



Liberia

BRAC established operations in Liberia in 2008 and now provides hope for a better future to more than 500,000 Liberians with programmes in microfinance, small enterprise development, agriculture, livestock and poultry, and health.

What started out in 1972 in a remote village of Bangladesh as a limited relief operation, turned into the largest development organisation in the world. Of major non-governmental organisations, BRAC is one of the few based in the global south.

Today, BRAC is a development success story, spreading solutions born in Bangladesh to 10 other countries around the world – a global leader in creating opportunity for the world's poor. Organising the poor using communities' own human and material resources, it catalyses lasting change, creating an ecosystem in which the poor have the chance to seize control of their own lives. We do this with a holistic development approach geared toward inclusion, using tools like microfinance, education, healthcare, legal services, community empowerment and more.

Our work now touches the lives of an estimated 126 million people across the world, with staff and BRAC-trained entrepreneurs numbering in the hundreds of thousands – a global movement bringing change to 11 countries in Asia, Africa and the Caribbean.

Liberia

2012
Annual Report

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Vision, Mission and Values

Vision

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

Mission

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

Values

Innovation

For forty years, BRAC has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

Integrity

We value transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. We hold these to be the most essential elements of our work ethic.

Inclusiveness

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

Effectiveness

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

Chairperson's Statement



It gives me great pleasure to present the annual report and the audited financial statements for the year ended 31 December 2012.

Although rich in natural resources, Liberia is still a low income country greatly dependent on foreign assistance. Civil war and government delinquency destroyed a great deal of Liberia's economy. Poverty remains a major challenge for the government of Liberia. With a population of 3.9 million, of which 46.3 per cent is below the age of 14 this small country requires targeted planning and investments in appropriate sectors to meet the demand of the different age and socio-economic groups.

In 2008, BRAC's intervention in Liberia commenced through microfinance, health, agriculture, livestock and poultry, helping the poorest to improve their socio-economic condition. This year, we served 18,925 borrowers by disbursing USD 5.65 million in micro loans.

Agriculture is the largest sector of the Liberian economy and the most important source of income for women. Demand for livestock products, including poultry, is expanding in Liberia as a result of the growing population and increasing urbanisation. With support from the Department for International Development (DFID) UK, we are improving the lives

of women farmers and their families in twenty regions through new technology, training, improved seeds and awareness on nutrition. To support the poultry rearers we are constructing a poultry breeder farm and a feed mill.

Civil conflict in Liberia has contributed to the deterioration of health care services in Liberia. The country has very poor health indicators – especially amongst women and girls in rural areas – with a heavy affliction of infectious disease. We focus on the prevention and control of malaria, tuberculosis and HIV/AIDS, the reduction of infant and under-five mortality, and increasing accessibility to healthcare. In 2012, our health and diagnostic centre treated 3,549 malaria patients, while our community health promoters administered Directly Observed Therapy, Short-Course for 129 TB patients.

With only 11 per cent contraceptive prevalence rate, family planning is a challenge in the country. A quick uptake of contraceptives will help reduce teenage pregnancy and maternal mortality ratio. Our small intervention in community based awareness raising and distribution of family planning commodities to the women and adolescents helped to improve family planning practices.

I would like to take this opportunity to thank our team in Liberia who have worked diligently under difficult circumstances and paucity of resources. I extend my sincere thanks to the members of the governing body, whose leadership and foresight has been of great value. As situation continues to evolve, BRAC will continue to evaluate its strategy. I thank the Liberia government and our development partners in Liberia for their continued support as we strive to create greater value in our services to contribute towards the progress and prosperity of Liberia.



Sir Fazle Hasan Abed, KCMG

Founder and Chairperson
BRAC & BRAC International

BRAC International

Governance and Management

1. Governance

1.1 The legal status of BRAC International

BRAC International is registered as Stichting BRAC International, a foundation registered under the laws of The Netherlands, with its seat in The Hague. All of BRAC International's development entities operate under this umbrella. Development programmes include health, education, agriculture, livelihoods, targeting the ultra poor, human rights & legal services programmes. BRAC International Holdings B.V. is a wholly owned subsidiary of Stichting BRAC International. BRAC International's microfinance, programme supporting enterprises and finance company are consolidated under this wing. Programme supporting enterprises currently include seed production, feed mill, training centres and tissue culture lab.

BRAC International has introduced programmes in Afghanistan, Haiti, Sri Lanka, Pakistan, Uganda, Tanzania, South Sudan, Sierra Leone, Liberia and Philippines. In each of these countries, BRAC International is legally registered with the relevant authorities.

1.2 Governing Body

BRAC International is governed by a governing body. The governing body is elected from among distinguished individuals with sound reputations in social development, business or the professions who have demonstrated their personal commitment to pro-poor causes. These individuals are elected to the governing body to bring their diverse skills, knowledge and experiences to the governance of BRAC International. At present, there are 10 members on the governing body. The governing body usually meets four times a year, in accordance with the rules of Stichting BRAC International. The composition of the present governing body of Stichting BRAC International is as follows:

Members of the Governing Body

Chairperson	: Sir Fazle Hasan Abed
Member	: Dr Mahabub Hossain
	Muhammad A (Rume) Ali
	Ms Susan Davis
	Ms Sylvia Barren
	Dr Debopriya Bhattacharya
	Ms Shabana Azmi
	Mr Shafiq ul Hassan
	Ms Parveen Mahmud
	Ms Irene Zubaida Khan

The composition of the present Governing body of BRAC International Holdings B.V. is as follows:

Chairperson	: Sir Fazle Hasan Abed
Member	: Dr Mahabub Hossain
	Muhammad A (Rume) Ali
	Ms Susan Davis
	Ms Sylvia Borren
	Orangefield Trust (Netherlands) B.V.

Details about the roles of governing body are available in the Deed of Incorporation of Stichting BRAC International and BRAC International Holdings B.V.

1.3 Local Boards

Each country entities have a local board. We have aimed to pursue microfinance and non-microfinance activities through separate entities in most of our countries. The local board members are appointed by the Stichting BRAC International board. The business of the local entities is managed by these local boards. Further details of the roles of the local board are available in the respective incorporation documents of these entities.

1.4 Accountability and Transparency

The internal audit department normally conducts audits at all our cost centres on a sample basis. All departments or units in which irregularities are detected through the course of normal internal audit are then audited. Audits take place at least once a year and twice or more in locations and on programmes where a closer watch is warranted.

External audit of Stichting BRAC International, BRAC International Holdings B.V. and all of our legal entities are undertaken annually. Financial transparency is ensured by BRAC International's finance and accounts division, which prepares financial statements following the International Financial Reporting Standards (IFRS) and relevant countries' laws.

BRAC International strives for excellence and transparency in financial reporting. In Uganda, BRAC has been recognised as the Best NGO in the Financial Reporting Awards in both 2011 and 2012, for its preparation, disclosure and maintenance of a commendable financial reporting platform.

2. Management

At all levels of BRAC International management, there is a clear-cut policy regarding the authority of each level of staff, and staff are adequately equipped and empowered to act as effective managers. This is clearly set out in BRAC International's Human Resources Policies and Procedures (HRPP) and Table of Authority. The

appropriate staff are empowered to take decisions with respect to all levels and areas of management, including: recruitment, deployment, capacity-building, transfer, leave, financial transactions, purchase and procurement. These are spelled out in detail with respect to staff at the Area, regional and country office levels. The HRPP also contains all policies relating to staff salary, benefits, recruitment and promotion procedures and payments. Every staff member receives orientation on HRPP.

The Stichting board appoints officers, namely the Senior Directors, Group CFO and Director Finance to manage affairs from the secretariat in Dhaka. BRAC International's management policies clearly define the authority of each level of staff. The appropriate staffs are empowered to take decisions at area, regional, country and Head Office levels. Procedural manuals and policy documents are made available to staff; these detail organisational policies and procedures. Day-to-day decisions are taken by area managers, regional coordinators and programme heads as appropriate, while larger policy decisions involve Country Representatives, Senior Directors, Group CFO, Director Finance and, in particular cases, the Executive Director, the Chairperson and the governing body.

2.1 Financial Management

All matters relating to finance and accounts from branch offices to head office are supervised and controlled by the finance and accounts department. The branch offices prepare project wise monthly cash requisitions, which are sent to the area/regional office. The area/regional office checks and monitors the accuracy of the requisition and then sends it to country office. After checking, the Country Office disburses funds as per the requisition. The Area I Branch Offices send monthly Expenditure Statements

along with bank statements to the Country Office Finance and Accounts Department. The country office then consolidates all the expenditure statements and prepares monthly financial statements and reports to the BRAC International Head Office and donors, as required. A comprehensive accounting manual and statement of standard operating procedure guides accounts personnel in preparing financial statements and reports following accounting standards, and in running other financial activities in a systematic and efficient way.

In consultation with different level of stakeholders, the country office prepares project-wise budgets, which are then sent to the Head Office. The head office checks the project-budgets of its country offices, which is recommended by the Director Finance and finally approved by the Group CFO. The head office also consolidates and prepares a country budget, prepares budget variances and submits these to the governing body in the quarterly board meetings of BRAC International's Governing Body. The budget is therefore prepared with the participation of programme and finance staff.

Further details can be found within BRAC International's accounts and finance manual.

2.2 Human Resource Management

The Human Resources Department (HRD) in both head office and within each country in which BRAC International operates is chiefly responsible for recruitment, deployment, staff appraisal, and all aspects of Human Resource Management (HRM) from head office. One of the central roles of the HRD is to establish and disseminate a clear-cut policy regarding the authority of each level of staff, in the form of the Human Resources Policies and Procedure (HRPP). The HRPP also contains all policies relating to staff salary, benefits, recruitment and promotion procedures, payments,

and a detailed code of conduct etc. Every staff member receives orientation on HRPP.

2.3 Staff training and capacity-building

BRAC International places high priority on the training and capacity-building of staff. To date, there are BRAC Training Centres in Liberia, Uganda and Afghanistan. In other countries BRAC hires training facilities near the areas offices.

After recruitment and before deployment, new staff is sent for orientation training by the training division, in which they are introduced to BRAC International's programmes, its objectives and mission. After this, they are deployed in the respective programme areas in the field. According to the needs of the different programmes, staffs are then given programme specific training. Most programmes also have separate training units within the programme unit, for more specialised training. BRAC International also sends staff on short and longer-term international training courses.

In line with its commitment to investing in its staff, BRAC International is continually seeking to improve its human resource management practices, in order to deliver better services to the poor, in particular women. Recent initiatives include:

- Strengthening communication systems within and beyond the organisation, in part to improve learning mechanisms within BRAC International
- Efforts to address gender relations, anti-bribery and corruption, data protection, child protection, conflicts of interest, and culture within the organisation
- Introducing performance appraisal
- A mentoring programme to support junior staff in their personal and professional development.

Microfinance

Innovative, client-focused and sustainable, BRAC's microfinance programme is a critical component of our holistic approach to support livelihoods. Over the course of the last four decades, we have grown to become one of the world's largest providers of financial services to the poor, providing tools that millions can use to better manage their lives.

Improving socio-economic condition of Liberians

BRAC established its microfinance company in Liberia in 2009, which offers an opportunity for the marginalised in Liberia to gain access to financial services, better manage their households, and utilise their resources more efficiently. Our microfinance services provide protection against risks and enable our borrowers to become economically active.

The objectives of BRAC's microfinance programme are to increase access to microfinance services for the marginalised families, to initiate sustainable micro-

enterprises, and to strengthen the institutional structures for effective management of the microcredit systems.

The main impact of the microfinance services is that they provide additional sources of employment for the rural poor, which has a significant impact on the borrowers family income.

We also play an important role in developing the capacity of our local employees as well as practitioners in this sector by providing specialised and

practical capacity building by raising awareness and building capacity of our borrowers, as well as that of the greater community. We help the government of Liberia to achieve its goal of developing a well-founded and functional microfinance sector.



BRAC microloan borrower Louise sells pots and cookware in Kakata, Marigibi County



Musu, BRAC's small enterprise loan borrower, restocks the shelves in her shop in Monrovia

Beyond 2012

We plan to disburse USD 7.29 million to 20,846 borrowers, resulting in a loan portfolio of USD 4.42 million.

To increase the capacity of our staff, we plan to establish a staff development unit and a capacity development unit which would also serve our programme participants. We also plan on setting up a loan review unit, as well as a micro finance internal monitoring team.

As a response to the nation's priority of providing more development work in south-east Liberia, we are exploring opportunities for operating more branch offices, offering loans for solar and motor cycles, introducing various saving schemes, providing financial literacy to our clients and developing the capacity of our staff, as well as collecting instalments and disbursing loans with mobile wallet services through Lonestar and Ecobank.

2012 Highlights

Microloans

This year we served 18,087 microfinance borrowers. We disbursed USD 3.33 million in loans in 2012 (USD 12.26 million loans cumulatively) to clients across seven counties (Montserrado, Margibi, Bong, Nimba, Lofa, Grand Bassa and Grand Cape Mount) at 30 branch offices. The average microloan size was USD 185.

Small Enterprise Programme

We disbursed USD 2.31 million in loans to 838 small enterprise borrowers in 2012 (USD 5.46 million through 2,904 loans cumulatively) via our small enterprise programme at 20 branch offices. The average SME loan size was USD 2,152.

The loan outstanding in our microfinance programme is USD 1.56 millions and in small enterprise programme it amounts to USD 1.13 million. We covered a total of 28,836 households in seven counties with the two loan programmes.

CASE STUDY



Mercy in front of her shop

MERCY: The tale of a successful woman

"The loans have helped my business boom, as I could buy more goods, which meant more customers. My plan for the future is to become a big whole seller so that all my children will have the opportunity to receive higher education."

Mercy is a 46 year old woman who lives in Fiamah community with her four children. She has faced a lot of ups and downs in her life on her own – her boyfriend of 16 years and the father of her four children abandoned the family, leaving her to raise their children alone as nobody had come forward to help her. She soon failed to manage business capital and as a last resort, she sold her only piece of land.

With the money from the land, she started a small business alongside the road. In 2010, she was introduced to BRAC's microfinance programme, and took out her first loan of LRD 80,000 (USD 1,081) and she used it to increase the inventory in her shop. After clearing her first loan, she took out a second loan of LRD 130,000 (USD 1,756). With this money, she leased out land for 10 years, and built a permanent shop named "Mercy Provision Shop", beside which she built a

small living room for herself. The income she earned from her shop enabled her to send her four children to school and college, as well as pay for the basic needs for the family. She took out a third loan of LRD 160,000 (USD 2,162) with which she stocked a wider variety of goods in her shop, helping her increase sales even more.

Mercy is extremely thankful to BRAC because it is the only micro credit organisation that provides service in her remote location. For her, one of the most important value added features about BRAC is the constant contact with her loan officer, who encourages Mercy to be strong and grow her business. Mercy is keen to increase her lending limit with BRAC, and continue expanding her flourishing business.

Agriculture and Food Security

Operating in eight countries, BRAC's agriculture programmes work with governments to ensure food security. We build systems of production, distribution and marketing of quality seeds at fair prices; conduct research to develop better inputs and practices for the agricultural sector; offer credit support to poor farmers; and promote the use of efficient farming techniques and proven technologies. Using environmentally sustainable practices, we are helping our partner countries become self-sufficient in food production.

Assisting Liberia in achieving sustainable agricultural development

BRAC's agriculture programme addresses the problem of poor crop and livestock productivity in Liberia. Our aim is to improve the efficiency and management of small to medium farm enterprises. The programme is designed to increase agricultural output, decrease livestock mortality, raise farm income and increase rural employment.

The agriculture programme operates through community agriculture promoters (CAPs) with farming experience, who are selected directly from our microfinance groups and non-group members. These promoters receive intensive training, microfinance loans, and supplies to inform and assist other farmers, enabling them to substantially improve crop harvests and livestock yields. The promoters benefit from increased yields on their own farms

as well as from additional income from selling services and inputs, such as high quality seeds, to their farming neighbours.

At each branch, BRAC recruits one programme assistant (PA) for agriculture, and one for livestock and poultry, who are responsible for training the community agriculture promoters and community livestock and poultry promoters and supervising their activities. The area agriculture coordinator and area livestock coordinator, who are agriculturists recruited for each area office, are responsible for training of the PAs.

Each of the agriculture promoters identify 250 smallholder farmers living in their communities to be targeted with the support of the branch staff.

Of these farmers, 40 per cent will become model farmers who specialise in crop production and promote good farming practices to others in their communities. CAPs assist the farmers on technical issues such as the choice of varieties to grow, the usage of improved seeds, crop spacing, rotation, intercropping, weeding, planting, fertilisation, pest control, postharvest management and the utilisation of by-products, as well as the integration of crop and livestock enterprises within the farm. They also sell improved seeds and other agricultural inputs like fertiliser and agro-tools.



A woman proudly standing in front of her cultivated nursery bed in Joeblow Town, Airport branch, Margibi County

Beyond 2012

BRAC Liberia plans to introduce Vitamin A rich orange fleshed sweet potatoes, and ensure virus free vines and tissue culture cuttings of cassava. A scope will be created for small scale mechanisation like tillage with seeding devices, small irrigation pump, post harvest processing technology of rice and maize. An initiative have been taken to strengthen farm seed production, market analysis and link to market channel.

2012 Highlights

In 2012, 12.28 metric tonnes of high quality NERICA (New Rice for Africa, a cross between African and Asian rice) and FKR-19 varieties of seed rice were produced by the BRAC seed testing and multiplication farm in Kingsville. Two metric tonnes of corn seeds were also produced at the farm during the same period. Our analysis identified below-critical level of phosphorus in the soil in areas we operate, and subsequently we introduced pulse crops in maize-based cropping systems.

We trained 193 farmers as model farmers who are now providing support to other farmers in their communities. In addition, 445 smallholder farmers were trained on modern agricultural practices and provided with seeds of high yield rice and vegetable varieties and agro-tools. 158

demonstration plots and 23 field days were organised to create awareness amongst farmers on high-yielding varieties and modern technologies.


We trained 1,250 landless rural women with support from Global Poverty Action Fund in 20 branch locations. The training which was on kitchen gardening, will help to increase their families' food intake and improve their children's nutritional status and general health.

We also trained 425 young Ivorian refugees and Liberians from 17 communities in Nimba and Grand Gedeh counties, on vegetable and rice production. This initiative was undertaken with support from the Emergency Response Programme and Plan Liberia.



Rose in her homestead garden in Airport branch, Margibi County

CASE STUDY



Alfred is a teacher and self-employed farmer

ALFRED: From traditional farming to progressive farming

"I want to thank BRAC from the bottom of my heart for helping me change my fate, achieve self-sufficiency, food security and socio-economic settlement. Today I am a successful farmer, and I now own a farm and a business."

Alfred, 40, is a school teacher at Voinjama district in Lofa County. He is also a successful farmer. He engaged his six acres of land in rice, corn and vegetable production. He was selected as a community agriculture promoter because of his interest in farming, willingness to improve, and his desire to work for the wellbeing of the community. Currently, Alfred is a self-sufficient farmer, and through the agriculture programme, he has made a remarkable impact on his livelihood.

From the moment he got involved with BRAC's agriculture programme, he was able to gradually overcome his despondent

situation. He is now able to provide for his family, and his three children can attend school. Alfred has built his own house, and is no longer dependent on others. The initial push, which Alfred admits he needed badly, was given by BRAC. He was provided with trainings and inputs which accelerated his income generation.

Previously he knew very little about farming, but now he has some good ideas on how to make seedbeds, prepare land, sow in line, when and how to transplant, irrigation, fertiliser application, weeding, intercultural operations, harvesting, storing, and other cultivation practices.

Poultry and Livestock

BRAC's livestock and poultry programme aims to promote improved practices and modern technologies amongst poultry and livestock farmers, improve their livestock' productivity and reduce mortality and provide them with a supply of good quality inputs, resulting in efficient and management of small to medium farm enterprises.

Assisting livestock farmers In Liberia

The livestock and poultry programme carries out community activities through self-employed community livestock and poultry promoters (CLPPs). These are experienced male or female livestock and poultry farmers who are selected from BRAC microfinance groups. After selection, they receive extensive training in animal husbandry, and information on animal health issues and vaccinations. Their training also includes the production and conservation of fodder crops. Once trained, CLPPs generate income by

charging fees for their services. With help from BRAC, they offer vaccination services, sell veterinary medicine and provide technical assistance to other microfinance group members and the wider farming community. CLPPs also help to select and assist model poultry and live-stock rearers. It is through this pyramid of entrepreneurial extension agents and structured supervision system that we can extend our services to thousands of people in Liberia.

As part of our self-employment creation initiatives, we trained 435 community livestock and poultry promoters.



Elain, a community livestock and poultry promoter is giving poultry vaccinations in Kakata, Marigibi County



A successful backyard poultry rearer with her healthy roosters in Caldwell branch, Montserrado County

Beyond 2012

We are in the process of establishing a poultry hatchery and feed mill in Buchanan of Grand Bassa county. Along with poultry feed, we are planning to introduce day-old-chicks in the markets before the end of this year.

Our primary goal is to supply our trained farmers in rural areas with day-old-chicks through our CLPPs. We also plan to produce quality feed with locally available ingredients like corn, cassava, palm carnal, which can help to create a market for our contracted agriculture farmers.

With support from the European Union we plan to support the livestock sector, leading the development of a national livestock policy, as well as strengthening of rural veterinary extension services in Liberia. We will be exploring opportunities to develop community based organisations, which can help to create linkage between producers and buyers. We are also planning on establishing broiler processing farm with the aim to ensure hygienic and quality products for the customer.

2012 Highlights

This year we signed an agreement with Chevron to establish a poultry hatchery and feed mill at Buchanan.

In August 2012, our poultry and livestock development programme implemented a national PPR vaccination campaign. It was funded by USAID-FED and implemented jointly with Ministry of Agriculture within BRAC's working areas. The total cost of the project was USD 106,996.

In December, we signed an agreement with the European Union to implement a three year project on "Increasing food security in poor, rural areas in Liberia through livestock production, processing and marketing".

So far, we have vaccinated 90,161 chickens and de-wormed 1,748 small ruminants and pigs through our CLPPs. 122,683 sheep and goats were also vaccinated by our community volunteers under the national PPR vaccination campaign in BRAC's working areas.

From April 2012, we started implementing the GPAF project under DFID support. Through this project we conducted trainings for our 20 programme assistants and, 199 community promoters. We also trained and supported 120 backyard poultry rearers. In addition, we formed 160 village nutrition committees which conduct monthly meetings on nutrition awareness in the communities.

CASE STUDY

Christina's new poultry business has brought hope to her family

CHRISTINA: Triumphant in the fight against poverty

"I am grateful to BRAC for selecting me as a backyard poultry rearer. It helped me to improve my social, economic and financial conditions."

Christina, a 41 year old woman from Sugar Hill community under Totota district in Bong county, lives with her nine children. Before she joined BRAC, she was struggling to feed her children on her husband's meagre income. They were rarely able to eat two meals a day, and habitually went to bed hungry. Chronic malnutrition was deteriorating their health and mortality of her children.

In August 2012, Christina attended a BRAC training programme on backyard poultry raising and planting vegetables in the kitchen garden near her home. Five months later, the family had a regular supply of

nutritious vegetables, and a source of high protein from the eggs and poultry meat. They also earned an additional income from the sale of surplus produce.

Thinking of the past, Christina remembers how her family was struggling daily to survive, but now they are fortunate to have sufficient food. She now has a growing poultry business and a vegetable garden that feeds her family and provides a decent income. BRAC taught her how to take care of her birds, and she has also learnt a lot about nutrition and how to improve the health of her children.

Health

Working in eight countries, BRAC's health programmes promote sustainable and accessible healthcare for the poor in collaboration with both state and private healthcare providers. Working in their own slums and villages, BRAC's army of self-employed community health promoters helps whole communities stay healthy, with a groundbreaking door-to-door approach. These promoters create a cost-effective bridge between under-served poor communities and formal healthcare systems. BRAC also organises health meetings to encouraging an exchange of knowledge, thus empowering people to take care of themselves, their families and neighbours.

Progress in Liberian health sector

To address the lack of access to health services, BRAC began community health activities in Liberia in 2008, following a proven model of community healthcare developed in Bangladesh, which has been successfully implemented in BRAC programmes across Asia and Africa. The health programme takes a multi-pronged approach to reduce the health risks for poor communities in Liberia. We focus on the prevention and control of malaria, tuberculosis (TB) and HIV/AIDS, the reduction of infant and under-five mortality, and increasing accessibility to health by taking healthcare to the doorstep of the people in the communities we work with.

BRAC identifies and trains potential women from the communities to become Community Health Promoters (CHPs) and employs female programme assistants (PA) to supervise them. These promoters conduct daily household visits and are the central point of contact for health concerns in their communities. Each CHP has an overall responsibility for 150-200 households in her area that she will visit every month – all within one kilometre of her home. CHPs earn a small income from selling healthcare products such as condoms, oral rehydration solution, sanitary napkins, hygienic soap, water purification tablets, insecticide treated mosquito nets and some over-the-counter drugs, such as paracetamol, antihistamines and antacids.

Since the programme started in November 2008, there are 30 branches across 20 districts in seven counties, reaching over 539,000 Liberians through a total of 552 community health promoters.

Essential health Care (EHC)

Our EHC programme is operating in 30 branches with CHPs being the key players. They provide education on health, nutrition, family planning and immunisation, distribute pills and condom, provide pregnancy related care, promote safe delivery practices and good hygiene practices and provide basic curative care for 10 common diseases, and help control malaria and tuberculosis in their communities. They render these services through home visits and courtyard meetings.

Health and diagnostic centre

Our health and diagnostic centre in Gardnersville provides lab tests services, patient consultations, pharmacy support and the provision for short stays for the poor in sub-urban areas in Monrovia. At the request of the National Leprosy and TB Control Programme, we helped to upgrade the government health centre's laboratory for Tuberculosis diagnosis and treatment in Gardnesville.

Community-based family planning pilot project

This is a collaborative project with the Family Health Division, Ministry of Health & Social Welfare (MoH&SW), UNFPA and Planned Parenthood Association of Liberia. During regular household visits, our CHPs encourage women to use modern methods of contraceptives where there is a demand. CHPs also refer eligible couples to the nearest healthcare facilities, in addition to providing referral services,

Beyond 2012

In 2012, the Ministry of Health and Social Welfare conducted an assessment to select a sub-recipient for GFATM's Tuberculosis component and BRAC was recommended by the Technical Coordinating Committee. We anticipate working with National TB programme for community based TB in 2013.

Considering the outcome and recommendations made by an external monitoring team, we plan to expand our community-based contraceptive distribution project.

We also plan on implementing a Reproductive, Maternal, and Neo-natal and Child Health project in Liberia.

2012 Highlights

We piloted community-based distribution of contraceptive through six branches in two counties. The initiative was undertaken in collaboration with the Family Health Division, MOH&SW, UNFPA and Planned Parenthood Association of Liberia.

We expanded our community-based TB DOTs and antenatal care services to six branch offices.

In 2012, we focused on identifying high-risk pregnant women and raising awareness in community meetings. To encourage institutional delivery we introduced delivery support kits for pregnant women attending facilities during delivery in three counties. Under the GPAF project, we also organised awareness campaigns on nutrition intake in 20 branches.

In our health and diagnostic centre, we introduced a provision for short stay services for unstable patients with high/low blood pressure, severe weakness, or small injuries. However, we continue to collaborate with the local health facilities to refer critical cases.

This year, we conducted 12,437 health awareness meetings where 123,968 participants attended. We referred 34,106 cases to the nearest health facilities and distributed 15,950 cycles of oral contraceptive pills. Our health and diagnostic centre consulted 5,597 patients, treated 3,549 malaria patients, performed 7,655 laboratory tests, tested 531 TB Sputum and found 38 positive, while our CHPs administered DOTs to 129 TB patients.

Patience, a community health promoter checking Katherine and her daughter during household visit in Monrovia



CASE STUDY



Teta has moved from selling cold water in the streets to a BRAC community health promoter

TETA: A confident lab aid

"Now I receive a regular salary as a BRAC staff, and I can sufficiently maintain my family, and also save money in the bank on a regular basis."

Teta is from Maryland county, which is the farthest county from capital Monrovia. She is 28 years old, and graduated from high school in 2005. After graduation, she was selling cool water on the streets of the red light area, earning a very low income on average. She was struggling to sustain herself on such a small income.

In January 2009, BRAC staff came to visit her community and informed them about their various programmes, especially on health care. Teta was so inspired by BRAC's interventions that she decided to volunteer

for BRAC, and was subsequently selected as a community health promoter (CHP). She was given a 15 days basic training on health by BRAC. After the training, she dutifully performed her responsibilities as a CHP in her community, which brought her much prestige and courage.

In the meantime, Teta completed her nine month nursing aid course, and when BRAC established a health and diagnostic centre in Gardnesville community in September 2010, she was hired as a lab aid.

Support Programmes

Finance and Accounts Unit

The finance and accounts unit monitors and controls the funding of all donor assisted BRAC projects and programmes in Liberia. The unit ensures proper finance and accounts services of the organisation are maintained, performing a vital role within the organisation in improving programme efficiency, enhancing management decision and promoting transparency and accountability. Under this unit, financial data from all transactions carried out at different cost centres are collected and stored.

As part of BRAC's capacity building initiatives this year, BRAC provided training to 34 national staff on finance and accounts management in Liberia. BRAC Liberia's finance and accounts unit also facilitated the external audit for 2011, ensuring final audit reports for two entities -BRAC Liberia and BRAC Liberia Microfinance Company Limited.

New initiatives

BRAC in Liberia will introduce branch level bank accounts for each branch to ensure automation in all branches. Field level accounts management will be strengthened through regional accounts officers under direct supervision of a country accountant. In addition, the unit will ensure every branch has been provided with laptops so that data automation remains uninterrupted during power shortage.

This year a comprehensive Finance and Accounts Manual was launched in the finance and accounts convention held in Bangladesh.

Internal Audit Department

Internal auditing department (IAD) is an independent, objective assurance and consulting support designed to add value and improve BRAC International's operations. It helps BRAC International to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control and governance processes. Internal auditing is a catalyst for improving BRAC International's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, the internal audit department provides value to governing bodies and executive management as an objective source of independent advice. The department also assists the management by providing Risk Based Audit for efficiency and effectiveness.

In 2012, in BRAC Liberia four auditors (one expatriate and three local) audited 129 cost centres and highlighted several issues for management action.

New initiatives

In 2013, the department will conduct surprise audit and produce quarterly report on non-responded internal audit report; provide support for professional development (CPD) for IAD staff, and draft a staff development plan.

Monitoring Department

The monitoring department is a part of BRAC's internal control mechanism for programme operations in Liberia. This department operates independently and ensures transparency and accountability across all other programmes. It also conducts periodic analysis using selected indicators to enable managers in determining whether the key activities are being carried out as planned and are generating the expected impact on the target population. Monitoring activities include checking the microfinance passbook, visiting borrowers, observing group meetings, etc. Currently, a total of five monitoring staffs are working in Liberia.

Staff Development Unit

Staff development unit (SDU) in Liberia was established in October, 2012, to minimise the gap between field operations and the country office for the microfinance programme. Aside from ensuring the efficiency of the workforce, the SDU creates a communication link by addressing and solving issues faced by the microfinance staff. This unit enhances knowledge by raising awareness and building the capacity of the microfinance staff, as well as monitoring HR related issues, mentoring newly hired staff and their job responsibilities and appraisal of staff on their yearly or need based performance.

Risk Management

Risk management relates to how BRAC International sets its objectives, then identifies, analyses, and responds to those risks which could potentially impact the organisation's ability to realise its objectives. The concept of managing risk is an integral part of the accountability requirements at all levels in the organisation. An effective risk management system will safeguard BRAC International's interests and ensure the best use of its resources. Recognition of risk management as a central element of good corporate governance, and as a tool to assist in strategic and operational planning, has many potential benefits in the context of the changing operating environment of BRAC International core business. The internal audit department of BRAC International provided extensive training and workshops on risk management policy to BRAC Liberia staff and facilitated the preparation of risk registers in all programmes.

Information Technology

The Information Technology (IT) department ensures smooth business operations for the microfinance programme in Liberia, providing effective and efficient IT support among various internal departments. Currently, the IT department has become a key support programme in the organisation with only a few numbers of employees. In the future, IT facilities will be expanded at the branch level to ensure better availability of the required hardware, software, internet, etc. Security and backup for all IT operations will also be maintained, and computers will be provided to all branch offices.

2012 Highlights

In 2012, many internal processes, e.g. loan modifications, collection reconciliation modifications, user role management have been changed. Loan cycle and head office reconciliation was introduced in the RADAR system.

Procurement

The procurement department ensures purchase and distribution of goods and programme inputs according to the programme demand from country office to different area offices. The department follows the existing BRAC procurement policy. Procurement starts from the identification of the needs and planning of the process and continues until the goods and related services are delivered and/or performed satisfactorily. The initial step of the procurement process is the identification of needs and making plans so that any constraint or critical target can be anticipated and appropriate actions can be undertaken. Through the procurement department, BRAC has procured and delivered programme inputs for health, agriculture, and poultry and livestock in Liberia.

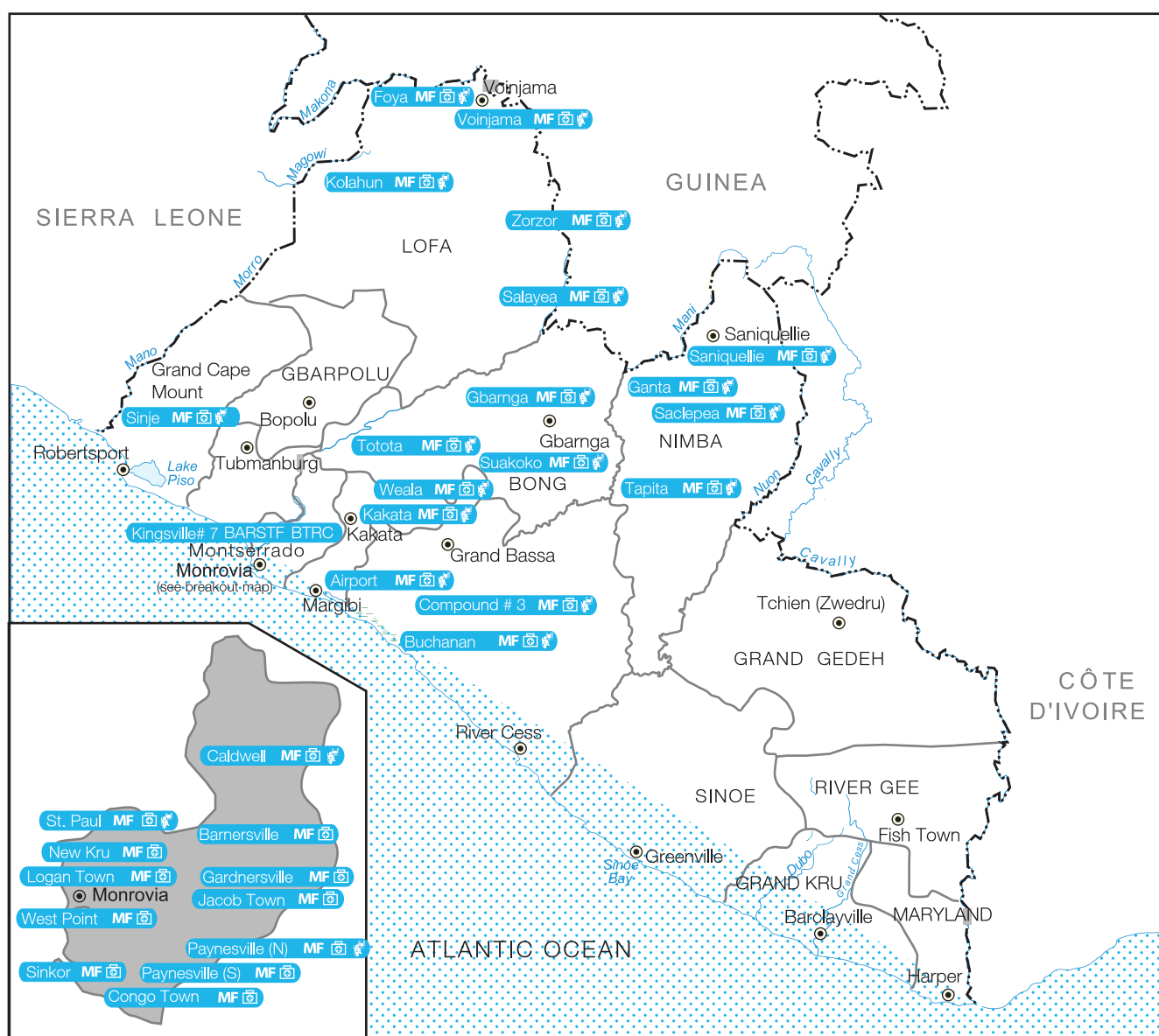
BRAC In Liberia

Branch Locations

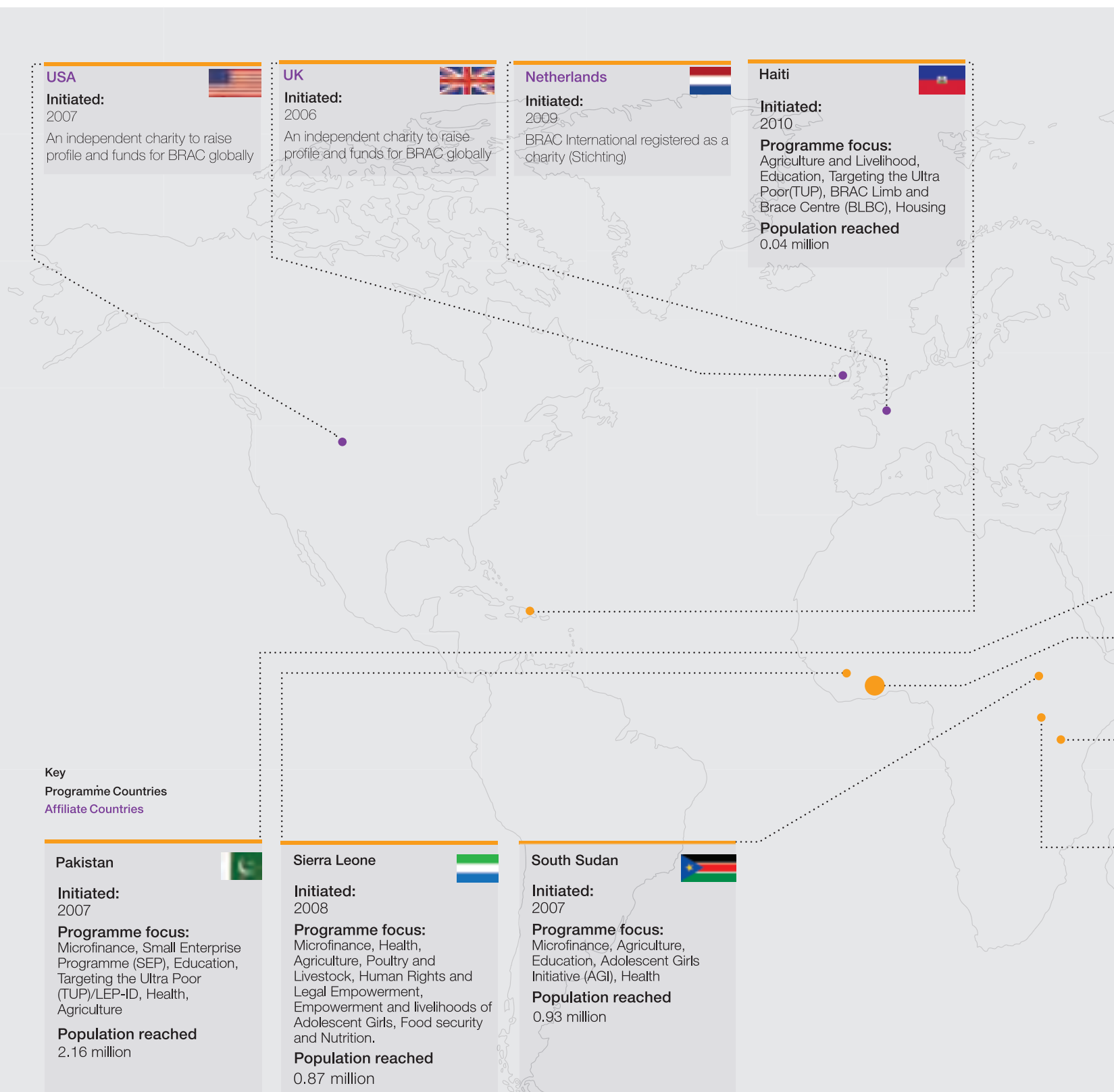


Branch Programmes

MF	Microfinance
	Agriculture, Livestock & Poultry
	Health



BRAC across the world



Afghanistan**Initiated:**
2002**Programme focus:**
Microfinance, Small Enterprise Programme (SEP), Education, Adolescents Reading Centres (ARCs), Health, National Solidarity Programme (NSP), Targeting the Ultra Poor (TUP)**Population reached**
4.72 million**Bangladesh****Initiated:**
1972**Programme focus:**
Microfinance, Education, Health, Nutrition and Population Ultra Poor, Integrated Development, Water Sanitation and Hygiene, Human Rights and Legal Services, Community Empowerment, Agriculture and Food Security, Disaster Management and Climate Change, Gender Justice and Diversity, Migration**Population reached**
Over 120 million**Sri Lanka****Initiated:**
2005**Programme focus:**
Microfinance**Population reached**
0.59 million**Liberia****Initiated:**
2008**Programme focus:**

Microfinance, Small Enterprise Programme (SEP), Agriculture, Poultry and Livestock, Health

Population reached:
0.56 million**Uganda****Initiated:**
2006**Programme focus:**
Microfinance, Small Enterprise Programme (SEP), Education, Health, Agriculture and Food Security, Community Connector, Poultry and Livestock, Empowerment and Livelihood for Adolescents (ELA), Karamoja Initiative**Population reached**
4.04 million**Tanzania****Initiated:**
2006**Programme focus:**
Microfinance, Small Enterprise Programme (SEP), Agriculture, Poultry and Livestock, Empowerment and Livelihood for Adolescents (ELA)**Population reached**
1.33 million**Philippines****Initiated:**
2012**Programme focus:**
Education**Population reached**
11,868 learners

18,925	borrowers
USD 17.7	million loans disbursed (Cumulative)
557	community agriculture promoters trained (Cumulative)
435	community livestock and poultry promoter trained (Cumulative)
129	TB patients treated (Cumulative)
6,132	women served with ante-natal care (Cumulative)
11,043	children immunized (Cumulative)
742	community health promoters trained (Cumulative)

Governance

BRAC LIBERIA

BOARD MEMBERS

Dr A M R Chowdhury	Chairperson
Faruque Ahmed	Member
Tanwir Rahman	Member

BRAC LIBERIA MICROFINANCE COMPANY LTD

DIRECTORS

Susan Davis	Chairperson
Faruque Ahmed	Member
Tanwir Rahman	Member
Ishtiaq Mohiuddin	Member
Tapan Kumar Karmaker	Member
Neal Delaurentis	Member
Arjuna Costa	Member

Management

Mohammed Abdul Salam	Country Representative BRAC Liberia
Md Billal Hossain	Managing Director of BRAC Liberia Microfinance Company Ltd
AKM Shafiq Hasan Sayeed	Manager, Staff Development Unit
Sujit Kumar Sarker	Country Head of Internal Audit
Bongshi Badan Saha	Country Head of Accounts
Dr Md Mahmud Hossain	Manager, Poultry and Livestock
Kazi Morshed Alam	Technical Manager, Health
Md Mofizur Rahman	Farm Manager, Poultry Hatchery and Feed Mill

Development Partners



Operational and financial highlights of BRAC Liberia

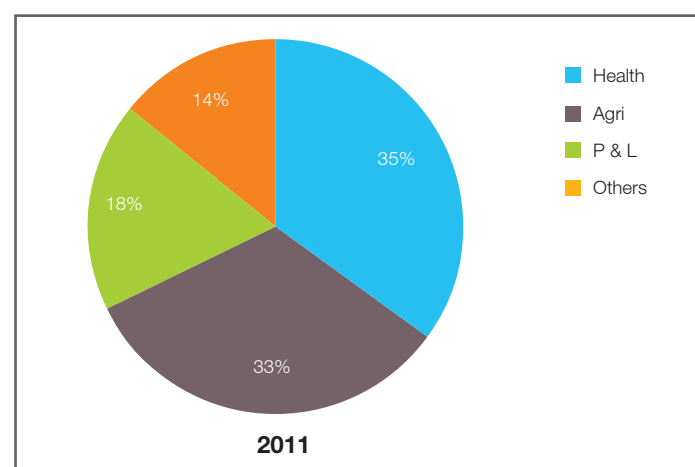
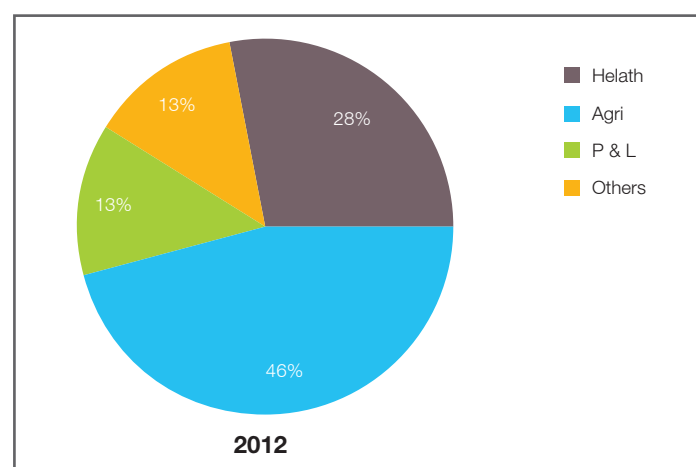
BRAC Liberia completed another eventful year with grants received amounting to USD 1,741,100 as against USD 20,957 in 2011. Total Project expenses for the year were USD 1,464,986 (USD 1,086,046 in 2011). Out of the total expenses majority is expensed in Health, Agriculture and Poultry & livestock programs with support from DFID and Omidyar Network. All most 89.5 % of total expenditure is being used for program service with only 10.5% as admin expenses.

Total Equity as at 31 December 2012 stands at USD 1,648,990 as against USD 1,172,350 in 2011.

Programme Cost by nature of Programme

In USD

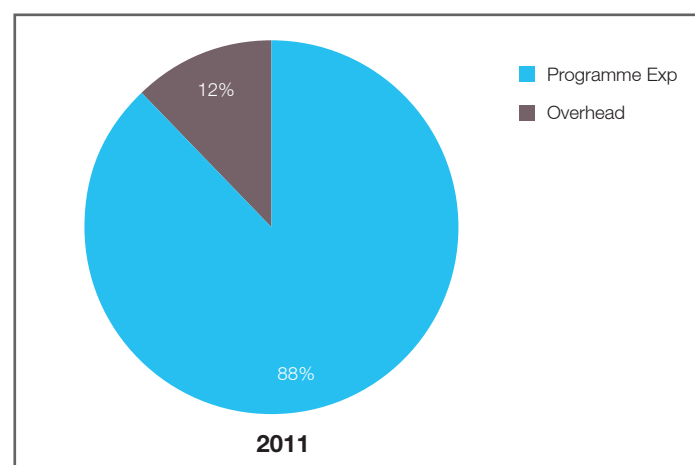
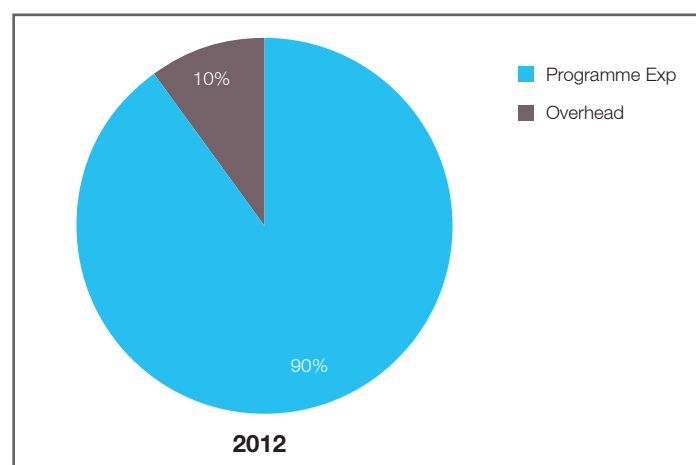
Programmes	2012	2011
Health	369,199	339,016
Agriculture	595,754	315,295
Poultry and Live Stock	171,109	169,311
Others	175,398	134,859



Programme Cost by nature of expenses

In USD

Expenses	2012	2011
Program expenses	1,311,460	958,481
Overheads	153,526	127,565

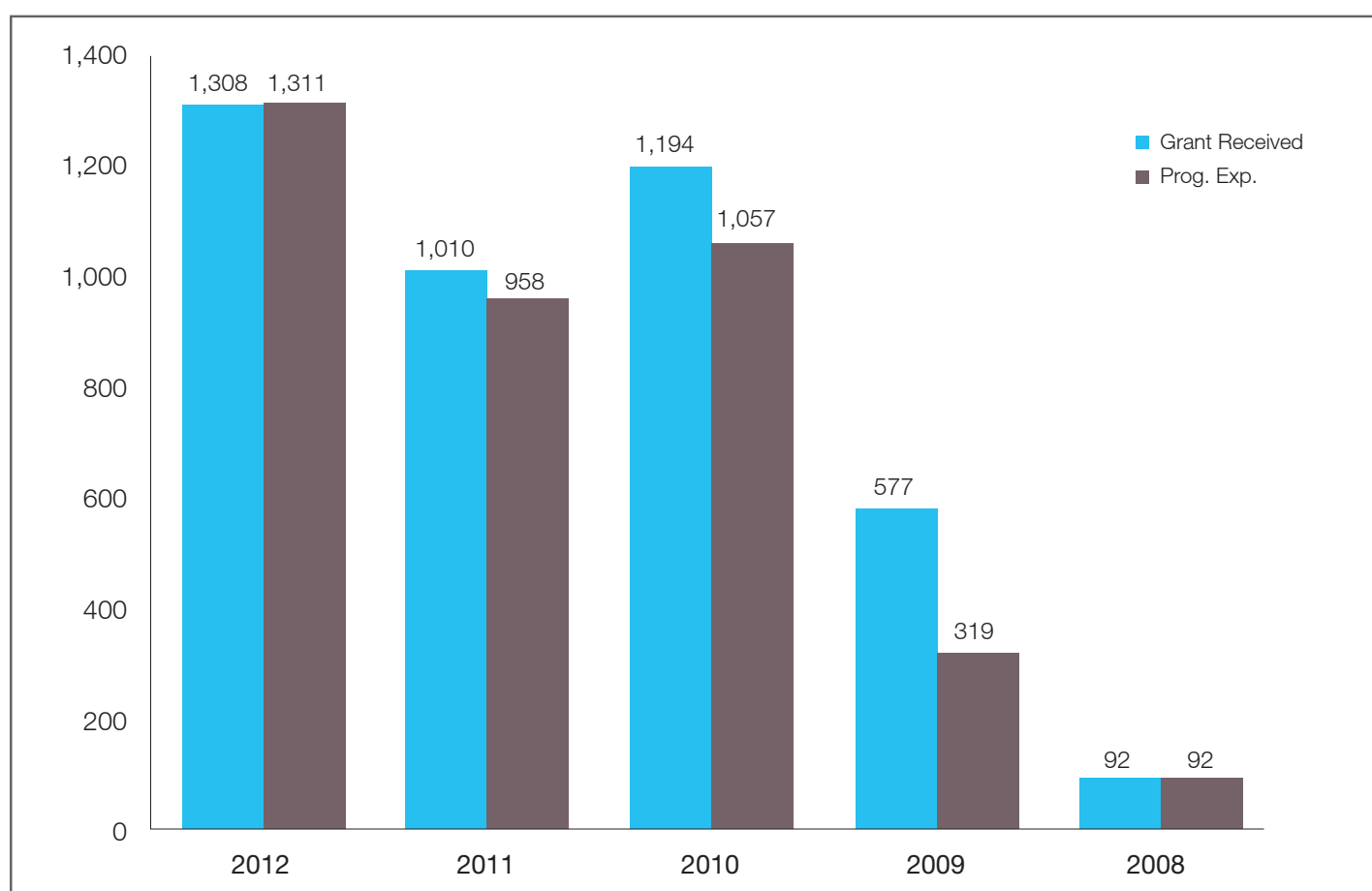


Five Year Performance Review

Figures in USD

	2012	2011	2010	2009	2008
Income Statement					
Grant Income	1,308,392	1,010,477	1,194,238	577,138	91,673
Other Income	135,757	75,569	42,140	8,178	-
Programme expenses	1,311,460	958,481	1,056,585	318,809	-
Admin expenses	153,526	127,565	179,793	266,507	91,673
Financial Position					
Net equity	1,648,990	1,172,350	57,273	36,579	4,988
Cash at bank	1,793,165	1,243,394	2,294,748	2,912,648	358,660
Operational Statistics					
No of Projects	13	10	6	3	3

Last five years Grant Received vs. Programme expenses (In '000 USD)



Awards and Recognition in 2012

BRAC Liberia has been honored by the X-Ray Newspaper as NGO of the year 2012 based on the BRAC's efforts in working with groups mostly with women in Liberia.

Operational and financial highlights of BRAC Liberia Micro-finance Company Limited

Net Income

BRAC Liberia Microfinance Co. Ltd. completed another challenging year in 2012 by registering a pretax loss of USD (570,502) as against USD (320,619) in 2011. Interest income increased by 13.12% in 2012 .

Operating expenses

Total operating income for the year was USD 1,693,014 as against USD 1,526,478 in 2011 showing an increase of 11%.

Provisions for Impairment losses

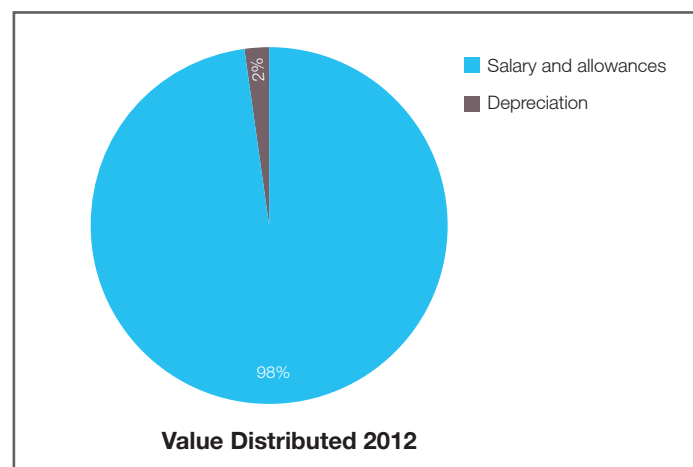
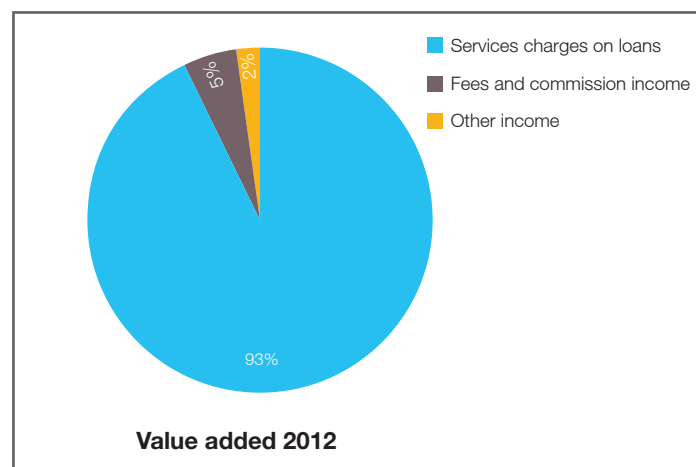
This year amount charged for impairment on loans was USD 397,853 as against 211,100 in 2011, an increment of 88.47 %. Total reserve as against impairment in 2012 was USD 396,565 as against 352,262 in 2011, representing 14.72% of Gross portfolio. Portfolio At Risk (PAR>30) is 17% as against 11.98% in 2011.

Financial Position

In 2012, BRAC Liberia Microfinance company Limited's total assets decrease by 6.18% to USD 4,750,860.

Value Added Statements

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



Figures in USD

	2012		2011	
	Amount	%	Amount	%
Value added:				
Services charges on loans	1,575,699	335%	1,392,965	222%
Fees and commission income	79,066	17%	95,836	15%
Other income	38,249	8%	37,677	6%
Operating exp.	(824,971)	-175%	(687,902)	-110%
Loan prov. (doubtful losses)	(397,853)	-85%	(211,100)	-34%
Total value added	470,190	100%	627,476	100%

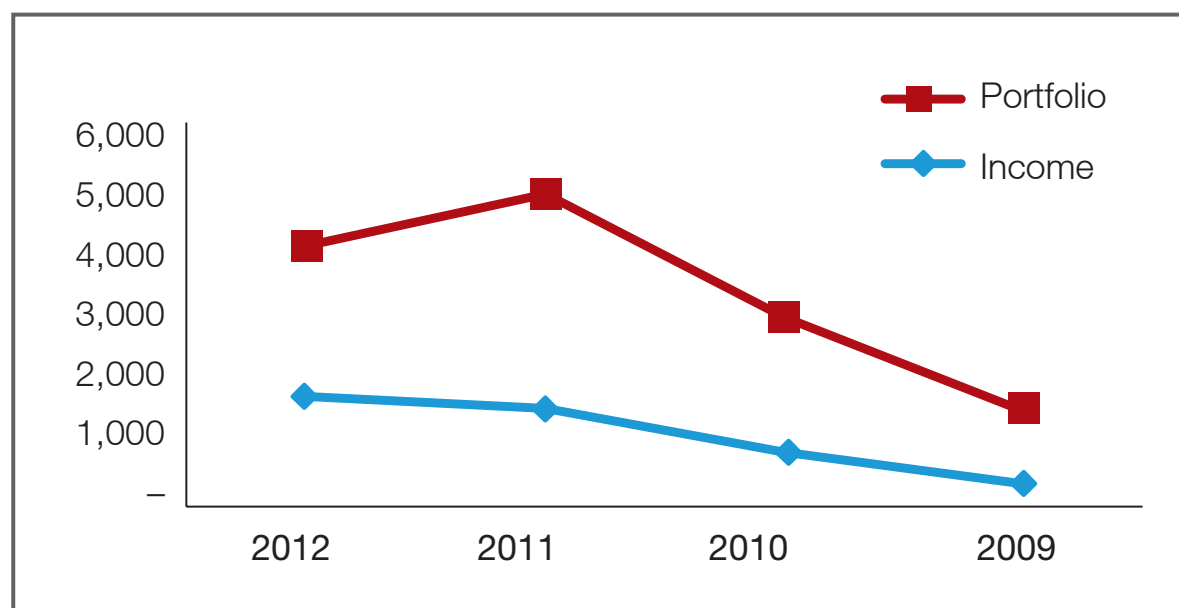
Figures in USD

	2012		2011	
	Amount	%	Amount	%
Value Distributed:				
Employees				
Salary and allowances	1,019,136	217%	927,364	148%
Growth				
Retained income	(570,502)	-121%	(320,619)	-51%
Depreciation	21,556	5%	20,731	3%
Total value distributed	470,190	100%	627,476	100%

Four Year Performance Review

	2012	2011	2010	2009
Income Statement				
Operating Income	1,693,014	1,526,478	864,237	357,059
Net (loss) before tax	(570,502)	(320,619)	(582,033)	(116,141)
Financial Position				
Total Asset	4,750,860	5,064,052	4,973,238	5,524,369
Net Equity	3,426,465	3,996,968	3,377,927	3,960,005
Loans to Customers (net)	2,368,684	3,385,626	2,071,739	1,142,412
Cash at Bank	2,016,603	1,318,485	2,563,737	3,890,763
Returns and ratio				
Return on Asset	-12%	-6%	-11%	-2%
Cost to Income	134%	121%	144%	133%
Operational Statistics				
Total borrowers	18,925	25,814	20,559	8,033
PAR>30	17.22%	11.98%	9.58%	.04%

Last four years Income Vs Portfolio (In '000 USD)



BRAC Liberia Independent Auditors' Report and Financial Statement

For the year ended 31 December 2012

BRAC LIBERIA

Independent Auditors' Report and Financial Statement
 For the year ended 31 December 2012
General information

Board of Directors	:	Dr A M R Chowdhury Mr Faruque Ahmed Mr Tanwir Rahman	
Management team	:	Mr Mohammed A Salam Mr Bongshi Badan Saha	- - Country Representative Country Head of Accounts
Registered office	:	Congo Town Monrovia	
Country representation	:	Mr Mohammed A Salam	
Project Coordinator	:	BRAC Sierra Leone	
Bankers	:	EcoBank Limited Liberia Randall and Ashman Street International Bank (Liberia) Limited Broad Street Monrovia	
Auditors	:	Baker Tilly Liberia (Certified Public Accountants) King Plaza, 2-3rd Floor 80 Broad Street Monrovia	
Legal counsel	:	Henries Law Firm 31 Benson Street Monrovia, Liberia	

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
 For the year ended 31 December 2012

Management report

The Organisation's Management presents their reports and the audited financial statements of BRAC Liberia for the period ended 31st December 2012.

Management's Responsibility Statement

Management is responsible for the preparation and fair presentation of the financial statements comprising, the Statement of financial position as at 31st December, 2012, the statements of receipts and expenditure the cash flow statement for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the provisions of the grant agreement.

The Management's responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Management's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

Approval of the financial statements

The financial statements, as indicated above, were approved by management and signed on its behalf by:



Director

31 March 2013

Signature and date



Director

31 March 2013

Signature and date

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012


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Liberia
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Fax: + 1 905 469 0986
Email: info@bakertillyliberia.com
Website: www.bakertillyliberia.com

AUDITORS' REPORT

To: **The Board of Directors**
BRAC Liberia

We have audited the accompanying Financial Statements of BRAC Liberia, which comprise the Statement of Financial Position as at December 31, 2012, the related statements of receipts and expenditure and the cash flow statements for the period then ended. These financial statements are prepared in accordance with the accounting policies and other explanatory notes as set out on pages 8 to 20.

Management Responsibility

The Organization's managements are responsible for the preparation and the fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the manner required by the Project Grant Agreement. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC Liberia as at December 31, 2012, and the results of its operations and its cash flows for the year ended December 31, 2012 in accordance with International Financial Reporting Standards (IFRS).


(Certified Public Accountants)

April 10, 2013
Monrovia

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012

Statement of Financial Position

As at 31 December 2012

	Notes	2012 LRD	2011 LRD	2012 USD	2011 USD
ASSETS					
Non-current assets					
Property and equipment	10	25,142,708	21,959,020	346,796	302,883
Current assets					
Cash and Bank	11	130,237,926	90,299,043	1,796,385	1,245,504
Other receivables	12	9,620,735	2,619,469	132,700	36,131
		139,858,661	92,918,512	1,929,085	1,281,635
Total assets		165,001,369	114,877,532	2,275,881	1,584,518
LIABILITIES AND CAPITAL FUND					
Liabilities					
Other payables	13	26,511,971	19,495,666	365,682	268,906
Due to related parties	13.1	18,937,589	10,386,527	261,208	143,262
Total liabilities		45,449,560	29,882,193	626,890	412,168
Capital fund					
Donor funds	14	105,174,119	69,106,937	1,450,678	953,199
Retained surplus		14,377,690	15,888,402	198,313	219,150
Total capital fund		119,551,809	84,995,339	1,648,990	1,172,350
Total liabilities and capital fund		165,001,369	114,877,532	2,275,881	1,584,518

These financial statements were approved by the Board of Directors on 31 March 2013.



Director



Director

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Statement of Income and Expenditure

For the year ended 31 December 2012

	Notes	2012 LRD	2011 LRD	2012 USD	2011 USD
Grant income	4	94,858,416	73,259,617	1,308,392	1,010,477
Other income	5	9,842,366	5,478,754	135,757	75,569
Total Income		104,700,782	78,738,371	1,444,149	1,086,046
Staff costs and other benefits	6	40,193,113	32,190,374	554,388	444,005
Training, workshops & seminars	7	11,788,772	1,705,445	162,604	23,523
Occupancy expenses	8	8,785,946	6,345,036	121,185	87,518
Other general & administrative expenses	9	43,043,914	37,335,810	593,709	514,977
Depreciation	10	2,399,749	1,161,706	33,100	16,024
Total Expenditure		106,211,494	78,738,371	1,464,986	1,086,046
Operating Surplus		(1,510,712)	-	(20,837)	-
Other comprehensive income		-	15,888,402	-	219,150
Surplus Reserve		(1,510,712)	15,888,402	(20,837)	219,150

These financial statements were approved by the Board of Directors on 31 March 2013.

Director

Director

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012

Statement of Cash Flow

For the year ended 31 December 2012

	Notes	2012 LRD	2011 LRD	2012 USD	2011 USD
Net cash provided by/(used in) Operating Activities	15	9,455,138	35,785,671	130,416	493,595
Cash flow from Investing Activities					
Acquisition of fixed assets		(5,583,437)	(19,512,462)	(77,013)	(269,137)
Net cash provided by/(used in) Investing Activities		(5,583,437)	(19,512,462)	(77,013)	(269,137)
Cash flow from Financing Activities					
Increase/(decrease) in deferred income		3,452,488	18,268,531	47,621	251,980
Increase/(decrease) in grants received in advance		32,614,694	(88,811,800)	449,858	(1,224,990)
Net cash provided by/(used in) Financing Activities		36,067,182	(70,543,269)	497,478	(973,011)
Net (decrease)/increase in cash and cash equivalents		39,938,883	(54,270,060)	550,881	(748,553)
Cash in hand and at banks at beginning of the year		90,299,043	144,569,101	1,245,504	1,994,057
Cash and cash equivalents at end of the year	11	130,237,926	90,299,043	1,796,385	1,245,504

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
 For the year ended 31 December 2012

Notes to the financial statements

1. Reporting entity

BRAC Liberia, which was incorporated in March of 2008, is a not-for-profit development organization. BRAC Liberia is a project of BRAC of Bangladesh. At present, BRAC has a number of development programs that cover the areas of health, agriculture, poultry & livestock's and training for the people of Liberia.

2. Basis of preparation

(a) Basis of presentation of the financial statement

BRAC Liberia prepares its financial statements on a going concern basis, under the historical cost convention, which are in accordance with generally accepted accounting principles. BRAC Liberia generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items, as disclosed in the Summary of Significant Accounting Policies. The financial statements are expressed in Liberian Dollars with United States Dollars equivalent translation.

(c) Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (Liberian Dollars). Major activities were measured in Liberian dollars and translated in USD. BRAC Liberia uses an exchange rate of 72.5 for the period under review that is 2012 and exchange rate of 72.5 for the year 2011.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the transactions; BRAC Liberia uses an exchange rate of 72.5 for the period under review that is 2012 and exchange rate of 72.5 for the year 2011. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(b) Donor grant

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, BRAC Liberia's donor grants are for the funding of projects and programs, and for these grants, income is recognized to equate to expenditure incurred on projects and programs. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned. For donor grants provided to purchase of motorcycles for specific projects, income is recognized over the estimated useful life of the motorcycles.

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse program-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 Liberia 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 program-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 programs, any unutilized amounts are dealt with in accordance with consequent donor and management agreements. For ongoing projects and programs, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as grant receivable.

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012

Notes to the financial statements (continued)
Summary of significant accounting policies (continued)

(c) Expenses

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

(d) Property, plant & equipment

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

Depreciation

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

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

	Rates	Useful lives
Motor Vehicles/Cycles	20%	5 Years
Computer equipment	20%	5 Years
Furniture and fittings	10%	10 Years
Equipment	15%	6.7 yrs

(e) Employee benefits

Pension obligations

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

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

End of service benefit

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

(f) Self Insurance Fund

BRAC Liberia sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute a self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months' equivalent of basic salary in the first year of employment, up to 50 months' equivalent of basic salary for 10th year of employment onwards.

	2012	2011	2012	2011
	LRD	LRD	USD	USD
4. Grant income				
Grant received in advance account	92,458,667	72,097,911	1,275,292	994,454
Deferred income	2,399,749	1,61,706	33,100	16,024
	<u>94,858,416</u>	<u>73,259,617</u>	<u>1,308,392</u>	<u>1,010,477</u>

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Notes to the financial statements (continued)

	2012	2011	2012	2011
	LRD	LRD	USD	USD
5. OTHER INCOME				
Other project income	2,048,562	1,331,162	28,256	18,361
Bank interest income	-	981,764	-	13,542
BRAC contribution	5,954,503	-	82,131	-
Exchange (loss)/ gain-realized	(2,318,552)	3,165,828	(31,980)	43,667
Other income	4,157,853	-	57,350	-
	<u>9,842,366</u>	<u>5,478,754</u>	<u>135,757</u>	<u>75,569</u>
6. STAFF COSTS AND OTHER BENEFITS				
Salary and benefits	40,193,113	32,190,374	554,388	444,005
	<u>40,193,113</u>	<u>32,190,374</u>	<u>554,388</u>	<u>444,005</u>
7. TRAINING, WORKSHOP AND SEMINARS				
External member trainings	11,158,447	1,705,445	153,910	23,523
Staff training	630, 325	-	8,694	-
	<u>11,788,772</u>	<u>1, 705,445</u>	<u>162,604</u>	<u>23,523</u>
8. OCCUPANCY EXPENSES				
Rent and utilities	8,785,946	6,345,036	121,185	87,518
	<u>8,785,946</u>	<u>6,345,036</u>	<u>121,185</u>	<u>87,518</u>
9. OTHER GENERAL & ADMINISTRATIVE EXPENSES				
Audit fees	362,500	-	5,000	-
Stationery and supplies	578,635	805,519	7,981	11,111
Program supplies	6,604,996	4,668,877	91,103	64,398
Travel & transportation	9,830,758	8,650,245	135,597	119,314
Maintenance and general expenses	20,599,350	17,920,733	284,129	247,183
HO logistic expenses	5,057,036	5,290,436	69,752	72,972
Staff insurance expense	10,639	-	147	-
	<u>43,043,914</u>	<u>37,335,810</u>	<u>593,709</u>	<u>514,977</u>

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012

Notes to the financial statements (continued)

10. PROPERTY AND EQUIPMENT

	Furniture		Building		Land		Equipments		Motor Vehicles		Total	Total
	LRD	USD	LRD	USD	LRD	USD	LRD	USD	LRD	USD	LRD	USD
Cost												
At 1 January 2011	1,912,232		-		-		818,427		1,939,915		4,670,574	64,421
Additions	941,800		14,591,300		1,197,000		2,859,222		-		19,589,322	270,198
Written off	-		-		-		-		(76,860)		(76,860)	(1,060)
At 31 December 2011	2,854,032		14,591,300		1,197,000		3,677,649		1,863,055		24,183,036	333,559
Additions	179,145		986,565		-		1,799,277		2,887,250		5,852,237	80,721
Disposal/ transfer	-		-		-		-		(1,008,000)		(1,008,000)	(13,903)
At 31 December 2012	3,033,177		15,577,865		1,197,000		5,476,926		3,742,305		29,027,273	400,376
Accumulated depreciation												
At 1 January 2011	262,186		-		-		195,460		604,664		1,062,310	14,652
Charge for the year	352,445		-		-		441,773		367,488		1,161,706	16,024
At 31 December 2011	614,631		-		-		637,233		972,152		2,224,016	30,676
Charge for the year	248,025		665,713		-		1,022,100		463,911		2,399,749	33,100
Adjustment for disposal/transfer	-		-		-		-		(739,200)		(739,200)	(10,196)
At 31 December 2012	862,656		665,713		-		1,659,333		696,863		3,884,565	53,580
Net book value :												
At 31 December 2011	2,239,401		14,591,300		1,197,000		3,040,416		890,903		21,959,020	302,883
At 31 December 2012	2,170,521		14,912,152		1,197,000		3,817,593		3,045,442		25,142,708	346,796

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Notes to the financial statements (continued)

		2012	2011	2012	2011
	Notes	LRD	LRD	USD	USD
11. CASH AND BANK					
Cash in hand		233,484	152,993	3,220	2,110
Cash at Bank		130,004,442	90,146,050	1,793,165	1,243,394
		<u>130, 237, 926</u>	<u>90,299,043</u>	<u>1,796,385</u>	<u>1,245,504</u>
12. OTHER RECEIVABLES					
Stock and consumables (Medicine & reagents)		392,801	243,040	5,418	3,352
Advance to 3rd parties		4,206,490	2,272,141	58,021	31,340
Receivable from donor		4,695,825	-	64,770	-
Other assets		325,619	104,288	4,491	1,438
		<u>9,620,735</u>	<u>2,919,469</u>	<u>132,700</u>	<u>36,131</u>
13. OTHER PAYABLES					
Current account with group		5,561,023	4, 263,530	76,704	58,807
Self insurance fund		10,639	-	147	-
Provision for NASSCORP		369,686	385,870	5,099	5,322
Withholding tax payable		334,733	213,583	4,617	2,946
Provision for audit fees		362,500	-	5,000	-
Salary provision		1,882,571	1,511,804	25,966	20, 852
Accounts payable to MF		15,685,072	12,265,618	216,346	169,181
Gratuity & Bonus		2,305,747	855,261	31,803	11,797
		<u>26,511,971</u>	<u>19,495,666</u>	<u>365,682</u>	<u>268,906</u>
13.1 RELATED PARTY PAYABLES					
Payable to BRAC Bangladesh		16,559,213	8,981,828	228,403	123,887
Payable to Stichting BRAC International		2,378,376	1,404,699	32,805	19,375
		<u>18,937,589</u>	<u>10,386,527</u>	<u>261,208</u>	<u>143,262</u>
14. DONOR FUNDS					
Donor funds received in advance	14.1	79,844,922	47,230,288	1,101,309	651,451
Donor funds investment in fixed assets	14.2	25,329,197	21,876,709	349,368	301,748
		<u>105,174,119</u>	<u>69,106,937</u>	<u>1,450,677</u>	<u>953,199</u>

BRAC LIBERIA
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For the year ended 31 December 2012

Notes to the financial statements (continued)

	Notes	2012 LRD	2011 LRD	2012 USD	2011 USD
14.1 Donor fund received in advance					
Opening balance		47,230,228	136,042,028	651,451	1,876,442
Donation received during the year	14.1a	126,229,773	1,519,348	1,741,100	20,957
Receivable from donor		4,695,825	-	64,770	-
Transferred to deferred income – Investment in fixed assets		(5,852,237)	(18,233,237)	(80,721)	(251,493)
Transferred to Statement of income and expenditure		(92,458,667)	(72,097,911)	(1,275,292)	(994,454)
		<u>79,844,922</u>	<u>47,230,228</u>	<u>1,101,309</u>	<u>651,451</u>
14.1a Donation received during the year					
ON-BRAC USA (NGO Support)		38,504,716	-	531,100	-
HU-BRAC USA (NGO Support)		18,125,000	-	250,000	-
AGRA (Agri)		3,853,242	1,077,678	53,148	14,865
UNFPA (Health)		2,184,638	441,670	30,133	6,092
CHEVRON (P&L)		28,436,250	-	392,224	-
DFID (Agri, P & L)		21,974,357	-	303,095	-
PLAN (Training)		6,021,047	-	83,049	-
FED (DAI- Vaccination)		7,130,523	-	98,352	-
		<u>126,229,773</u>	<u>1,519,348</u>	<u>1,741,100</u>	<u>20,957</u>
14.2 Deferred grants - Investment in fixed assets					
Opening balance		21,876,709	3,608,178	301,748	49,768
Transferred from donor funds received in advance		5,852,237	18,233,237	80,721	251,493
Prior year adjustments		-	1,197,000	-	16,510
Depreciation charge during the year		(2,399,749)	(1,161,706)	(33,100)	(16,024)
Closing balance		<u>25,329,197</u>	<u>21,876,709</u>	<u>349,369</u>	<u>301,748</u>
15. CASHFLOW FROM OPERATING ACTIVITIES					
Excess of income over expenditure		(1,510,712)	15,888,402	(20,837)	219,150
Depreciation		2,399,749	1,161,706	33,100	16,024
Cash flow before changes in working capital		<u>889,037</u>	<u>17,050,108</u>	<u>12,262</u>	<u>235,174</u>
Changes in working capital					
(Decrease)/ increase in other receivables		(7,001,266)	968,450	(96,569)	13,358
Decrease/ (increase) in related party payables		8,551,062	10,386,527	117,946	143,262
Increase in other payables		7,016,305	7,380,586	96,777	101,801
Net cash from operations		<u>9,455,138</u>	<u>35,785,671</u>	<u>130,416</u>	<u>493,595</u>

BRAC LIBERIA

Notes to the financial statements (continued)

17. Project wise income & expenses:

Comprehensive development															
Health	Agriculture	Poultry and Livestock	CO	Labora- tory	Research, Evaluation	Seed Test- ing Farm	Sub-Total	Training Center	UNFPA	AGRA	DFID	CHEVRON	DAI(FED)	PLAN	Total
LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD
22,181,117	12,259,906	12,220,096	7,350,497	719,810	361,062	2,634,936	57,727,424	-	2,536,146	3,081,192	18,543,033	185,289	6,896,585	5,888,747	94,858,416
-	-	-	1,041,705	1,329,903	-	718,659	3,090,267	3,116,148	-	-	-	-	-	-	6,206,415
-	-	-	-	-	-	-	-	-	-	-	5,954,503	-	-	-	5,954,503
-	-	-	(2,318,552)	-	-	-	(2,318,552)	-	-	-	-	-	-	-	(2,318,552)
22,181,117	12,259,906	12,220,096	6,073,650	2,049,713	361,062	3,353,595	58,499,139	3,116,148	2,536,146	3,081,192	24,497,536	185,289	6,896,585	5,888,747	104,700,782
EXPENDITURE															
12,555,154	5,885,576	4,831,760	4,678,357	795,152	-	905,368	29,651,367	985,084	-	246,222	9,310,440	-	-	-	40,193,113
(125,029)	265,000	167,865	-	2,000	-	-	309,836	908,070	-	-	5,679,147	-	-	4,891,719	11,788,772
1,419,069	988,511	1,470,738	2,384,098	384,687	-	179,813	6,826,916	-	-	41,822	1,917,208	-	-	-	8,785,946
2,063,897	1,526,456	1,896,578	1,430,548	8,410	-	233,666	7,159,555	180,550	-	502,383	1,966,317	21,953	-	-	9,830,758
6,081,493	3,040,681	3,808,375	(2,419,353)	520,022	361,062	1,745,682	13,137,962	1,710,851	2,536,146	2,290,765	5,624,424	19,395	6,896,585	997,028	33,213,156
186,533	553,682	44,780	-	339,442	-	289,066	1,413,503	842,305	-	-	-	143,941	-	-	2,399,749
22,181,117	12,259,906	12,220,096	6,073,650	2,049,713	361,062	3,353,595	58,499,139	4,626,860	2,536,146	3,081,192	24,497,536	185,289	6,896,585	5,888,747	106,211,494
-	-	-	-	-	-	-	-	(1,510,712)	-	-	-	-	-	-	(1,510,712)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET DEFICIT FOR THE YEAR															

BRAC LIBERIA
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012

Notes to the financial statements (continued)

Comprehensive development																
Health	Agriculture	Poultry and Livestock	CO	Laboratory	Research, Evaluation	Seed Test- ing Farm	Sub- Total	Training Center	UNFPA	AGRA	DFID	CHEVRON	DAI(FED)	PLAN	Total	
USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Grant income	305,946	169,102	168,553	101,386	9,928	4,980	36,344	796,240	-	34,981	42,499	255,766	2,556	95,125	81,224	1,308,392
Other income	-	-	-	14,368	18,343	-	9,913	42,624	42,981	-	-	-	-	-	-	85,606
BRAC Contribution	-	-	-	-	-	-	-	-	-	-	-	82,131	-	-	-	82,131
Exchange gains/losses	-	-	-	(31,980)	-	-	-	(31,980)	-	-	-	-	-	-	-	(31,980)
TOTAL INCOME	305,946	169,102	168,553	83,774	28,272	4,980	46,256	806,885	42,981	34,981	42,499	337,897	2,556	95,125	81,224	1,444,149
EXPENDITURE																
Staff costs and other benefits	173,175	81,180	66,645	64,529	10,968	-	12,488	408,984	13,587	-	3,396	128,420	-	-	-	554,388
Training, workshops and seminars	(1,725)	3,655	2,315	-	28	-	-	4,274	12,525	-	-	78,333	-	-	67,472	162,604
Occupancy expenses	19,573	13,635	20,286	32,884	5,306	-	2,480	94,164	-	-	577	26,444	-	-	-	121,185
Travelling and transportation	28,468	21,055	26,160	19,732	116	-	3,223	98,752	2,490	-	6,929	27,122	303	-	-	135,597
Other general & administrative expenses	83,883	41,940	52,529	(33,370)	7,173	4,980	24,078	181,213	23,598	34,981	31,597	77,578	268	95,125	13,752	458,112
Depreciation	2,573	7,637	618	-	4,682	-	3,987	19,497	11,618	-	-	-	1,985	-	-	33,100
TOTAL EXPENSES	305,946	169,102	168,553	83,774	28,272	4,980	46,256	806,885	63,819	34,981	42,499	337,897	2,556	95,125	81,224	1,464,986
Deficit/surplus	-	-	-	-	-	-	-	-	(20,837)	-	-	-	-	-	-	(20,837)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET DEFICIT FOR THE YEAR	-	-	-	-	-	-	-	-	(20,837)	-	-	-	-	-	-	(20,837)

BRAC Liberia Micro-Finance Company Limited Independent Auditors' Report and Financial Statements

For the year ended December 31, 2012

BRAC Liberia Microfinance Company Limited

Financial Statements

For the year ended 31 December 2012

**Corporate information**

Board of Directors	: Ms Susan Davis Mr Faruque Ahmed Mr Tanwir Rahman Mr Ishtiaq Mohiuddin Mr Tapan Kumar Karmaker Mr Neal Delaurentis Mr Arjuna Costa
Managing Director	: Mr Billal Hossain
Registered Office	: Congo Town Monrovia
Bankers	: EcoBank Limited Liberia Randall and Ashman Street International Bank (Liberia) Limited Broad Street Monrovia
Auditors	: Baker Tilly Liberia (Certified Public Accountants) King Plaza, 2-3rd Floor 80 Broad Street Monrovia
Legal Counsel	: Henries Law Firm 31 Benson Street Monrovia, Liberia

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Report of the Governing Board

The Board of Directors presents their report and audited financial statements for the year ended December 31, 2012.

The Board of Directors' Responsibility Statement

The entity's Board of Directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet as at December 31, 2012, the statements of income and expenses, the statement of changes in equity and statements of cash flows for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, and the report of the Board of Directors in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the provisions of the Articles of Incorporation.

The Boards' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Boards' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Boards have made an assessment of the entity's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the years ahead.

Principal Activities

The principal activities of the entity continue to be the providing of micro-finance to low income and economically active members of the Liberian community who manage small and micro businesses and would like credit financing to expand and improve on their activities.

Results

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

Approval of the financial statements

The financial statements were approved by the Governing Board on 31 March 2013.

Going concern

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

The Board members

The following members served during the period:

Ms Susan Davis
Mr Faruque Ahmed
Mr Tanwir Rahman
Mr Ishtiaq Mohiuddin
Mr Tapan Kumar Karmaker
Mr Neal Dealurentis
Mr Arjuna Costa

Auditors

Baker Tilly Liberia, the auditors, has expressed their desire to continue as auditors of the entity.

By order of the Governing Board

Director

31 March 2013
Signature and date

Director

31 March 2013
Signature and date

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



**BAKER TILLY
LIBERIA**

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INDEPENDENT AUDITORS' REPORT

To: **The Governing Board**
BRAC Liberia Microfinance Company Limited

We have audited the financial statements of BRAC Liberia Microfinance Company Limited which comprise the statement of financial position as at December 31, 2012, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the summary of significant accounting policies and other explanatory notes.

Managements' responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Boards, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Liberia Microfinance Company Limited as at December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

(Certified Public Accountants)

Monrovia
April 24 2013

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Statement of Financial Position

As at 31 December 2012

	Notes	2012 LRD	2011 LRD	2012 USD	2011 USD
Assets					
Cash and Bank	12	146,203,687	95,950,158	2,016,603	1,318,485
Loans and advances to customer	13	171,729,626	245,457,894	2,368,684	3,385,626
Other assets	14	19,692,149	17,437,619	271,616	240,519
Deferred tax asset	11(b)	1,801,864	1,801,864	24,853	24,854
Property and equipment	15	5,010,011	6,856,228	69,104	94,569
Total assets		344,437,337	367,143,763	4,750,860	5,064,052
Liabilities and Capital Fund					
Liabilities					
Loan security fund	16	53,053,430	55,306,824	731,771	762,853
Related party payables	17	11,179,956	2,649,754	154,206	36,548
Borrowings	18	16,519,064	6,809,028	227,849	93,918
Other liabilities	19	14,163,498	11,495,338	195,359	158,556
Tax payable	11(c)	1,102,645	1,102,645	15,209	15,209
Total Current Liabilities		96,018,593	77,363,589	1,324,394	1,067,084
Capital Fund					
Donor funds	20	-	-	-	-
Donation equity	20.1	71,500,000	71,500,000	986,207	986,207
Retained earnings		(114,525,695)	(73,164,265)	(1,579,665)	(1,009,162)
Share capital	21	291,444,439	291,444,439	4,019,923	4,019,923
Total capital fund		248,418,744	289,780,174	3,426,465	3,996,968
Total liabilities and capital fund		344,437,337	367,143,763	4,750,860	5,064,052

These financial statements were approved by the Board of Directors on 31 March 2013.

Director

Director

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Statements of Comprehensive income

For the year ended 31 December 2012

	Notes	2012 LRD	2011 LRD	2012 USD	2011 USD
Service charge on loan	5	114,238,145	100,989,978	1,575,699	1,392,965
Net income from service charge		114,238,145	100,989,978	1,575,699	1,392,965
Membership fees and other charges	6	5,732,315	6,948,090	79,066	95,836
Other income	7	2,773,087	2,731,594	38,249	37,677
Grant income	20.1	-	-	-	-
		8,505,402	9,679,684	117,315	133,513
Total operating income		122,743,547	110,669,662	1,693,014	1,526,478
Expenditure:					
Impairment losses on loan and advances to customers	8	28,844,332	15,304,783	397,853	211,100
Operating income after impairment charges		93,899,215	95,364,879	1,295,162	1,315,378
Staff costs	9	73,887,453	67,233,923	1,019,137	927,364
Other operating expenses	10	59,810,412	49,872,883	824,971	687,902
Depreciation expense	15	1,562,780	1,502,969	21,556	20,731
		135,260,645	118,609,775	1,865,664	1,635,997
(Loss) before tax		(41,361,430)	(23,244,896)	(570,502)	(320,619)
Income tax expense	11(a)	-	-	-	-
Net profit for the year		(41,361,430)	(23,244,896)	(570,502)	(320,619)
Other comprehensive income					
Unrealized exchange gain/(loss)		-	-	-	-
Total comprehensive income		(41,361,430)	(23,244,896)	(570,502)	(320,619)

BRAC Liberia Microfinance Company Limited

Statement of changes in equity

For the year ended 31 December 2012

	Share capital	Donor funds	Donated equity	Retained earnings	Total Capital fund	Total Capital fund
	LRD	LRD	LRD	LRD	LRD	USD
At 1 January 2011	291,444,439	71,500,000	(49,919,369)	-	313,025,070	4,317,587
Donation received during the year	-	-	-	-	-	-
Transferred from grant received in advance account	-	(71,500,000)	-	71,500,000	-	-
Currency revaluation	-	-	-	-	-	-
(Loss) for the year	-	-	(23,244,896)	-	(23,244,896)	(320,619)
At 31 December 2011	291,444,439	-	(73,164,265)	71,500,000	289,780,174	3,996,968
At 1 January 2012	291,444,439	-	(73,164,265)	71,500,000	289,780,174	3,996,968
Donation received during the year	-	-	-	-	-	-
Transferred from grant received in advance account	-	-	-	-	-	-
Currency revaluation	-	-	-	-	-	-
(Loss) for the year	-	-	(41,361,430)	-	(41,361,430)	(570,502)
At 31 December 2012	291,444,439	-	(114,525,695)	71,500,000	248,418,744	3,426,465

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Statement of Cash flows

For the year ended 31 December 2012

	2012	2011	2012	2011
	LRD	LRD	USD	USD
Cash flow from Operating activities	(3,406,650)	(2,033,738)	(46,988)	(28,052)
Loan disbursements	(409,949,500)	(481,672,000)	(5,654,476)	(6,643,131)
Loan collection	458,888,888	371,580,218	6,329,502	5,125,244
Interest receivable written off	(2,659,288)	(1,089,513)	(36,680)	(15,028)
Net cash flow from operating activities	42,873,450	(113,170,033)	591,358	(1,560,966)
Cash flow from investing activities				
Acquisition/ disposal of fixed assets	283,437	(1,509,312)	3,909	(20,818)
Net cash flow from investing activities	283,437	(1,509,312)	3,909	(20,818)
Cash flow from financing activities				
Term loans increase /(decrease)	9,710,036	6,809,028	133,932	93,918
Loan security fund increase/(decrease)	(2,253,394)	17,892,724	(31,081)	246,796
Loan security fund written off	-	2,260,580	-	31,180
Donor fund increase /(decrease)	-	(71,500,000)	-	(986,207)
Donated equity increase/(decrease)	-	71,500,000	-	986,207
Share capital increase/(decrease)	-	-	-	-
Net cash flow from financing activities	7,456,642	26,962,332	102,851	371,894
Net (decrease)/ increase in cash and cash Equivalents	50,613,529	(87,717,013)	698,118	(1,209,890)
Cash and cash equivalent at the beginning of the year	95,590,158	183,307,171	1,318,485	2,528,375
Cash and cash equivalents at the end of the Year	146,203,687	95,590,158	2,016,603	1,318,485

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Notes to the financial statements

1. Reporting entity

BRAC Liberia Microfinance Company Limited, which was established in February of 2009, is a microfinance institution of BRAC Liberia. It was established to contribute to the economic rebuilding of Liberia by providing financial services to low-income entrepreneurs, mostly women, while serving as a means to improve the agriculture sector and micro businesses. BRAC Liberia Microfinance Company Limited began operations with five (5) branches in Monrovia - Sinkor, Paynesville, Barnesville, Caldwell, and New Kru Town - in April 2009, and has increase it branches to thirty in seven counties in Liberia. The financial statement of BRAC Liberia Microfinance Company Limited comprises the Head Office and all of its branches.

2. Basis of preparation

(a) Basis of presentation of the financial statement

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;

(c) Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (United States Dollars). Major activities were measured in Liberian dollars and translated in USD. The exchange rates used in the financial statements are as follows: 2012 (1USD: 72.5LRD) and 2011 (1USD: 72.5LRD)

Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

Notes 3(c) (iii)	Depreciation
Notes 3(g)	Provisions

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Financial Revenue

Interest income

Interest income is recognized in the income statement on all operational loans on an accrual basis. The recognition of interest ceases when the payment of interest on principal is in doubt. Interest is included in income thereafter, only when it is received.

Loan administration fees

This is a fee paid by each respective group/client on approval of their loan application. It is charged by BRAC Liberia Microfinance Company Limited to cover loan processing costs. The amount is usually paid before the loans are disbursed.

Fixed assets (operating assets)

(i) Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing

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Notes to the financial statements (continued)
Significant accounting policies (continued)

the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Subsequent costs

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

Depreciation

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of fixed assets. Leasehold improvements are amortized over the life of the improvement or the life of the lease, whichever is shorter. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

• Vehicles/Cycles	5 years
• Furniture	10 years
• Equipment	6.67 years
• Generator	5 years

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

Disposals

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

(a) Financial assets

The entity classifies its financial assets in the following categories: loans and held-to-maturity investments. Management determines the classification of its investments at initial recognition.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the entity provides money, goods or services directly to a debtor with no intention of trading the receivable.

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity's management has the positive intention and ability to hold to maturity.

(d) Provisions and other liabilities

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

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

Other liability also includes a self insurance fund. BRAC Liberia Microfinance Company Limited, started to set aside a monthly amounts equivalent to 1% of the basic salary of local employees from November 2012 to constitute this fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months' equivalent of basic salary in the first year of employment, upto 50 months' equivalent of basic salary for 10th year of employment onwards.

(e) Employee benefit

Pension obligations

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

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Notes to the financial statements (continued)
Significant accounting policies (continued)

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

End of service benefit

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

(f) Stocks

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

(g) Finance income and expenses

Finance income comprises gains on disposal of available-for-sale finance assets and foreign currency gains.

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

(h) Administrative expenses

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

(i) Borrowings

Borrowings are recognized initially at fair value, being the proceeds net of transaction costs incurred. If the amount borrowed is denominated in United States Dollars which is the entity's functional and reporting currency, it is maintained at the initial amount recorded, less any repayments made as at the reporting date. If the amount is denominated in a currency other than the reporting currency of the entity, it is revaluated and adjusted through the income statement at each reporting date.

Borrowings are classified as current liabilities unless when the entity has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(j) Impairment of financial assets

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the entity about the following loss events:

(i) Significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments.

The entity first assesses whether objective evidence of impairment exists individually and collectively. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are treated as debt recoveries in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

BRAC Liberia Microfinance Company Limited
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Notes to the financial statements (continued)
Significant accounting policies (continued)

4. Financial risk factors

The entity's activities expose it to a variety of financial risks, including:

(a) Credit risk

The entity takes on exposures to credit risk which is the risk that a client will be unable to pay amounts in full when due. Credit risk is managed by obtaining collateral in the form of mortgage, personal guarantees, shareholder guarantees, lien on inventories and/or receivables, and assignment of contracts and/or insurance. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The entity manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

	2012	2011	2012	2011
	LRD	LRD	USD	USD
5. SERVICE CHARGE ON LOANS				
Group Loans (Microfinance)	79,146,773	75,728,589	1,091,680	1,044,532
Small Enterprise program	35,091,372	25,261,389	484,019	348,433
	<u>114,238,145</u>	<u>100,989,978</u>	<u>1,575,699</u>	<u>1,392,965</u>
6. MEMBERSHIP FEES AND OTHER CHARGES				
Membership fees	1,527,040	2,025,920	21,062	27,944
Loan appraisal fee	4,099,375	4,816,670	56,543	66,437
Loan application fee	105,900	105,500	1,461	1,455
Total	<u>5,732,315</u>	<u>6,948,090</u>	<u>79,066</u>	<u>95,836</u>
7. OTHER INCOME				
Unrealized Exchange gains	-	1,475,138	-	20,347
Other income	2,097,500	2,638,604	28,931	36,394
Realized exchange gain/loss	675,587	(1,382,148)	9,318	(19,064)
Total	<u>2,773,087</u>	<u>2,731,594</u>	<u>38,249</u>	<u>37,677</u>

The exchange gain/ loss arises from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to LRD. Financial assets and Liabilities denominated in foreign currencies are translated to LRD at rate ruling at balance sheet date.

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Notes to the financial statements (continued)

	2012	2011	2012	2011
	LRD	LRD	USD	USD
8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES				
General provision	8,198,990	9,632,540	113,090	132,863
Specific provision	20,645,342	5,672,243	284,763	78,238
	<u>28,844,332</u>	<u>15,304,783</u>	<u>397,853</u>	<u>211,100</u>
9. STAFF COSTS				
Salary & benefits	73,887,453	67,233,923	1,019,137	927,364
Total	<u>73,887,453</u>	<u>67,233,923</u>	<u>1,019,137</u>	<u>927,364</u>
10. OTHER OPERATING COSTS				
Occupancy cost (Note 10.1)	9,443,874	9,266,465	130,260	127,813
Staff training and development cost	237,623	450,125	3,278	6,209
Travels and transportation	17,877,826	12,837,245	246,591	177,065
Maintenance and general expenses	15,210,762	14,126,930	209,804	194,854
Supplies and stationery	1,011,538	1,728,956	13,952	23,848
Legal and other professional costs	5,424,411	1,699,125	74,819	23,436
Insurance claim	112,000	116,600	1,545	1,608
Staff insurance expense	22,784	-	314	-
Program supplies	-	13080	-	180
Audit fees	435,000	594,500	6,000	8,200
Vehicle expense	398,910	-	5,502	-
HO logistic and management expense	9,635,684	9,039,859	132,906	124,688
Total	<u>59,810,412</u>	<u>49,872,883</u>	<u>824,971</u>	<u>687,902</u>

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Notes to the financial statements (continued)

	2012	2011	2012	2011
	LRD	LRD	USD	USD
10.1 OCCUPANCY COST				
Rent	6,679,781	6,477,543	92,135	89,345
Utilities	2,764,093	2,788,922	38,125	38,468
	<u>9,443,874</u>	<u>9,266,465</u>	<u>130,260</u>	<u>127,813</u>
11 TAXATION				
a) Income tax expenses				
Corporation tax – charge for the year	-	-	-	-
Deferred tax	-	-	-	-
Tax (credit)/ expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
b) Deferred tax				
Deferred tax is calculated on all temporary differences under the balance sheet liability method using the principle tax rate of 25%. However quarterly advance corporate tax paid as the revenue code of Liberia are recorded as tax assets and creditable against annual tax liabilities				
Advance corporate tax	1,801,864	1,801,864	24,853	24,853
Deferred tax asset @ 25%	<u>1,801,864</u>	<u>1,801,864</u>	<u>24,853</u>	<u>24,853</u>
c) TAX PAYABLE				
Balance b/f	1,102,645	1,102,645	15,209	15,209
Charge for the year	-	-	-	-
Paid during the year	-	-	-	-
Tax payable	<u>1,102,645</u>	<u>1,102,645</u>	<u>15,209</u>	<u>15,209</u>

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Notes to the financial statements (continued)

	2012	2011	2012	2011
	LRD	LRD	USD	USD
12. CASH AND BANK				
Cash in hand	5,370,132	6,071,695	74,071	83,748
Cash in bank	140,833,555	89,518,463	1,942,532	1,234,737
	<u>146,203,687</u>	<u>95,590,158</u>	<u>2,016,603</u>	<u>1,328,485</u>
13. LOAN AND ADVANCES TO CUSTOMERS				
Group loan (Microfinance)	136,073,947	180,637,904	1,876,882	2,491,557
Small enterprise program	82,225,957	94,949,291	1,134,151	1,309,645
Loan written off	(22,973,066)	(8,347,903)	(316,870)	(115,143)
Interest receivable	7,813,053	3,757,601	107,766	51,829
Interest receivable written off	(2,659,288)	-	(36,680)	-
Impairment loss on loans advances	(28,750,977)	(25,538,999)	(396,565)	(352,262)
	<u>171,729,626</u>	<u>245,457,894</u>	<u>2,368,684</u>	<u>3,385,626</u>

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

Interest receivable is the amount of interest outstanding on loans that have passed due. The total amount of interest receivable is deducted from the interest income at the end of the day because it was accrued and collectability is not certain.

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

13.1 THE MOVEMENT ON LOAN ACCOUNT IS ANALYZED SHOWN BELOW

At 1 January	267,239,292	165,540,413	3,686,059	2,283,316
Loan disbursed	409,949,500	481,627,000	5,654,476	6,643,131
Less: Loan repayment	(458,888,888)	(371,580,218)	(6,329,502)	(5,125,244)
Gross advances to customer	218,299,904	275,587,195	3,011,033	3,801,208
Less: written off	(22,973,066)	(8,347,903)	(316,870)	(115,143)
	195,326,838	267,239,292	2,694,163	3,686,059
Interest receivable	7,813,053	3,757,601	107,766	51,829
Interest receivable written off	(2,659,288)	-	(36,680)	-
Impairment loss on loan advance (Note 3.2)	(28,750,977)	(25,538,999)	(396,565)	(352,262)
Net advance to customer	<u>171,729,626</u>	<u>245,457,894</u>	<u>2,368,684</u>	<u>3,385,626</u>

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Notes to the financial statements (continued)

	2012	2011	2012	2011
	LRD	LRD	USD	USD
13.2 The movement on the impairment on loans account is shown below:				
At 1 January	25,538,999	17,411,052	352,262	240,152
Charge for the year	28,844,332	15,304,783	397,853	211,100
Loan written off	(22,973,066)	(7,176,836)	(316,870)	(98,991)
Interest receivable written off	(2,659,288)	-	(36,680)	-
At 31 December	<u>28,750,977</u>	<u>25,538,999</u>	<u>396,565</u>	<u>352,262</u>

13.3 Analysis of impairment of loans

	Principal Outstanding	Provision rate	Provision required
For general provision			
No past due	146,979,264	3%	4,409,378
For specific provision			
1-30 days	14,713,878	5%	735,694
31-180 days	11,806,441	20%	2,361,288
181 – 350 days	2,330,554	75%	1,747,916
351 days and above	19,496,701	100%	19,496,701
	<u>48,347,574</u>		<u>24,341,599</u>
	<u>195,326,838</u>		<u>28,750,977</u>
Credit risk analysis:			
Portfolio at risk (PAR)	2012		2011
Total loans in arrear	48,347,574		60,315,413
Total loans outstanding	195,326,838		276,239,292
Portfolio at risk (PAR)	<u>25%</u>		<u>23%</u>

The portfolio at risk is high which shows that management may not be able to recover most of the loans given out to customer. The Management of BRAC Liberia Microfinance Company has to setup a Credit Risk department to help in recovering some of the loans that are long past due.

14. OTHER ASSETS

Advance to 3rd party	3,390,067	4,307,281	46,760	59,41
Account receivable from NMF	15,685,072	12,265,618	216,346	169,181
Inventory – stationeries	617,010	864,720	8,510	11,927
	<u>19,692,149</u>	<u>17,437,619</u>	<u>271,616</u>	<u>240,519</u>

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Notes to the financial statements (continued)

15. PROPERTY PLANT AND EQUIPMENT

	Furniture	Equipments	Motor Vehicles	Total	Total
	LRD	LRD	LRD	LRD	USD
Costs					
At 1 January 2011	2,839,996	3,902,967	1,663,645	8,406,608	115,953
Additions	271,963	600,469	636,880	1,509,312	20,818
At 31 December 2011	3,111,959	4,503,436	2,300,525	9,915,920	136,771
Additions	40,089	165,828	-	205,917	2,840
Disposal/ Transfer	-	-	(1,109,500)	(1,109,500)	(15,303)
At 31 December 2012	3,152,048	4,669,264	1,191,025	9,012,337	124,308
Accumulated depreciation					
At 1 January 2011	393,619	756,752	406,352	1,556,723	21,472
Charge for the year	231,769	872,052	399,148	1,502,969	20,731
At 31 December 2011	625,388	1,628,804	805,500	3,059,692	42,203
Charge for the year	653,582	583,658	325,540	1,562,780	21,556
Adjustment for disposal/transfer	-	-	(620,146)	(620,146)	(8,554)
At December 2012	1,278,970	2,212,462	510,894	4,002,326	55,204
Net book value:					
At 31 December 2011	2,486,571	2,874,632	1,495,025	6,856,228	94,569
At 31 December 2012	1,873,078	2,456,802	680,131	5,010,011	69,104

BRAC Liberia Microfinance Company Limited
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Notes to the financial statements (continued)

	2012	2011	2012	2011
	LRD	LRD	USD	USD
16. LOAN SECURITY FUND				
Opening balance	55,306,824	37,414,100	762,853	516,057
Received during the year	16,362,061	27,103,515	225,684	373,842
Paid off/adjustment	(18,615,455)	(9,210,791)	(256,765)	(127,045)
Closing balance	<u>53,053,430</u>	<u>56,306,824</u>	<u>731,771</u>	<u>762,853</u>
The Loan security fund acts as collateral for the customers' loan obligation to BRAC Microfinance Liberia Limited. This is computed as 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the loan security fund to the extent of the amount at risk.				
17. RELATED PARTY				
Payable to BRAC Bangladesh	6,393,728	-	88,189	-
Payable to Stichting BRAC international	4,786,228	2,649,754	66,017	36,548
	<u>11,179,956</u>	<u>2,649,754</u>	<u>154,206</u>	<u>36,548</u>
18. BORROWINGS				
Donor fund received from KIVA	16,519,069	6,809,028	227,849	93,918
	<u>16,519,069</u>	<u>6,809,028</u>	<u>227,849</u>	<u>93,918</u>
19. OTHER LIABILITIES				
Provision for audit fees	435,000	594,500	6,000	8,200
Self insurance fund	22,784	-	314	-
Bonus provision	9,747,098	8,610,007	134,443	118,759
NASSCORP provision	2,363,263	1,388,718	32,597	19,155
Tax withholdings	-	293,031	-	4,042
Salary provision	958,321	576,132	13,218	7,947
Other provision	637,032	32,950	8,787	454
	<u>14,163,498</u>	<u>11,495,338</u>	<u>195,359</u>	<u>158,556</u>

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Notes to the financial statements (continued)

		2012	2011	2012	2011
		LRD	LRD	USD	USD
<hr/>					
20. DONOR FUNDS					
Donor funds received in advance (Note 20.1)		-	-	-	-
Donor funds investment in fixed asset (Note 20.2)		-	-	-	-
Donor funds investment in loans to group members		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<hr/>					
20.1 Donor funds received in advance					
Opening balance		-	71,500,000	-	986,207
Donation received during the year (Note -20.1.1)		-	-	-	-
Transferred to deferred income – investment in fixed asset		-	-	-	-
Transferred donated equity		-	(71,500,000)	-	(986,207)
Transferred to statement of income and expenses		-	-	-	-
Closing balance		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
20.1.1 Donations received during the year					
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<hr/>					
20.2 DEFERRED INCOME –FIXED ASSETS					
Opening balance		-			
Transferred from donor funds received in advance		-	-	-	-
Depreciation charge during the year		-	-	-	-
Closing balance		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
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21. CAPITAL COMMITMENTS					
SHARE CAPITAL					
Name	% of holding				
BRAC international holdings BV	51%	148,636,631	148,636,631	2,050,161	2,050,161
SEDF	24.5%	71,403,904	71,403,904	984,881	984,881
Omidyar Network	24.5%	71,403,904	71,403,904	984,881	984,881
		<hr/>	<hr/>	<hr/>	<hr/>
		291,444,439	291,444,439	4,019,923	4,019,923
		<hr/>	<hr/>	<hr/>	<hr/>

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended 31 December 2012



Notes to the financial statements (continued)

22. User of estimates and judgments

The preparation of financial statement in conformity with Financial Reporting Statements requires management to make judgments, estimates and assumption that affect the application of the policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period the reported period.

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

BRAC makes estimates and assumptions that affect the reported amounts of asset and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management identifies all significant accounting policies and those that involve high judgment and in particular the significant areas of estimate and un-certainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

i) Impairment

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

The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimated and actual loss experience. Amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience,

ii) Provision and contingencies

A provision is recognized if as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an out flow of economic benefits will be required to settle the obligation,

	2012	2011	2012	2011
	LRD	LRD	USD	USD
23. CASH FLOW FROM OPERATING ACTIVITIES				
Excess of income over expenditure	(41,361,430)	(23,244,896)	(570,502)	(320,619)
Depreciation	1,562,780	1,502,969	21,556	20,731
Loan loss provision	28,844,332	15,304,783	397,853	211,100
Cash flow before changes in working capital	(10,954,318)	(6,437,144)	(151,094)	(88,788)
Increase/(decrease) in provision for taxation	-	-	-	-
Changes in working capital				
Decrease/ (increase) of receivable and other current accounts	(2,254,530)	(929,837)	(31,097)	(12,825)
Decrease/(increase) of deferred tax asset	-	(1,801,864)	-	(24,853)
Decrease/(increase) of interest receivable	(1,396,164)	(2,965,921)	(19,257)	(40,909)
Increase/ (decrease) of related party	8,530,202	2,649,751	117,658	36,548
Increase/ (decrease) of current liabilities	2,668,160	7,451,274	36,802	102,776
Net cash from operations	(3,406,650)	(2,033,738)	(46,988)	(28,052)

24. Contingent Liabilities

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

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

Notes

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