vulnerable Rohingya adolescent, children, women, men and communities including host community in Ukhiya and Teknaf of Cox's Bazar district	UNICEF	39,758,609	-
Mobile Biometrics for MNCH Care in Bangladesh	Grand Challenge Canada	10,302,748	-
Non-Formal Primary Education-AGFUND	AGFUND	9,842,560	-
Participatory Implementation of IFC to improve Maternal and Newborn Health in Bangladesh	Enfants Du Monde (EDN)	11,517,992	-
Positive social relationships created between Rohingya Refugees and host community women through economic and social support and networking	Un Women	20,400,000	-
Research and Evaluation of BRAC's Holistic SEP-BRAC	BRAC USA	16,800,000	-
Solid waste management in Host Communities and camps in Teknaf Ukhiya Upazila under Cox's Bazar district (Package-A-Teknaf and Package-B-Ukhiya)	SEIP	24,620,746	-
Strengthening and Cultivating Opportunities in Production for Empowerment (SCOPE)	UNDP	25,872,318	-
Women's Empowerment by contributing in Aquaculture and Nutrition Working with Children at Risk in the Slums of Dhaka	Echotex Ltd	10,283,058	-
	World Fish	1,577,348	-
	BRAC-UK	2,504,700	-
Total		13,177,794,995	12,640,242,326
Less: Refunded to Donor:			
National Early Childhood Development Support Program (NECDSP)	Shishu Academy	(2,841,649)	-
Community Mobilization Volunteers(CMV)Network for life Saving Message on health nutrition, Sanitation and Protection in humanitarian crisis in coxs Bazar	UNICEF	(1,633,176)	-
Multi sectoral emergency assistance for rohingya in Coxbazar Districts	UNHCR	(4,330,230)	-
Scaling up Mother@Work programme at ready-made garment factories	UNICEF	(51,580)	-
Flash Flood Response and Recovery Project(FFRRP)	UNOPS	(7,471,386)	-
Shojag	Nari Pakkha	(665,754)	-
Effects of play based early stimulation in children on self-regulation and executive functioning skills from rural low income households – a randomized control	Grand Challenge Canada	(988,420)	-
Safe Migration for Bangladesh Workers	World Bank	-	(6,880,353)
Capture and assess best CwC practices in disaster response and recovery	British Broadcasting Corp.	-	(220,683)
Holistics Enhancement of Early Childhood Development in Rural Bangladesh	BRAC USA	-	(2,646,560)
BRAC's Response to Emergency Humatarion of Crisis among the People from the Rakhine State of Myanmar in Cox's Bazar	UNHCR	-	(35,652,586)
Challenge TB Bangladesh	Management Sciences for Health	-	(5,043,328)
Grand total		13,159,812,800	12,589,798,816

31. Segmental financial information

Balance Sheet as at December 31, 2019

Assets:

	Unrestricted						Temporarily restricted		Total 2019 Taka		
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Support Enterprise Taka	Non-agro based Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka		Total Unrestricted Taka	Development Projects Taka
Cash and bank balances	183,339,297	4,102,145	65,373,468	1,065,689,298	5,779,031	19,670,639,337	959,049,855	2,625,984,370	24,590,156,801	902,396,547	25,492,553,348
Advance, deposits and prepayments	360,734,353	225,593,064	426,905,901	198,719,826	831,070	4,345,410,128	3,478,663,891	28,058,136	9,063,416,389	1,657,377,182	10,720,793,571
Inventories	4,867,438,271	112,236,426	274,613,254	603,133,888	1,346,844	126,782,133	98,399,386	-	6,085,352,312	13,747,365	6,099,099,677
Grants and accounts receivable	203,588,988	68,001,966	69,875,991	484,409,297	2,106,970	703,592,983	657,214,306	-	2,168,930,511	1,165,955,280	3,334,745,791
Inter-programme current account	347,321,836	(77,535,142)	3,092,056	18,246,625	(1,643,186)	-	(290,600,501)	-	(1,118,312)	1,118,312	-
Microfinance loans	-	-	-	18,246,625	-	-	(290,600,501)	-	243,887,950,556	-	243,887,950,556
Motor cycle loans	-	-	392,190	7,637,481	-	21,295,433	676,887	-	30,001,991	55,190,359	85,192,350
Investments in securities and others	-	-	-	-	-	-	747,400,000	-	747,400,000	-	747,400,000
Investments in related undertakings	-	-	-	-	-	-	31,297,956,474	-	31,297,956,474	-	31,297,956,474
Property, plant and equipment's	2,434,174,274	47,989,642	1,322,338,729	528,507,862	7,926,729	4,628,461,949	9,530,431,012	95,661,751	18,695,491,948	791,162,428	19,386,654,376
Total Assets	8,406,597,019	381,400,101	2,162,091,589	2,898,344,277	16,547,558	273,484,322,529	46,473,361,320	2,749,704,257	398,665,398,650	4,656,947,423	341,152,346,073

Liabilities and net Assets

	Unrestricted						Temporarily restricted		Total 2019 Taka		
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Support Enterprise Taka	Non-agro based Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka		Total Unrestricted Taka	Development Projects Taka
Liabilities											
Liabilities for expenses and materials	688,781,899	26,700,985	300,099,731	259,380,018	4,130,321	7,296,237,054	3,995,688,317	369,172	12,551,387,497	1,346,180,656	13,897,568,153
Bank overdrafts	-	39,238,125	-	-	-	27,854,225,258	-	-	27,893,463,383	-	27,893,463,383
Term loans	-	-	-	-	-	44,532,426,404	-	-	44,532,426,404	-	44,532,426,404
Members savings deposits	-	-	-	-	-	97,006,031,994	-	-	97,006,031,994	-	97,006,031,994
Grants received in advance account	-	-	-	-	-	-	18,822,417	-	18,822,417	2,112,020,638	2,112,020,638
Deferred income	306,684,108	32,957,156	32,532,384	-	-	508,011	-	-	46,862,812	647,164,387	694,027,199
Other long term liabilities	1,170,895,284	36,976,374	101,990,272	244,580,424	2,049,289	171,732,621	16,559,333,733	-	17,070,707,618	-	17,070,707,618
Provision for taxation	-	-	-	-	-	-	3,004,254,432	-	4,560,746,075	-	4,560,746,075
Total Liabilities	2,146,361,291	135,872,640	434,622,387	503,960,442	6,179,610	176,861,161,343	23,573,098,899	369,172	203,661,625,784	4,105,365,681	207,766,991,465
Net assets- Capital fund	6,260,235,728	245,527,461	1,727,469,202	2,382,383,835	10,367,948	96,623,171,186	22,905,282,422	2,749,335,084	132,903,772,866	481,581,742	133,385,354,608
Total Liabilities and Net assets	8,406,597,019	381,400,101	2,162,091,589	2,898,344,277	16,547,558	273,484,322,529	46,473,361,321	2,749,704,256	398,665,398,650	4,656,947,423	341,152,346,073

31. Segmental financial information (cont'd)

	Unrestricted										Temporarily restricted		Total 2018
	Unrestricted										Temporarily restricted		
	Axong Rural Craft Centre	BRAC Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	Taka		
Cash and bank balances	192,635,564	15,851,867	80,186,586	678,179,893	121,216,184	20,216,763,595	(4,755,101,136)	2,425,801,482	19,975,533,535	2,586,247,781	-	21,561,781,316	
Advances, deposits and prepayments	343,323,519	218,875,339	296,996,601	98,678,611	1,360,241	3,164,910,236	7,615,898,483	27,915,904	11,769,956,944	1,625,118,960	-	13,395,077,904	
Inventories	4,407,548,602	51,376,341	276,549,490	586,805,357	9,716,445	92,525,621	118,222,514	-	5,542,744,369	25,011,375	-	5,567,755,744	
Grants and accounts receivable	249,047,713	65,157,341	62,002,678	579,827,280	7,797,431	580,611,800	857,995,627	-	2,402,439,870	1,458,240,267	-	3,860,680,137	
Inter-programme current account	(60,103,204)	(46,525,929)	(39,665,172)	22,220,913	3,070,937	-	140,117,549	-	29,115,094	(29,115,094)	-	-	
Microfinance loans	-	-	-	-	-	202,494,959,364	-	-	202,494,959,364	-	-	202,494,959,364	
Motor cycle loans	-	-	9,471,675	11,341,928	-	56,638,007	39,350,022	-	116,801,632	90,228,653	-	207,030,285	
Investments in securities and others	-	-	-	-	-	-	1,057,400,000	-	1,057,400,000	-	-	1,057,400,000	
Investments in related undertakings	-	-	-	-	-	-	27,710,751,304	-	27,710,751,304	-	-	27,710,751,304	
Property, plant and equipment's	2,383,009,591	52,957,823	1,325,452,858	626,837,537	10,908,600	4,361,896,092	9,302,128,728	109,870,853	16,173,062,079	845,438,246	-	19,018,501,326	
Total Assets	7,525,461,785	357,692,782	2,012,994,716	2,603,891,019	154,069,838	230,965,304,715	42,086,763,099	2,563,598,239	288,272,766,192	6,601,171,187	294,873,937,380		
Liabilities and net Assets													
Liabilities													
Liabilities for expense and materials	649,628,371	29,730,068	239,781,941	261,189,006	27,592,086	4,984,053,199	3,292,370,647	407,850	9,484,753,158	1,723,430,327	-	11,208,183,485	
Bank overdrafts	117,358,775	31,318,295	-	-	-	35,967,063,781	-	-	36,115,730,851	-	-	36,115,730,851	
Term loans	-	-	-	-	-	38,136,805,679	-	-	38,136,805,679	-	-	38,136,805,679	
Members savings deposits	-	-	-	-	-	69,587,804,893	-	-	69,587,804,893	-	-	69,587,804,893	
Grants received in advance account	-	-	-	-	-	508,011	15,611,489	-	15,611,489	2,996,192,019	-	3,011,803,508	
Deferred income	295,824,623	28,924,620	23,107,897	-	-	508,011	4,166,786	-	27,802,694	722,680,498	-	750,483,192	
Other long term liabilities	724,087,273	30,318,877	80,105,119	181,021,020	18,092,629	171,732,621	14,002,214,962	-	14,498,696,826	-	-	14,498,696,826	
Provision for taxation	-	-	-	-	-	-	7,659,940,030	-	8,693,564,948	-	-	8,693,564,948	
Total Liabilities	1,786,899,042	120,291,850	342,394,957	442,210,026	45,684,715	148,847,958,184	24,974,323,914	407,850	176,560,770,538	5,442,302,844	-	182,003,073,382	
Net assets- Capital fund	5,738,562,743	237,400,932	1,669,999,759	2,161,680,993	108,385,123	82,120,346,531	17,112,439,184	2,563,180,389	111,711,995,654	1,158,866,343	-	112,870,863,997	
Total Liabilities and Net assets	7,525,461,785	357,692,782	2,012,994,716	2,603,891,019	154,069,838	230,965,304,715	42,086,763,098	2,563,598,239	288,272,766,192	6,601,171,187	294,873,937,379		

Balance Sheet as at December 31, 2018

Assets:

Cash and bank balances
Advances, deposits and prepayments
Inventories
Grants and accounts receivable
Inter-programme current account
Microfinance loans
Motor cycle loans
Investments in securities and others
Investments in related undertakings
Property, plant and equipment's

Liabilities and net Assets

Liabilities
Liabilities for expense and materials
Bank overdrafts
Term loans
Members savings deposits
Grants received in advance account
Deferred income
Other long term liabilities
Provision for taxation

Total Liabilities

Net assets- Capital fund

Total Liabilities and Net assets

31. Segmental financial information (Cont'd)

Statement of Income and Expenditure for the period ended December 31, 2019

	Unrestricted					Temporarily restricted		Total 2019 Taka			
	Aarong Rural Craft Centre Taka	BRAC Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Support Enterprise Taka	Non-agro based Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka		House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka
Income											
Donor grants	-	-	4,043,250	-	-	-	108,616,167	-	112,659,417	13,736,542,373	13,849,201,790
Social Enterprises	9,835,855,885	387,483,770	3,996,690,451	2,422,504,328	74,737,671	-	-	-	16,717,272,105	-	16,717,272,105
Microfinance Programme	-	-	-	-	-	55,447,988,656	-	-	55,447,988,656	-	55,447,988,656
Self-financing Social Development Project	-	-	-	-	-	1,418,293,348	-	-	1,559,214,398	6,230,113	1,565,444,511
Investment income	-	-	-	-	-	-	200,683,637	-	200,683,637	-	200,683,637
Other income - internal	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	10,116,844	-	-	-	-	980,261,314	-	980,261,314
Community contribution	-	-	-	-	-	-	350,684,899	-	350,684,899	649,482,463	1,000,167,362
House property	-	-	-	-	-	-	-	92,593,668	92,593,668	-	92,593,668
Total Income	9,835,855,885	387,483,770	4,000,733,701	2,432,821,172	74,737,671	56,866,222,004	1,771,110,223	92,593,668	75,461,358,094	14,392,254,949	89,853,613,043
Expenditure											
Social Enterprises	8,345,701,904	364,573,209	3,863,909,662	2,120,312,737	56,719,483	-	-	-	14,751,216,985	-	14,751,216,985
Micro Finance Programme	-	-	-	-	-	39,909,043,349	-	-	39,909,043,349	-	39,909,043,349
House property	-	-	-	-	-	-	-	46,169,419	46,169,419	-	46,169,419
Agriculture and Food Security	-	-	-	-	-	-	-	-	6,717,639	16,385,453	16,385,453
Community Empowerment Programme	-	-	-	-	-	-	-	-	502,248,091	1,623,975,492	1,623,975,492
Education Programme	-	-	-	-	-	-	-	-	142,419,516	118,242,230	118,242,230
Gender, Justice and Diversity	-	-	-	-	-	-	-	-	12,442,354	4,083,488,361	4,083,488,361
Health Programme	-	-	-	-	-	-	-	-	12,442,354	329,134,670	329,134,670
Human Rights and Legal Aids Services	-	-	-	-	-	-	-	-	12,442,354	4,225,917,877	4,225,917,877
Policy Advocacy	-	-	-	-	-	-	-	-	341,772,203	53,531,885	53,531,885
Water, Sanitation and Hygiene Programme	-	-	-	-	-	-	-	-	2,673,024	2,005,687,895	2,005,687,895
Ultra Poor Programme	-	-	-	-	-	-	-	-	2,673,024	4,568,977,441	4,568,977,441
Forcibly-displaced Myanmar Nationals	-	-	-	-	-	-	-	-	11,751,639	206,214,149	217,965,788
Disaster Management and Climate Change	-	-	-	-	-	-	-	-	-	754,954,897	754,954,897
Skills Development Programme	-	-	-	-	-	-	-	-	1,040,385	264,505,489	265,545,874
Migration Programme	-	-	-	-	-	-	-	-	227,182,085	-	227,182,085
Social Development Programme	-	-	-	-	-	-	-	-	36,160,789	1,244,655,458	1,280,816,247
Other Development Projects	-	-	-	-	-	-	-	-	236,338,397	-	236,338,397
Grants	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	8,345,701,904	364,573,209	3,863,909,662	2,120,312,737	56,719,483	39,909,043,349	1,178,973,920	46,169,419	55,885,403,683	15,884,336,917	71,769,740,599
Surplus/(deficit) of income over expenditure before inter-programme allocation	1,490,153,981	22,910,561	136,824,039	312,508,435	18,018,188	16,957,178,655	592,136,303	46,424,249	19,575,954,412	(1,492,081,968)	18,083,872,444
Inter-programme allocations	(521,672,968)	(8,126,532)	(57,469,443)	(141,652,081)	(632,933)	-	729,653,975	-	-	-	-
Net surplus for the year after inter-programme allocations	968,480,995	14,784,029	79,354,596	170,856,354	17,385,255	16,957,178,655	1,321,690,278	46,424,249	19,575,954,412	(1,492,081,968)	18,083,872,444
Funded Programmes											
Surplus of income over expenditure before taxation	968,480,995	14,784,029	79,354,596	170,856,354	17,385,255	16,957,178,655	(170,391,690)	46,424,249	18,083,872,444	0	18,083,872,444
Taxation	(446,803,010)	(6,657,498)	(21,895,153)	(63,559,404)	(4,378,828)	-	(185,711,109)	-	(729,000,000)	-	(729,000,000)
Net surplus for the year	521,677,985	8,126,531	57,469,443	107,296,950	13,006,429	16,957,178,655	(356,102,739)	46,424,249	17,354,872,444	0	17,354,872,444

31. Segmental financial information (Cont'd)

	Unrestricted										Temporarily restricted		Total 2018
	Aarong Rural Craft Centre Taka	BRAC 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 Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total Taka		
Donor grants	-	-	3,714,906	-	-	-	787,629	-	4,502,535	13,036,908,467	-	13,041,411,002	
Social Enterprises	9,037,410,660	373,892,188	3,963,933,580	2,479,072,712	93,282,052	45,010,650,247	-	-	15,953,591,192	-	-	15,953,591,192	
Microfinance Programme	-	-	-	-	-	45,010,650,247	-	-	45,010,650,247	-	-	45,010,650,247	
Self-financing Social Development Project	-	-	-	-	-	959,197,028	157,295,688	-	1,116,492,716	11,144,409	-	1,127,637,125	
Investment income	-	-	-	-	-	-	217,875,460	-	217,875,460	-	-	217,875,460	
Other income -internal	-	-	-	-	-	-	-	-	-	-	-	-	
Other income	-	-	-	9,839,809	-	333,799	1,081,333,338	-	1,091,506,946	-	-	1,091,506,946	
Community contribution	-	-	-	-	-	-	73,403,005	-	73,403,005	1,439,003,323	-	1,512,406,328	
House property	-	-	-	-	-	-	-	92,593,668	92,593,668	-	-	92,593,668	
Total Income	9,037,410,660	373,892,188	3,973,648,486	2,488,912,521	93,282,052	45,970,181,074	1,530,695,120	92,593,668	63,560,815,789	14,487,058,198	-	78,047,871,987	
Expenditure													
Social Enterprises	7,864,805,815	350,101,754	3,814,839,337	2,186,369,107	75,921,522	29,598,743,796	-	-	14,292,037,535	-	-	14,292,037,535	
Micro Finance Programme	-	-	-	-	-	29,598,743,796	-	-	29,598,743,796	-	-	29,598,743,796	
House property	-	-	-	-	-	-	-	58,900,848	58,900,848	-	-	58,900,848	
Agriculture and Food Security	-	-	-	-	-	-	-	-	-	73,539,035	-	73,539,035	
Community Empowerment Programme	-	-	-	-	-	-	4,990,825	-	4,990,825	291,456,689	-	296,447,514	
Education Programme	-	-	-	-	-	-	202,211,810	-	202,211,810	145,618,483	-	378,830,293	
Gender, Justice and Diversity	-	-	-	-	-	-	69,630,632	-	69,630,632	4,064,377,614	-	4,134,008,246	
Health Programme	-	-	-	-	-	-	12,975,861	-	12,975,861	317,865,685	-	330,841,546	
Human Rights and Legal Aids Services	-	-	-	-	-	-	-	-	-	59,461,048	-	59,461,048	
Policy Advocacy	-	-	-	-	-	-	-	-	-	652,072,685	-	652,072,685	
Water, Sanitation and Hygiene Programme	-	-	-	-	-	-	-	-	-	2,299,816,871	-	2,302,436,776	
Ultra-Poor Programme	-	-	-	-	-	-	3,119,905	-	3,119,905	2,914,613,506	-	2,914,613,506	
Forcibly-displaced Myanmar Nationals	-	-	-	-	-	-	-	-	-	245,997,996	-	245,997,996	
Disaster Management and Climate Change	-	-	-	-	-	-	-	-	-	499,228,766	-	499,228,766	
Skills Development Programme	-	-	-	-	-	-	-	-	-	709,738,271	-	709,738,271	
Other Development Projects	-	-	-	-	-	-	213,307,227	-	213,307,227	-	-	213,307,227	
Grants	-	-	-	-	-	-	12,614,227	-	12,614,227	-	-	12,614,227	
Total Expenses	7,864,805,815	350,101,754	3,814,839,337	2,186,369,107	75,921,522	29,598,743,796	518,850,487	58,900,848	44,468,532,666	15,834,288,494	-	60,302,821,160	
Surplus of income over expenditure before taxation	1,172,604,845	23,790,434	158,809,149	302,543,414	17,360,530	16,371,437,278	1,011,844,634	33,692,820	19,092,083,103	(1,347,232,296)	-	17,744,850,808	
Net surplus stated in statement of income & expenditure before inter-progr. Allocation	(351,518,496)	(6,696,828)	(24,876,149)	(62,860,347)	(4,445,626)	-	(1,302,602,554)	-	(1,753,000,000)	-	-	(1,753,000,000)	
Inter-programme allocations	821,096,349	17,083,606	133,933,000	239,683,067	12,914,904	16,371,437,278	(290,757,921)	33,692,820	17,339,083,103	(1,347,232,296)	-	15,991,850,808	
BRAC Contribution to support Donor Funded Programmes	(410,543,175)	(8,546,803)	-	(142,401,302)	(6,458,474)	-	567,949,754	-	(1,350,498,021)	1,350,498,021	-	-	
Net surplus for the period after inter-programme allocations	410,543,174	8,546,803	133,933,000	97,281,765	6,456,430	16,371,437,278	(1,073,306,188)	33,692,820	15,995,585,082	3,265,725	-	15,991,850,808	

32. Statement of Functional Expenses

Expenditure Statement for the period ended December 31, 2019

	Unrestricted										Temporarily restricted		Total 2019 Taka
	Aarong Rural Craft Centre Taka	BRAC 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 Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total Taka		
	Salaries and benefits	1,012,534,443	19,975,273	352,922,381	314,401,064	15,279,854	17,636,451,910	40,105,111	-	19,591,670,036	6,096,981,704	25,688,651,740	
Traveling and transportation	102,269,980	2,785,135	151,159,985	52,604,088	3,010,788	1,567,454,655	65,872,966	-	1,965,157,597	718,738,467	2,683,896,064		
Teachers' salaries	-	-	-	-	-	-	119,300,353	-	119,300,353	397,338,487	516,638,840		
Teachers' training	-	-	-	-	-	-	8,544,302	-	8,544,302	43,427,169	51,971,471		
School rent and maintenance	-	-	-	-	-	-	23,041,852	-	23,041,852	68,363,864	91,405,716		
Stationery, rent and utilities	430,248,142	1,024,186	30,556,303	25,379,706	2,505,069	1,160,405,379	31,885,987	16,571,454	1,698,576,226	527,901,212	2,226,477,438		
Maintenance and general expenses	288,466,980	5,683,945	52,414,180	66,318,141	5,088,024	1,004,718,810	55,513,904	5,154,853	1,483,328,837	385,159,887	1,868,488,724		
Members' training	-	-	-	-	-	-	-	-	-	198,087,445	198,087,445		
Staff training and development	4,837,705	66,443	11,326,318	13,185,750	34,053	279,301,659	15,764,181	-	324,516,109	446,445,367	770,961,476		
Programme supplies	-	-	-	-	-	260,442,476	78,553,023	-	338,995,499	-	338,995,499		
Interest on members' savings deposits	-	-	-	-	-	5,292,875,918	-	-	5,292,875,918	-	5,292,875,918		
Interest on long term loans	-	-	-	-	-	4,659,702,994	-	-	4,659,702,994	-	4,659,702,994		
Bank overdraft interest and charges	27,964,428	10,852,607	-	-	-	3,219,655,513	63,522,785	-	3,322,175,333	-	3,322,175,333		
Cost of goods sold of social enterprises	5,971,687,154	322,679,578	31,188,014,368	1,458,124,679	28,687,986	-	-	-	10,969,173,775	-	10,969,173,775		
Publicity, advertisement and sales commissions	269,910,188	-	90,311,982	125,055,561	26,000	-	53,996,808	-	539,300,539	14,231,580	553,532,119		
Loan loss provision for microfinance loans	-	-	-	-	-	-	-	-	-	4,317,719,641	4,317,719,641		
Depreciation of property, plant and equipment	231,793,443	1,506,042	8,290,369	53,739,562	1,790,136	290,134,394	330,922,855	24,443,112	942,619,913	131,043,772	1,073,663,686		
Provision for bad and doubtful debts	5,989,441	-	8,913,776	11,504,187	347,562	-	-	-	26,754,966	-	26,754,966		
Allocation to self-insurance fund	-	-	-	-	-	-	55,611,396	-	55,611,396	-	55,611,396		
Allocation to Relief and Rehabilitation fund	-	-	-	-	-	-	-	-	-	-	-		
Grants	8,345,701,904	384,573,209	3,863,909,682	2,120,312,737	56,719,483	39,909,043,349	1,178,973,919	46,169,419	55,885,403,682	15,884,336,917	71,769,740,599		

Included in cost of goods sold of (BRAC Dairy, Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 188,473,984

32. Statement of Functional Expenses (cont'd)

Expenditure Statement
for the year ended December 31, 2018

	Unrestricted										Temporarily restricted		Total 2018 Taka
	Aarong Rural Craft Centre Taka	BRAC 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 Projects Taka	House Property (Building) Taka	Total		Development Projects Taka		
									Unrestricted				
Salaries and benefits	1,003,410,118	18,787,599	318,712,743	347,176,502	16,217,389	13,119,483,011	41,579,037	-	14,865,966,393	6,611,155,946	21,476,522,346		
Travelling and transportation	100,321,927	2,071,334	150,729,851	56,332,703	1,178,254	1,151,795,648	6,271,806	-	1,468,701,523	780,895,071	2,249,596,594		
Teachers' salaries	-	-	-	-	-	-	10,577,362	-	10,577,362	863,334,403	873,912,335		
Teachers' training	-	-	-	-	-	-	2,043,830	-	2,043,830	52,220,050	54,263,880		
School rent and maintenance	-	-	-	-	-	-	5,048,723	-	5,048,723	174,393,997	179,442,720		
Stationery, rent and utilities	384,986,434	754,039	30,510,141	15,881,042	2,906,765	795,598,394	2,109,855	16,151,560	1,248,896,230	356,267,255	1,605,165,485		
Maintenance and general expenses	212,071,772	4,715,375	61,415,157	63,985,421	9,464,465	621,420,212	2,837,630	19,171,314	995,081,345	213,624,759	1,208,706,104		
Members' training	-	-	-	-	-	-	-	-	-	193,376,980	193,376,980		
Staff training and development	7,513,830	126,916	12,549,804	15,488,300	61,121	352,519,215	2,758,840	-	391,018,026	306,764,898	697,782,924		
Programme supplies	-	253,832	137,670	1,880,450	122,242	337,278,232	5,910,060	-	345,582,486	6,175,336,383	6,520,918,868		
Interest on members' savings deposits	-	-	-	-	-	4,247,360,801	-	-	4,247,360,801	-	4,247,360,801		
Interest on long term loans	-	-	-	-	-	2,796,408,873	-	-	2,796,408,873	-	2,796,408,873		
Bank overdraft interest and charges	83,903,922	7,369,422	-	10,986,567	-	-	-	-	2,631,451,422	-	2,631,451,422		
Cost of goods sold of social enterprises	5,698,828,627	308,595,026	3,101,922,490	5,116,920	-	2,496,523,657	38,537,501	-	10,647,545,149	-	10,647,545,149		
Publicity, advertisement and sales commissions	185,463,320	-	112,078,911	1,495,022,605	43,176,401	-	47,775,220	-	438,280,051	-	450,341,125		
Loan loss provision for microfinance loans	-	-	-	91,917,431	1,045,169	-	-	-	3,397,704,456	12,061,074	3,397,704,456		
Depreciation of property, plant and equipment	186,979,630	1,429,349	5,414,953	57,912,250	1,430,148	3,397,704,456	285,008,669	23,577,974	844,204,471	94,857,677	939,062,149		
Provision for bad and doubtful debts	1,326,035	5,998,862	21,367,618	24,688,916	319,568	282,451,238	165,740	-	53,866,739	-	53,866,739		
Allocation to self- insurance fund	-	-	-	-	-	-	55,611,396	-	55,611,396	-	55,611,396		
Allocation to Relief and Rehabilitation fund	-	-	-	-	-	-	-	-	-	-	-		
Grants	-	-	-	-	-	-	-	-	-	-	-		
	7,864,805,815	350,101,754	3,814,639,337	2,186,369,107	75,921,522	29,598,743,736	518,850,467	68,900,848	44,468,532,666	15,834,288,494	60,302,821,160		

Included in cost of goods sold of (BRAC Dairy, Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 139,644,704