



Sierra Leone

BRAC opened its offices in Sierra Leone in 2008, and by the end of 2011, it reached over 700,000 Sierra Leoneans with activities in microfinance, agriculture, livestock, poultry, health and legal services.

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.

Sierra Leone

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.

The Republic of Sierra Leone, just like its neighbouring countries, is blessed with an abundance of natural resources; however, the country remains one of the poorest in Africa. Lack of education persists as one of the glaring issues plaguing Sierra Leone, with the national literacy rate standing at 35.1 per cent, with the female literacy rate at a lowly 24.4 per cent. Although the civil war claimed many lives and left the country in relative poverty, it is slowly moving towards the path of economic stability. However, illiteracy, poverty and hunger remain an obstruction; according to a recent UNDP human development multidimensional poverty index, Sierra Leone is one of the top 10 poorest countries in the world, with 81.5 per cent of its population living in absolute hunger and poverty.

This year, we piloted the empowerment and livelihood for adolescents (ELA) programme in Sierra Leone, with financial support from UNICEF. We target 13 – 20 year old girls who dropped out of formal schooling, who have never attended school or are still in school, and those who are married, as well as teenage mothers. Our approach is utilising a methodology which empowers adolescents, and gives them a platform to voice their concerns, as well as building their capacity needed to manage numerous responsibilities.

Looking forward to the future, we hope to expand and scale up our ELA programme to cover more regions in Sierra Leone.

BRAC believes in empowering women so that they can act as agents of change in their communities. We provide microloans to disadvantaged women, helping them engage in income generating activities and in the long run, to improve their economic condition. In 2012 we disbursed USD 4.59 million to 16,522 borrowers. In the same year we piloted the Youth Business Development programme, which is supported by Restless Development, a youth led development agency in Sierra Leone. This programme focuses on young business entrepreneurs, encouraging them to develop a new business models which will generate more employment.

After the cholera emergency in Sierra Leone was declared, BRAC received a small donation from its head office in Bangladesh to address the crisis. We provided emergency supplies to the district health management team in six districts in Sierra Leone. We are in the process of expanding our health programme in the near future. Our plans include a community based approach to improving reproductive, maternal, new born and child health in eight districts; improving sexual and reproductive health and creating sustainable livelihoods for youths; an intervention for our community health promoters in rural communities; and enhancing the capacity and resilience of communities in tackling cholera.

Our agriculture programme in Sierra Leone is working on providing training for farmers, establishing demonstration farms and kitchen gardens, producing and distributing quality seeds, providing inputs and tools support to farmers, organising nutrition awareness campaigns, and forming and meeting with village nutrition committees. In 2012, we covered a population of about 19,926, and trained community agriculture promoters, model farmers, and general farmers. In the poultry and livestock sector, we have been focusing on organising and creating demand at the local level so that the private sectors are encouraged to increase their market share, as well as maintaining a competitive marketing sector rather than a monopoly.

In our human rights and legal empowerment programme, our paralegals from five different offices received 798 cases, and resolved 478 cases through alternative dispute resolution. Since a significant part of the country still remains out of the coverage area from the legal aid services, there is scope to implement human rights and legal empowerment in new areas of Sierra Leone, ensuring justice delivery to the vulnerable rural population.

I would like to take this opportunity to thank our team in Sierra Leone who have worked diligently under difficult circumstances. 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 re-evaluate its strategy. I thank the Sierra Leonean government and our development partners in Sierra Leone for their continued support as we strive to create greater value in our services to contribute towards the progress and prosperity of Sierra Leone.



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.

Building economic and social capital in Sierra Leone

BRAC's microfinance programme in Sierra Leone provides loan to women who are not served by other microfinance institutions, giving them the opportunity to operate businesses which sell products or services to their local communities. Borrowers are not required to provide collateral, and reimburse their loans on a weekly basis against competitive interest rates. Through this initiative we help the government of Sierra Leone to achieve its goal of developing a well-founded and fully functioning microfinance sector.

Community partnership and institution-building are essential tools for the marginalised to change their economic, social and political conditions. We deliver

our microloans along with other services, through village organisations (VOs), an organised group of women who come together to improve their socio-economic position. The VOs meet weekly to make their loan repayments and to discuss their credit decisions with BRAC's credit officers. BRAC provides training and technical assistance to these members and others in the community, enabling them to earn more income from existing activities and to start new income generating activities.

Small enterprise programme

BRAC offers small enterprise loans to entrepreneurs who are seeking to expand their business. The loans enable

these business owners to create new employment opportunities and provide new services. The entrepreneurs would otherwise only have limited access to the formal financial system – too large to qualify for microloans, but with insufficient collateral for commercial banks. The small enterprise loans range from USD 800 to 6,000, and is offered to individuals rather than the groups. It is available for both male and female entrepreneurs, with repayments made on a monthly basis. Some members of the microloan programme become eligible for small enterprise loan as their business expands and their investment needs change.



Munamel, a community organiser, is counting money at a microfinance group meeting at Upper Bush Water Adonkian road group



Margaret, who makes her living selling soap, is the president of the Upper Bush microfinance group

Beyond 2012

BRAC plans to organise more training and refreshers to build the capacity of national staff, so that they are equipped to operate the microfinance programme more efficiently.

2012 Highlights

In 2012, BRAC piloted the Youth Business Development programme, which is supported by Restless Development in Sierra Leone. With this programme BRAC, encourages young entrepreneurs to develop new business models which will generate more employment.

Microloans

As of 2012, BRAC's microfinance programme is operating in 43 branch offices, covering a population of 123,786. The programme organised 1,846 microfinance groups with 20,631 group members, of which 15,316 are borrowers. In total, BRAC disbursed loans amounting to USD 3,019,913 in 2012. The closing loan portfolio amounts to USD 1,157,106.

Small Enterprise programme

BRAC's small enterprise programme (SEP) is operating in 26 branch offices in Sierra Leone, serving 7,824 people. The programme has 1,206 borrowers, with total loans disbursed amounting to USD 1,571,363 in 2012. The closing loan portfolio amounts to USD 967,604.

We disbursed 22,073 microloans and 1,213 SEP loans in 2012.

CASE STUDY



Juma is successfully running a small business from a loan she took out from BRAC

JUMA: A rising entrepreneur

"The loan has changed my life. I'll be able to do things for my family I could only dream of before; I can provide a better future for my children."

Juma lives with her husband and two children. She is a member of BRAC's microfinance group in the Kenema district.

Juma was born in a poor family. Her parents were not able to send her to school, and her community also suffered greatly from the devastating civil war in Sierra Leone. After marriage, Juma's situation was still dire. Her husband could not find good employment, and their income was so low that they barely met minimum living conditions, and were unable to send their children to school.

Juma first learned about the microfinance programme after meeting with BRAC staff, and subsequently enrolled as a member

in the microfinance group nearest to her house. After four weeks, she took her first loan of SLL 600,000 (USD 139) to purchase and subsequently sell palm oil, sugar, flour, rice, garlic, onion, groundnut and other assorted food items. Within a few weeks, her profit increased from SLL 35,000 (USD 8) to SLL 65,000 (USD 15), and she was finally able to provide better means of livelihood to her family.

Juma is now a role model to other underprivileged women in her community, encouraging them to enroll in the microfinance programme because of the positive changes it brought into her own life.

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 farmers in Sierra Leone

In Sierra Leone, BRAC's agriculture programme is working on providing training for farmers, establishing demonstration farms and kitchen gardens, producing and distributing quality seeds, providing inputs and tools support to farmers, organising nutrition awareness campaigns, forming and meeting village nutrition committees, and developing staff capacity.

The agriculture programme is currently operating in six districts in Sierra Leone (Port Loko, Bombali, Tonkolili, Bo, Kenema and Western area), and covering 20 branches. Since its inception in 2008 to December 2012, BRAC has been supporting the communities in Sierra Leone with funds from AGRA (March 2011- June 2013), London Mining Company Ltd (July 2011-June 2012), DFID (April 2012- March 2015), and Omydiar Network.

Our community agriculture promoters (CAPs) deliver technical services and inputs to the farmers. In addition, we facilitate the CAPs to establish themselves as small entrepreneurs and strengthen their businesses.



A BRAC community agriculture promoter is weeding the vegetables in her garden

Beyond 2012

A lot of constraints delayed the progress of the agriculture sector in Sierra Leone. Despite the barriers, we are aiming to sensitise the marginalised farmers and provide them with modern agriculture production technologies. Rural farmers will also receive quality seed, and inputs to assist them in increasing their production. Kitchen gardens will be one of the permanent sources of nutrition for family consumption, and an additional source of income generation for poor households. To further strengthen our relationship with the community people, we will disseminate messages of best practices to reduce malnutrition in rural areas of Sierra Leone.

2012 Highlights


In 2012, we covered a population of about 19,926, trained 27 BRAC staff, 209 community agriculture promoters, 174 model farmers and 3,321 general farmers. Agricultural tools were given to 2,577 farmers, and seeds and fertilisers to 2,664 farmers.

We distributed approximately 22 metric tonnes of seeds and 23 metric tonnes of fertilisers to farmers. A total of 1,800 kitchen gardens were established. Nutrition awareness campaigns were also organised in collaboration with the village nutrition committees.



Isatu received training from BRAC and became a model farmer. She is sitting at a demonstration plot in Masiaka

CASE STUDY



Mary proudly shows her kitchen garden, which she cultivated after receiving training from BRAC

MARY: An alternative path out of poverty

“Using the new farming technology has improved my business in a way I could never imagine.”

Mary is a kitchen garden farmer from Fagoya, in the southern part of Sierra Leone. Before she joined BRAC, she used to cultivate vegetables using the traditional farming methods; she was unaware of proper techniques such as sowing, transplanting and pest management.

When she joined BRAC's agriculture programme, she was given a three-day training and refresher on establishing kitchen garden technologies, and provided with information on nutrition issues, as well as modern technologies like line sowing, transplanting, fertiliser application, weeding, and pest management.

After she received training and was given the tools and support, she was able to start

gardening, utilising proper management techniques for producing fruit and leafy vegetables. Previously, she was unable to sufficiently provide for her family, but now she is economically solvent, selling her produce which has increased her income.

During the last six months, she earned SLL 150,000 (USD 34.64) by selling vegetables. She is also maintaining the proper nutritional practices in her family which she was taught in the training. Mary plans to expand her business, increasing her land and production, while also venturing into other businesses.

Poultry and Livestock

Assisting the farmers in Sierra Leone

BRAC launched the poultry and livestock programme in Sierra Leone in 2008. The programme is currently implementing two projects through 20 branches in six districts with the aim to reduce hunger and improve the livelihood situation in Sierra Leone. The poultry and livestock programme has been working to increase the productivity of small scale farms by building the capacity of farmers, introducing modern livestock management techniques, demonstrations, and building

viable services of local businesses through trainings and capacity building of local staff.

We developed self-employed community livestock and poultry promoters (CLPPs). Our interventions are aimed at reducing livestock mortality, increasing the farmer's income, creating employment opportunities, and reducing malnutrition and stunting of livestock. We target rural women and families who suffer from food

insecurity, and are primarily excluded from mainstream livestock programmes. Our CLPPs are the entry point for the livestock services in the communities and are responsible for raising demand at the local level to attract private sector investment in the poultry and livestock sector. The greater part of our activities focuses on capacity building, developing model farmers through demonstrations, and adapting modern technologies to suit the local context.



Mayni is waiting for her livestock to be vaccinated by a BRAC community livestock and poultry promoter in Kondatusection, Port Loko



A community livestock and poultry promoter is giving feed to her poultry

2012 Highlights

BRAC's poultry and livestock programme reached 4,608 people with 200 backyard poultry rearers, 123 model poultry rearers, 176 model livestock rearers, and also model rearers of sheep, pigs, cows and goats in Sierra Leone. Our CLPPs have administered vaccination to 180,037 poultry and treated 11,951 animals. We provided training to 968 farmers from six remote districts among 20 branch offices. The CLPPs have also distributed more than 32 metric tonne feed in 2012.

Currently we are preparing balanced rations with the assistance from area livestock co-ordinators to create alternative source of income generating activities.

We focused on creating and organising demand at the local level so that the private sectors are encouraged to increase their market share.

The programme undertook 20 nutrition campaigns at the community level with assistance from the village nutrition committees, to reinforce the importance of nutrition. The campaign had tremendous impact in raising awareness in the communities, leading to a shift in behaviour, particularly on cooking methodologies, knowledge on food processing, and the nutrition value of different farm products.

CASE STUDY

Warrah is now a successful backyard poultry farmer after receiving training and inputs

WARRAH: A hope for the future

"I feel so lucky to receive help from BRAC. Now I don't have to worry about providing for my family, as I am earning enough to support everyone."

Warrah is a resident of Lunsar in Sierra Leone. She lives with her seven children and four step-children. Among the eleven children, five were not able to complete formal education due to poverty. She started rearing poultry in her backyard in 2002 after the end of the civil war. Her desire to expand to the farming sector failed because she did not have sufficient knowledge on proper farm management practices and basic services. Thus, she was unable to profit from poultry rearing.

Through the extension work of BRAC's poultry and livestock programme assistants, her issue was recognised. Warrah was selected as a back yard poultry rearer as part of the Global Poverty Action Fund (GPAF) project for reducing hunger in rural

areas of Sierra Leone with support from DFID. She was provided with technical training for three days, a poultry shed and equipments, 20 hens, two roosters, 100kg feed, a vaccination schedule, antibiotics, and regular technical support and supervision from programme staff and CLPP.

Now, from her backyard poultry enterprise coupled with her previous livestock birds, Warrah has a booming business, earning a total income of SLL 3,535,000 (USD 823).

Warrah is finally able to send her children to school and contribute to the livelihood of her family. Through the intervention of BRAC, and the GPAF project, other farmers are now benefiting from this multiplier effect.

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 ground breaking door-to-door approach. These workers create a cost-effective bridge between under-served poor communities and formal healthcare systems. BRAC also organises health meetings to encourage an exchange of knowledge, thus empowering people to take care of themselves, their families and neighbours.

Improving essential health care

Essential health care programme

BRAC's essential health care (EHC) activities are carried out in six districts of Sierra Leone – Western area, Port Loko, Bombali, Tonkolili, Bo and Kenema. We employ 600 community health promoters to provide services to 120,000 households. To date, they have conducted 10,445 health forums, sensitising 113,478 people at the community level, and referring 111,478 patients to the nearest health facilities. Among those patients, 2,562 were treated for tuberculosis, 33,820 for malaria, 16,680 and 15,060 pregnant and lactating mothers for antenatal and postnatal care respectively. 20,395 under-five children also received immunisation.

Global Fund Round-10 malaria programme

BRAC in Sierra Leone is a sub-recipient of the Global Fund Round-10 Malaria

Programme. They started their operations from March 30, 2012 in three districts of Sierra Leone: Western area, Tonkolili and Kenema under the supervision of the principal recipient, the Ministry of Health and Sanitation and Catholic Relief Services. A total of 125 communities were sensitised through 30 street theatres, the formation of 74 school health clubs, and 281 community health clubs.

School and Supplementary Feeding Programme

In collaboration with the World Food Programme, the Ministry of Education, Science and Technology, and the Ministry of Health and Sanitation, BRAC started the School and supplementary feeding programme in February 2012. The programme objective is to increase access to basic education and improve attendance and retention rates particularly among girls, improve the nutritional status

of school children and other vulnerable target groups, such as people living with tuberculosis HIV/AIDS, pregnant and lactating women and caregivers. This initiative covers 87 schools, 31 support groups and 59 peripheral health units (PHU). The total beneficiaries received food support under SSFP stands at 43,818 with 1,419 MT of food.

Diagnostic clinic

A medical diagnostic laboratory was established in Goderich in October 2010, under the western rural district to provide health services to the underprivileged people in the community. The clinic provided 371 doctor consultations and 515 laboratory tests, of which 79 patients received free consultation under the national policy of free health care for pregnant mother and under five children.



Rugiatu, a community health promoter, is talking with the Turray Family outside their home in Port Loko

Beyond 2012

To scale up our health programme in Sierra Leone, we submitted several proposals to different donors for 2013. Our plans for expansion include a community-based approach towards improving reproductive, maternal, new born and child health in eight districts in Sierra Leone; improving sexual and reproductive health and creating sustainable livelihoods for youths in Freetown; an intervention for our community health promoters in rural communities; and enhancing the capacity and resilience of communities in tackling cholera.

2012 Highlights

After the cholera emergency in Sierra Leone was declared, BRAC received USD 10,000 as donation from its head office in Bangladesh to address the crisis and provide emergency supplies to the district health management team in six districts.

UNICEF also supported BRAC social mobilisation activities by supplying posters, banners and supplies like water purifying tablets. Save the Children also supplied posters and banners to BRAC for community sensitisation. BRAC acted as a member of the social mobilisation committee formed by the Health Education department of Ministry of Health and Sanitation.

600 community health volunteers provided sensitisation to their communities

on cholera through regular household visits and community meetings. BRAC programme assistants also conducted special health forums in their communities and in PHUs using cholera posters and demonstration of preparing oral rehydration therapy, sugar-salt solution and proper hand washing techniques.

On September 25, 2012, BRAC, in joint collaboration with Médecins Sans Frontières, organised a rally from Wellington to Shell to address the cholera outbreak and sensitise people by distributing posters. Also, a skit show was conducted at Shell after the rally to raise awareness on taking prompt action when cholera symptoms begin to occur.



A BRAC programme assistant is demonstrating how to make ORS at home

CASE STUDY



Abdul is thankful to have received the malaria training, which helped save the life of his student

ABDUL: More than just a teacher

"I never knew the main cause of malaria, but with the help of BRAC who conducted trainings for teachers, I learned how only female mosquitoes can transmit the disease from an infected person."

Abdul is a teacher in a school in Bendugu. One day he noticed a pupil vomiting in his class. She also had chills and a high body temperature, and was restless. With knowledge gained from a malaria training for teachers conducted by BRAC, Abdul was promptly able to identify her symptoms and surmised that she was suffering from malaria. He quickly referred her to a recognised health centre where she could receive proper treatment.

After two days, Abdul's student returned to school in a better health. She told Abdul that his diagnosis was correct as

she tested positive for malaria. Being able to help his student in her moment of need makes Abdul feel proud to be a school health club facilitator. He took further initiative by advising the entire school to sleep under treated mosquito nets which would prevent them from contracting malaria.

In the future, Abdul hopes that BRAC will continue this programme to train school teachers since pupils, as well as teachers, are greatly benefitting from the programme.

Empowerment and Livelihood for Adolescents

BRAC's programmes for adolescents are designed to socially and financially empower teenage girls, providing safe spaces for them to socialise and receive mentoring and life skills training. With networks of these girls' clubs active in five countries, we combine this approach with financial literacy training, offering customised micro loans that contribute to the social and financial empowerment of adolescent girls. This in turn helps prevent early marriages and leads to a more stable future for the next generation.

A second chance for Sierra Leonean girls

Adolescent girls are faced with many challenges, including teen pregnancy, sexually transmitted diseases (STDs) such as HIV/AIDS, limited access to youth friendly reproductive health services and information, malnutrition, as well as sexual and gender-based violence. These young girls are at risk because they are exposed to sexual violence and increasingly pushed into early marriages due to a variety of factors.

Lack of access to user-friendly services and lack of information, education, and communication materials have also negatively influenced adolescents' behaviours. These risks increase as social

controls break down, and young people engage in sexual activities with very little knowledge about prevention of unwanted pregnancies and STDs.

BRAC piloted its empowerment and livelihood for adolescents (ELA) programme in Sierra Leone in 2012, with financial support from UNICEF. The programme is currently being implemented in Port Loko targeting 10 communities in Marfoki and Marampa chiefdoms. ELA targets 13 – 20 year old girls who dropped out of formal schooling, who have never attended school or are still in school, and those who are married, as well as teenage mothers.

The programme's key approach is utilising a methodology which empowers adolescents, and gives them a platform to voice their concerns, as well as building their capacity needed to manage numerous responsibilities.

We aim to assist the vulnerable girls to become economically and socially empowered. We provide safe spaces for sharing their experiences, training on life-skills, livelihood training and credit support to start income generating activities along with community sensitisation activities with the objective of community ownership and support.

ELA girls are performing at an adolescent club in Port Loko





An adolescent girls club members at Port Loko

Beyond 2012

Looking forward to the future, we plan to include adolescent boys into our ELA programme, initiate a radio talk show programme and with a focus on the youth. We also hope to expand and scale up our initiative to cover more regions in Sierra Leone.

2012 Highlights


We are currently operating 10 adolescent clubs, reaching 431 adolescent girls in Sierra Leone. A total of two community leaders' workshops have been held in the two chiefdoms, with an aim to raise awareness on child protection issues in the districts. We received a positive response from the local leaders, who are willing to liaise with BRAC to advocate for child rights and promote child protection.

In addition, a total of 30 mothers' forums were conducted with an average attendance of 150 mothers on a monthly

basis. They were given information on the ELA programme's activities, and their responsibilities towards their teenage girls.

A total of 300 adolescent girls received life-skill training, and are equipped with basic knowledge on sexual and reproductive health and hygiene practices, which will lead to positive behavioural changes and practices. 33 girls from the ELA programme received training on hairdressing, tailoring, and poultry management.

CASE STUDY



Aminata is attending a training session on tailoring. She hopes the skills she acquires will be beneficial in her future livelihood venture

AMINATA: Excited about what the future holds

"I am so excited to be given this opportunity. The programme has given me and other girls the chance to improve on our lifestyles. The trainings, and the chance to talk about our problems is the reason why so many girls join these clubs. Unplanned pregnancy is the main problem amongst girls here and the society has always judged the girl-child."

Aminata, 19, lives in Kondoto community, Marforki chiefdom, Port Loko District. She comes from a family of nine. She joined the nearest ELA club three months ago as she needed a space to connect with other girls who were in her situation and would be understanding of her predicament. Aminata has two children, aged three years, and eight months old respectively, both born out-of-wedlock. She stopped her schooling because her father could not afford to pay tuition. Soon after, she became pregnant at the age of 16, but unfortunately, the father of her child failed to provide the necessary support. Aminata is now living with her parents who take care of her and her children.

Aminata was initially attracted to the club because of the various activities they

conduct, for example indoor games, music, dance and drama, discussions, and the various trainings for the club members. She has learnt how to play different games, maintain proper hygiene, accept her past, and move forward. These trainings and discussions have had a positive impact on her self-esteem, and she has now learnt about the benefits of using family planning.

Aside from having friends in the club, she has been provided with tailoring materials to start her own tailoring activities, and will be using the skills to earn an income to become a financially independent woman and support her family.

Human Rights and Legal Empowerment

BRAC empowers the poor and marginalised by informing them of their legal and human rights. Our “barefoot lawyers,” the pioneering troop of the world’s largest NGO-led legal empowerment initiative, delivers legal services to the doorsteps of millions. By organising legal education classes, we give the poor the knowledge they need; by providing legal aid through our staff lawyers, we help them assert their rights. And by engaging local community leaders to foster more widespread awareness of legal issues, we help them transform themselves into agents of social change.

Resolving judicial issues

BRAC’s human rights and legal empowerment (HRLE) programme in Sierra Leone is dedicated to protect and promote human rights by legally empowering the poor, especially women. The programme commenced operations in July 2010, in three chiefdoms under Port Loko district. HRLE now operates in four chiefdoms, Maforki (Port Loko), Marampa (Lunsar), Koya (Masiaka), and Kaffubolom (Lungi) which is among the 11 chiefdoms in the district.

HRLE is designed to sensitise the people in the communities about their basic legal rights, as well as receiving cases from them if their rights have been violated. We operate with two paralegals, one female

and one male, for each branch office to manage gender sensitive cases properly.

Our community-based paralegals are moving forward to identify issues at the community level as well as individual level, frequently receiving cases from the community people. Our first priority is to uncover concrete and practical solutions of justice level problems. We are implementing the programme through interventions such as mobile clinics, community meetings, school orientations, radio discussions, mediations, advocacy, and litigation.

We have three categories of volunteers such as community oversight board

members, who are community elders, and help our paralegals to resolve difficult cases relating to customary legal issues. Our community contact persons are those who are helping our paralegals to organise mobile clinics and community meetings, by mobilising the people in the communities. Our third category of volunteers are called as law implementation committees; they are selected from our legal literacy classes, and they take a stand against sexual and gender-based violence.

A human rights and legal empowerment community forum in session



Beyond 2012

Human rights and legal empowerment is successfully operating in different locations across the country, and our existing donors have committed to continue their support up to 2016. However, since a significant part of the country still remains out of the coverage area from the legal aid services, there is scope to implement HRLE in new areas of Sierra Leone, ensuring justice delivery to the vulnerable rural population.

HRLE programme also intends to extend services with ELA and health programme participants as those groups are also vulnerable.

To further expand our activities to reach the marginalised with our rights-based interventions, we received a call for proposal from Development Alternative Initiative (DAI) and are in the process of submitting a proposal to expand our activities to new locations such as Koinadugu, Kenema, Moyamba and Kono by next year.

2012 Highlights

In 2012, we covered 6,750 people through our numerous programme interventions. Our paralegals from five different offices organised 220 mobile clinics, 40 community meetings where 1,995 community people were in attendance, learning about the domestic violence act, child rights act, devolution of state act etc.

Our paralegals from the Lungi offices provided 16 legal literacy classes for the community women, each legal literacy class consisting of 18 participants. The participants were sensitised about the basic legal system. At the end of the classes, law implementation committees were formed with the best three learners amongst the 18.

School orientations are another component which is effective in raising awareness amongst school children. In

these sessions, the paralegals discuss the programme and its activities and services, including BRAC's free legal assistance. The discussion is mostly based on gender-based domestic violence, child and wife maintenance, child rights act, etc. In 2012 alone, BRAC's paralegals from five different offices received 798 cases, and resolved 478 cases through alternative dispute resolution (ADR).

This year, our paralegals received a new training on state accountability from the University of Makeni. The objectives of the training was to identify key areas in government institutions which are responsible for delivering basic public services, especially the health centres and schools, and to make a report to the respective authority if there is any mismanagement observed.



A legal meeting taking place in Port Loko

CASE STUDY



Both parties were provided with legal advice by BRAC paralegals in Port Loko

PARALEGALS: Bridging the communication gap

"We are very grateful to BRAC's paralegals for resolving this issue which had divided our community."

BRAC's paralegals from the Port Loko office received a case where a man reported that the daughter of his late father's foster mother made a claim to the land which her mother had given to the defendant's father. The man's father profited from cultivating the land for years before his death. After her mother's death, the woman asked the man (complainant) to return the land her mother had given to his father.

This issue divided the community, as they took sides to resolve the issue, but only led to intense fighting within the community. Our paralegals received

the case during one of their routine mobile clinic visits, and invited the two parties to discuss their concerns. After an investigation was performed, it was determined that the man's father worked for the late woman for many years and it was due to his hard work that the woman had rewarded him the land, which the elders in the community witnessed. The paralegals provided legal advice to the parties, and they were finally able to reach an agreement. The land was given back to the late man's son and the family of the late woman reconciled with him.

Support Programmes

Finance and Accounts Unit

The finance and accounts unit of BRAC Sierra Leone performs a crucial role within the organisation in improving operational efficiency, whilst facilitating the management's decision making capabilities in Sierra Leone. This unit plays an important role in preparing budgets for development programmes. It is also responsible for managing costs, financing investments and analysing cash flow, profitability, effective management, and transparency of financial data. In addition, it also prepares reports on investments, donor grants, properties, salary, tax, etc. This unit's annual financial statements are prepared in accordance with international reporting standards. A week-long training session was conducted for all branch level staffs of the finance and accounts unit. The objective of this training was to focus on accounts management and human resource issues.

New initiatives

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

2012 Highlights

In 2012, a Finance and Accounts Convention for BRAC and BRAC International was held in Dhaka, Bangladesh. At the event, BRAC's finance and accounts division in Sierra Leone won the first position for compliance with monthly report submission among all other finance and accounts departments of BRAC International.

Internal Audit Department

Internal audit 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 Sierra Leone three auditors (one expatriate and two local) audited 97 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

Monitoring is a crucial department for any organisation to ensure its proper operation. Aside from monitoring programmes like health, agriculture, and poultry and livestock, the department monitored the microfinance programme for all ranges of loans. With this initiative, activities such as 100 per cent reconciliation with passbooks and collection sheet, office discipline, verification of official document, ensuring borrowers attendance and payment of loan at meeting spots, group discipline, etc. were monitored efficiently. BRAC's microfinance monitoring department in Sierra Leone currently has four monitors, including one expatriate who is guiding the three local monitors. The local monitors have been promoted from the microfinance programme from credit officers. Every month four branches are being monitored and reported to the supervisor who compiles these reports and sends it to the management, with recommendations for taking necessary action.

New initiatives

In October 2012, BRAC's microfinance programme in Sierra Leone set up an exclusive microfinance monitoring department which runs separately from the monitoring department. The objectives of this department are to improve the programme quality, ensure better service for clients and strengthen the internal control system.

Human Resources

The human resource division (HRD) is manned by two qualified and dedicated staff, managing over 500 staff in Sierra Leone. HRD recruit, transfer, retrench, enforce discipline and implement BRAC policies. Besides existing as a support division, it strategically stimulates performance in all aspects of the organisation.

New initiatives

HRD has created a standard system for managing employee information, including promotion and transfer index updates, staff profile, staff record by branch, staff position by area, staff history, tracking of contract and service (part time) staff records, staff transfer profile, staff training index, performance appraisal and performance management system.

Staff Development Unit

In November 2012, BRAC established a staff development unit for microfinance, mainly to help minimise the gap between field operations and the country office in Sierra Leone. This unit was formed with specific terms and references, with the broad aim of enhancing knowledge by recruiting staff through the human resource unit, building capacity development and creating awareness, mentoring newly hired staffs, monitoring staff transfers, and appraising staffs on their yearly performance.

The SDU also manages the grievances of microfinance staff by conducting field investigations. These grievances are dealt with care and cautiousness to help improve staff satisfaction. The SDU collects these grievances through phone calls and written complaints.

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 international audit department of BRAC International provided extensive training and workshops on risk management policy to BRAC Sierra Leone staff and facilitated the preparation of risk registers in all programmes.

Information Communication Technology Department

The information communication technology (ICT) department of BRAC in Sierra Leone functions as a crosscutting intervention, and seeks to address the connectivity and channels the emerging technologies to enhance the organisational goals across the country. It aims to modernise the infrastructure and services that support all programme activities of the organisation, on a priority basis and as per their needs. The department is organised into two functional units: technical support, which comprises of all computer hardware related issues; and software development, which comprises of software application use within the organisation. The ICT department provides the following services: ICT policy and strategy development and implementation; provision of hardware and software; automation of core services; maintenance of computer functions for email, internet and file storage; training; and technical support services.

2012 Highlights

The ICT department has coordinated trainings on basic computer applications. It also conducted both regular and scheduled maintenance of all its equipment. In addition, it prepared ICT infrastructure assessment reports on a regular basis, as well as establishing an organised and revised scheme of services for the ICT officers. In 2012, it commenced the automation of helpdesk/support services through Virtual Private Network (VPN) line.

Research Unit

The regional research unit of BRAC in Sierra Leone provides methodical support to the existing operations in the country through programmatic evaluations, useful insight in project proposal developments as well as active monitoring of project activities.

2012 Highlights

The unit has been a part of two research initiatives in 2012. The first one was a study on the Global Poverty Action Funded (GPAF) project called 'Reducing Rural Poverty and Hunger across Sierra Leone'. Some of the key indicators of that survey are on cultivation and adoption of crop technologies used by the farmers, their income and expenditures and nutrition status. The second research initiative is an integrated approach for tackling the issue of empowerment of adolescent girls with support from UNICEF in two branches, at Port Loko and Lunsar.

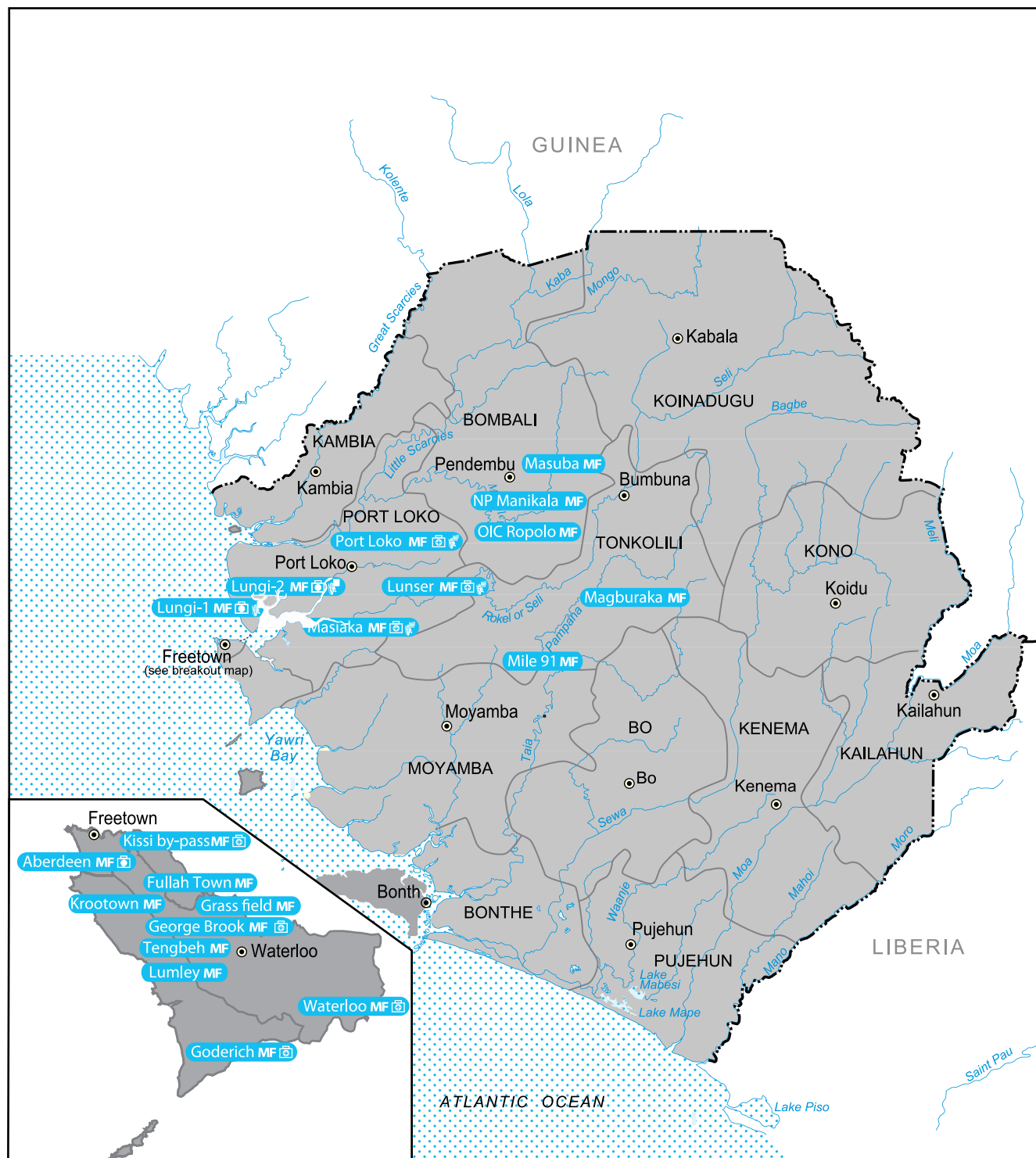
BRAC In Sierra Leone

Branch Locations

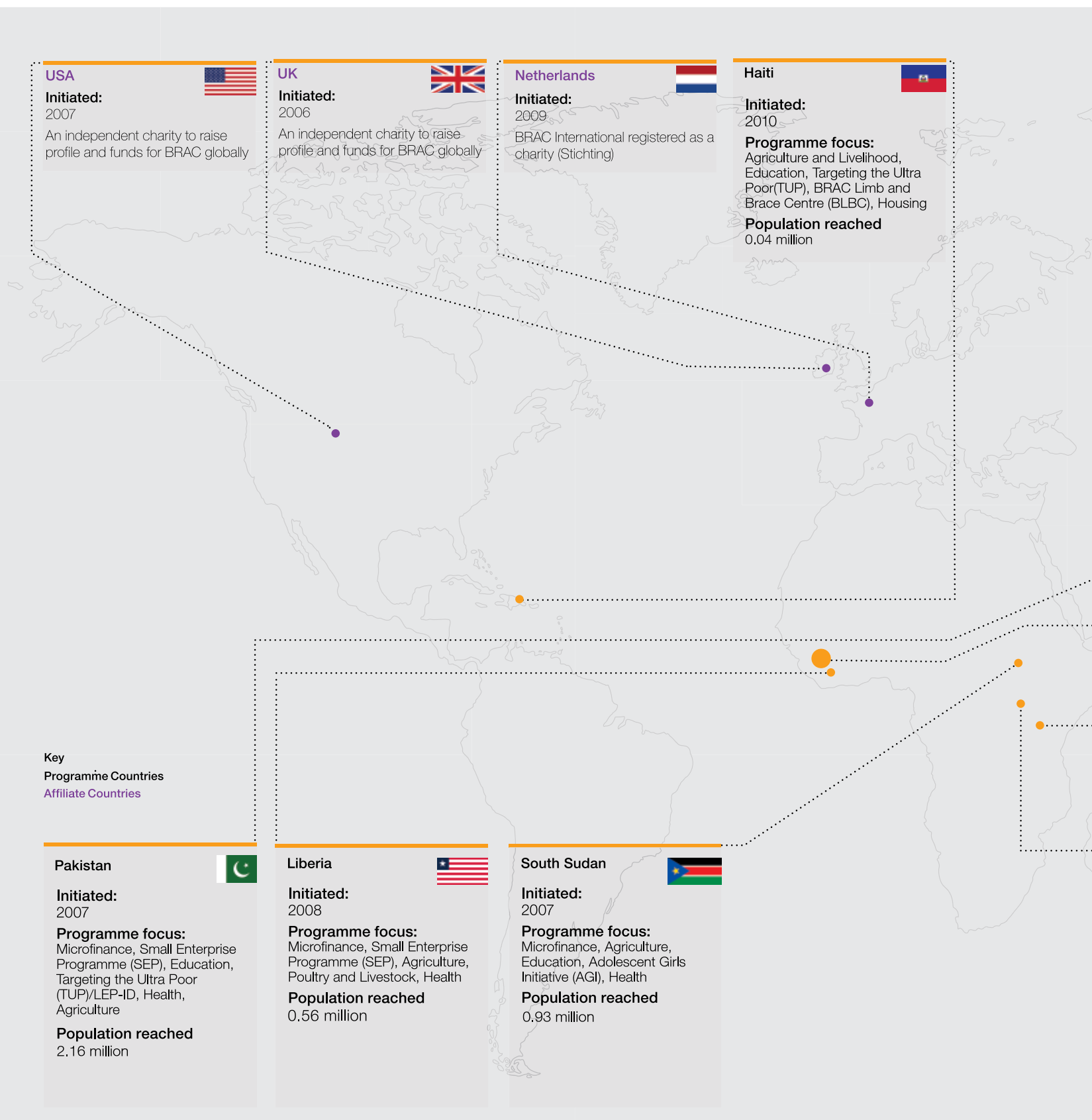


Branch Programmes

- 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**Sierra Leone****Initiated:**
2008**Programme focus:**
Microfinance, Health, Agriculture, Poultry and Livestock, Human Rights and Legal Empowerment, Empowerment and livelihoods of Adolescent Girls, Food security and Nutrition**Population reached:**
0.87 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

16,522	microfinance borrowers
USD 13.2	million loans disbursed (Cumulative)
209	community agriculture promoters trained (Cumulative)
216	community livestock and poultry promoter trained (Cumulative)
221	TB patients referred (Cumulative)
1,111	women served with ante-natal care (Cumulative)
1,497	children immunized (Cumulative)
701	community health promoters trained (Cumulative)
431	ELA clubs members (Cumulative)

Governance

BRAC SIERRA LEONE

BOARD MEMBERS

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

BRAC MICROFINANCE (SL) 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

Tapan Kumar Karmaker Country Representative BRAC Sierra Leone
Syed Humayun Kabir Operating Manager, Microfinance

Development Partners



Operational and financial highlights of BRAC Sierra Leone

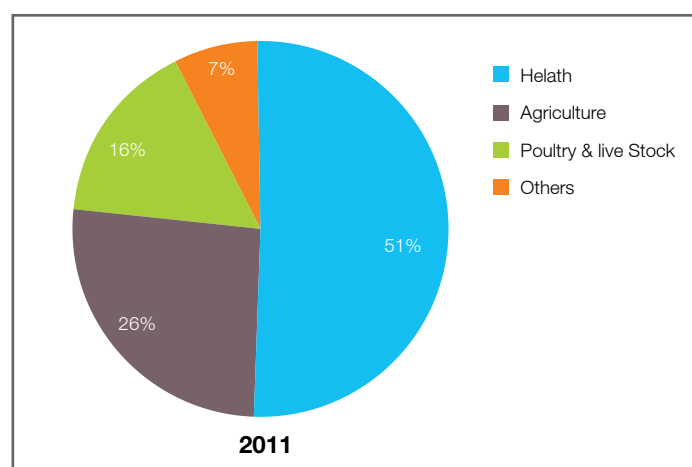
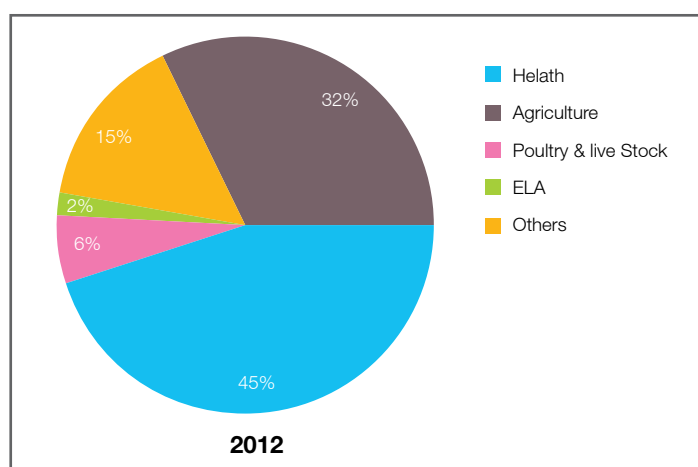
BRAC Sierra Leone completed another eventful year with grants received amounting to USD 1,473,000 in 2012 as against USD 190,000 in 2011. Total Project expenses for the year were USD 1,572,000 in 2012 (USD 1,316,000 in 2011). Out of the total expenses majority is expensed in Health, Agriculture, Poultry & Livestock and ELA programs with support from DFID and Omidyar Network. All most 87% of total expenditure is being used for program services with only 13% as admin expenses.

Total Equity as at 31 December 2012 stands at USD 253,000 as against USD 128,000 in 2011.

Programme Cost by nature of Programme

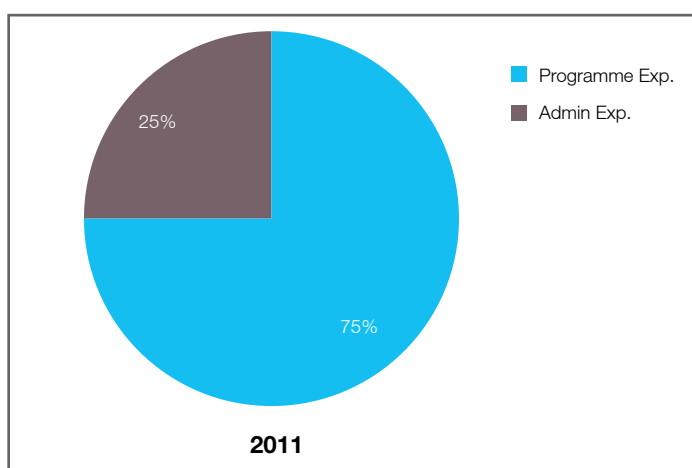
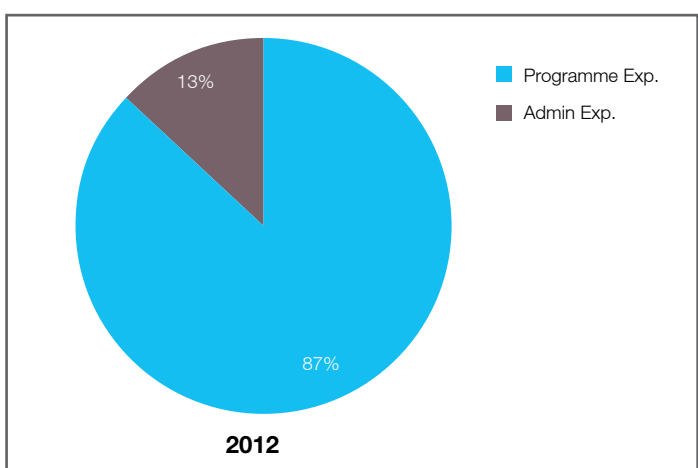
In USD

Programmes	2012	2011
Health	464,000	503,566
Agriculture	671,000	255,579
Poultry and Live Stock	94,000	161,397
ELA	32,000	-
Others	217,878	65,888



Programme Cost by nature of expenses

Expenses	2012	2011
Programme expenses	1,367,878	986,430
Admin Expenses	204,122	329,570

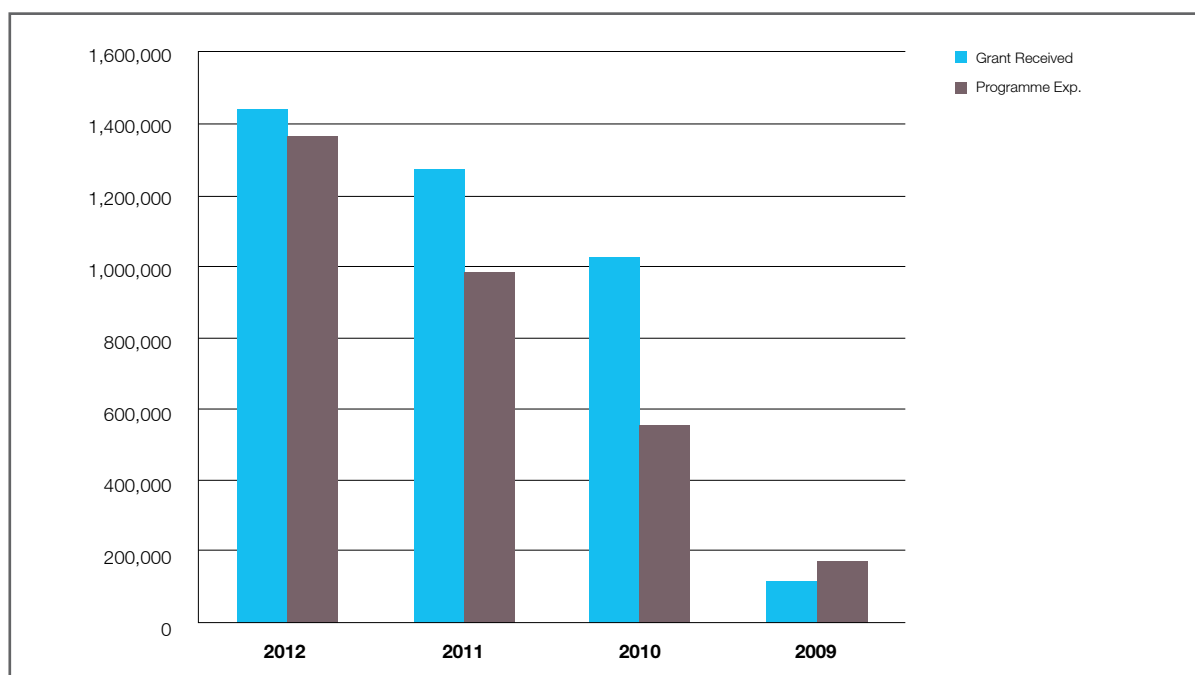


Four Years Performance Review

Figures in USD

	2012	2011	2010	2009
Income Statement				
Grant Income	1,443,000	1,274,000	1,030,000	115,000
Other Income	129,000	42,000	71,000	281,000
Programme expenses	1,367,878	986,430	550,000	172,000
Admin expenses	204,122	329,570	550,000	224,000
Financial Position				
Net equity	253,000	128,000	1,222,000	1,756,000
Cash at bank	347,000	190,000	1,224,000	1,930,000
Operational Statistics				
No of Projects	12	07	05	03

Last four years Grant Received vs. Programme Expenses



Operational and financial highlights of BRAC Microfinance (SL) Ltd.

Net Income

BRAC Microfinance (SL) Ltd. completed another challenging year in 2012 by registering pretax loss of USD 965,000 as against USD 703,000 in 2011. Interest income increased by 16.4% in 2012.

Operating expenses

Total operating income for the year was USD 1,272,000 as against USD 1,153,000 in 2011 showing an increase of 10%.

Provisions for Impairment losses

This year amount charged for impairment on loans was USD 158,000 as against 220,000 in 2011, a decrement of 28 %. Total reserve as against impairment in 2012 was USD 142,000 as against USD 217,000 in 2011, representing 6.7% of Gross portfolio. Portfolio At Risk (PAR>30) is 7.46% as against 12.43% in 2011.

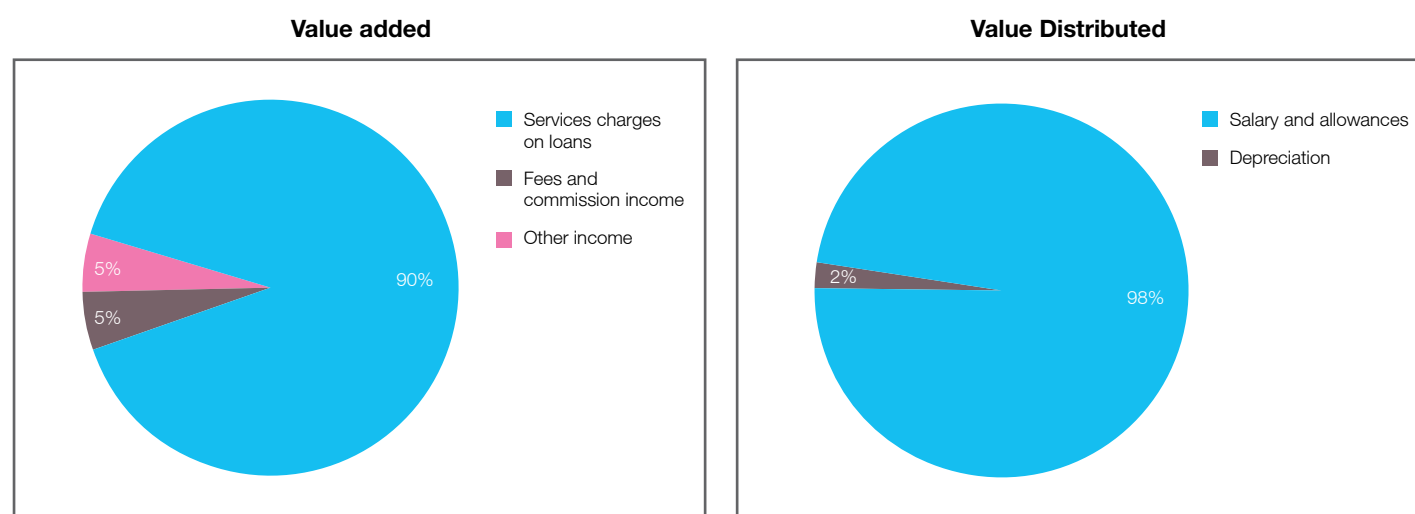
Financial Position

In 2012 the company's total assets decreased by 14% to USD 3,624,000.

Loans and advances to customers decreased by 4.2% and is now 55% of total assets.

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 Microfinance (SL) Ltd. 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	1,138,000	308%	978,000	222%
Fees and commission income	69,000	19%	71,000	15%
Other income	65,000	18%	104,000	6%
Operating exp.	(745,000)	-202%	(739,000)	-110%
Loan prov. (doubtful losses)	(158,000)	-43%	(220,000)	-34%
Total value added	369,000	100%	194,000	100%

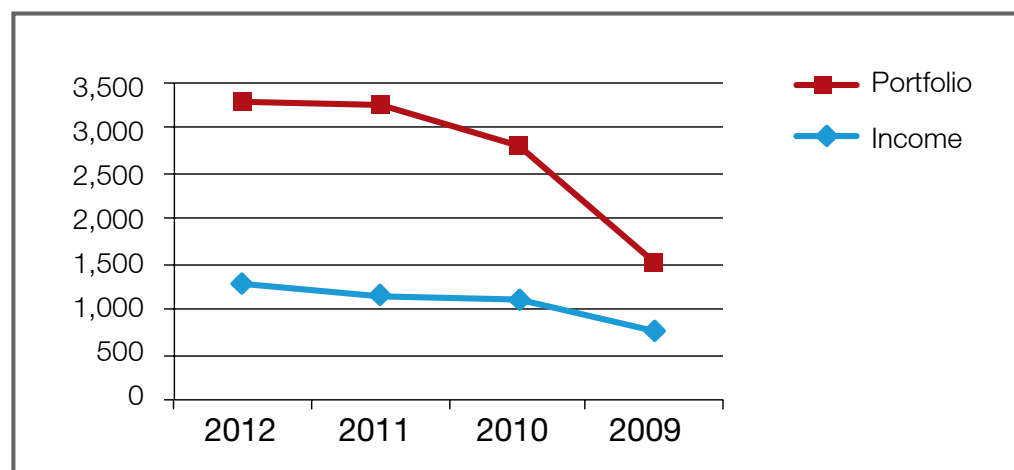
Figures in USD

	2012		2011	
	Amount	%	Amount	%
Value Distributed:				
Employees				
Salary and allowances	1,301,000	353%	870,000	448%
Local Authorities				
Taxes	(1,000)		4,000	2%
Growth				
Retained income	(964,000)	-261%	(707,000)	-364%
Depreciation	33,000	9%	27,000	14%
Total value distributed	369,000	100%	194,000	100%

Four Years Performance Review

Figures in USD

	2012	2011	2010	2009
Income Statement				
Operating Income	1,272,000	1,153,000	1,102,000	759,000
Net (Loss)/ Profit before tax	(965,000)	(703,000)	31,000	436,000
Financial Position				
Total Asset	3,624,000	4,207,000	4,911,000	3,738,000
Net Equity	2,587,000	3,520,000	4,425,000	3,493,000
Loans to Customers (net)	2,006,000	2,096,000	1,697,000	748,000
Cash at Bank	816,000	1,449,000	2,703,000	2,656,000
Returns and ratio				
Return on Asset	-25%	-15%	1%	12%
Cost to Income	176%	161%	97%	43%
Operational Statistics				
Total borrowers	16,522	21,308	16,837	8,274
PAR>30	7.46%	12.43%	11.44%	-

Last four years Income Vs Portfolio (In '000 USD)**Awards and Recognition in 2012**

In 2012, BRAC & BRAC International Finance & Accounts Convention held on Dhaka, Bangladesh, Finance and accounts department of BRAC Sierra Leone received the first position for compliance with monthly report submission among all other BRAC Finance and Account departments working in different countries.

BRAC Sierra Leone Financial Statements

For the year ended 31 December 2012

BRAC SIERRA LEONE
Financial Statements
For the year ended 31 December 2012

General information

Board of Directors	:	Dr AMR Chowdhury	-	Chairperson
		Mr Faruque Ahmed	-	Member
		Mr Tanwir Rahman	-	Member

Office	:	BRAC Sierra Leone 23 Old Lumley Road Wilberforce Freetown
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Project Coordinator	:	BRAC Sierra Leone
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Bankers	:	Standard Chartered Bank
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Auditors	:	KPMG Chartered Accountants Bicentenary House 17 Wallace Johnson Street P O Box 100 Freetown
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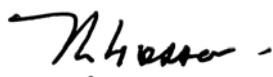
BRAC SIERRA LEONE
Financial Statements
For the year ended 31 December 2012

Directors' responsibility statement

The Directors' are responsible for the preparation and presentation of these financial statements, which comprise the statement of financial position for the year ended 31 December 2012, the statements of income and expenditure and cash flows; and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, on the basis of accounting policies described in note 3 of the financial statements; and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement whether due to fraud and error.

Approval of the financial statements

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



Dr Mahabub Hossain
Executive Director



Tanwir Rahman, CPA
Director Finance



KPMG Sierra Leone
Bicentenary House
17 Wallace Johnson Street
P. O. Box 1000
Freetown
Sierra Leone

Telephone: 232-22-222061/2
Telefax: 232-22-228149
Email: kpmg@kpmg-sl.com

Independent auditors' report to the Board of Directors of BRAC Sierra Leone

We have audited the financial statements of BRAC Sierra Leone which comprise the statement of financial position at 31 December 2012, the statements of income and expenditure and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out in the financial statements.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies stated in note 3 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility for the financial statements

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 the auditors' judgement 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, 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.



Independent auditors' report to the Board of Directors of BRAC Sierra Leone

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Sierra Leone as at 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Organisation as stated in note 3 of the financial statements.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 for the purpose of determining the financial position of BRAC Sierra Leone for use by its management, BRAC and other donors, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for BRAC Sierra Leone of 23 Old Lumley Wilberforce, Freetown and should not be distributed to or used by parties other than BRAC Sierra Leone, BRAC and other donors.

Freetown

A handwritten signature in blue ink, appearing to read 'K. P. M. G.', with a horizontal line extending to the left.

Chartered Accountants

Date: 31 March 2013

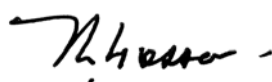
BRAC SIERRA LEONE

Statement of financial position

As at 31 December 2012

		SLL		USD	
In thousands of Leones/USD	Notes	2012	2011	2012	2011
Assets					
Property and equipment	10	374,070	453,655	86	104
Total non-current assets		374,070	453,655	86	104
Cash and bank balances	11	1,501,126	827,128	347	190
Other assets	12	1,490,578	395,188	344	91
Total current asset		2,991,704	1,222,316	691	281
Total assets		3,365,774	1,675,971	777	385
Liabilities and capital fund					
Current liabilities					
Other payables	15	1,680,608	998,140	388	229
Related party payables	18	590,672	120,577	136	28
Total current liabilities		2,271,280	1,118,717	524	257
Capital fund					
Donor fund	13	1,094,494	557,254	253	128
		1,094,494	557,254	253	128
Total liabilities and capital fund		3,365,774	1,675,971	777	385

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



Dr Mahabub Hossain
Executive Director

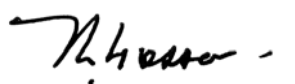


Tanwir Rahman, CPA
Director Finance

BRAC SIERRA LEONE
Statement of income and expenditure
 For the year ended 31 December 2012

Income		SLL		USD	
In thousands of Leones/USD	Notes	2012	2011	2012	2011
Grant income	4	6,247,544	5,548,147	1,443	1,274
Other income	5	558,354	182,548	129	42
		6,805,898	5,730,695	1,572	1,316
Expenditure					
Staff costs and other benefits	6	2,401,039	1,894,304	555	435
Other general administrative expenses	7	3,804,731	2,370,048	878	544
Training and workshop and seminars	8	210,968	1,165,556	49	268
Occupancy expenses	9	317,615	234,205	73	54
Depreciation	10	71,545	66,582	17	15
		6,805,898	5,730,695	1,572	1,316
Surplus		-	-	-	-

These financial statements were approved on 31 March 2013



Dr Mahabub Hossain
Executive Director



Tanwir Rahman, CPA
Director Finance

BRAC SIERRA LEONE
Statement of cash flow
For the year ended 31 December 2012

In thousands of Leones/USD	Notes	SLL		USD	
		2012	2011	2012	2011
Net cash provided by/(used in)- operating activities	16	140,069	564,416	32	130
		140,069	564,416	32	130
Cash flow from investing activities					
Acquisition of fixed assets	10	(3,310)	(305,756)	(1)	(70)
Cash flows used in investing activities		(3,310)	(305,756)	(1)	(70)
Cash flow from financing activities					
Increase/(decrease) in deferred income		(68,235)	-	(15)	-
Increase/(decrease) in grant received – in advance		605,474	(4,329,040)	140	(994)
Net cash in flow from financing activities		537,239	(4,329,040)	125	(994)
Net (decrease)/ increase in cash and cash equivalents		673,998	(4,070,380)	156	(934)
Convenience translation effect		-	-	1	(100)
Cash and cash equivalents at start		827,128	4,897,508	190	1,224
Cash and cash equivalents at the end of the year	11	1,501,126	827,128	347	190

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

1. Reporting entity

BRAC Sierra Leone is a Non-governmental organization which was registered with the Ministry of Development and Economic Planning on the 5 June 2008. The address of the organisation's registered office is 23 Old Lumley Road, Freetown.

BRAC Sierra Leone's principal activities are the provision of health services, agriculture, livestock and legal empowerment programs. This is done by training farmers, shepherds, the provision of vaccine for herds, chicken and other animals. They are presently operating in the western area and some parts of the northern province.

2. Basis of preparation

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis, using the accruals concept.

(b) Functional and presentation currency

These financial statements are presented in Leones which is the Organisation's functional currency. All financial information presented in Leones has been rounded up to the nearest thousand.

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

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the respective functional currency of the company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in statement of income and expenditure.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment 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 labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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 Years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Disposals

Gains or losses on the disposal or scrapping of property, plant and equipment 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 recognised in the income statement as other operating income or external expenses respectively.

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

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

(c) Investments

If the Organisation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequently to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Organisation from classifying investment securities as held-to-maturity for the current and the following two financial years.

(d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and unrestricted balances with banks that are used by the Organisation in the management of its short-term commitments.

(e) Employee benefits

Defined contribution plan

The Organisation operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security and Insurance Trust or trustee administrated funds. A defined contribution is a pension plan under which the company pays fixed contribution into the separate entity. The organisation has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees service in the current and prior period.

(f) Donor grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, 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.

All donor grants received are initially recorded as liabilities in grants received in advanced account. For grants utilized to purchase fixed assets, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse program- related expenditure, the amounts are recognized as income.

(g) Grant income

This represent amount released from deferred income and grant received in advance account and reported as income for the period.

(h) Other income

Other income comprises foreign exchange gains and bank interest.

(i) Self Insurance Fund

BRAC Sierra Leone 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, upto 50 months' equivalent of basic salary for 10th year of employment onwards.

(j) Segment reporting

The organisation operates in only one economic environment – Sierra Leone and does not consider that reporting by business segment will lead to a clearer understanding of the financial statements. However, a project wise income and expenditures statement has been shown in note 21.

(k) Staff cost

Staff cost comprise of salaries and allowances of administrative staff and project employees, social security contribution and other related expenses.

(l) Training and livestock cost

Training and livestock cost comprise of research and evaluation, training and vaccine.

(m) Administrative expenses

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

(n) Income tax expense

The organisation is exempt from paying taxes.

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

4. Grant income

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Transferred from grant received in advances account	6,175,999	5,481,565	1,426	1,259
Transferred from deferred income as a release to match the depreciation charge for the period	71,545	66,582	17	15
	6,247,544	5,548,147	1,443	1,274

5. Other income

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Bank interest	1,017	1,243	-	-
Revolving fund for agriculture program	-	5,748	-	1
Income from poultry & livestock	44,711	48,448	10	11
Income from agriculture	8,350	21,145	2	5
Income from health program	60	28,385	-	7
Income from laboratory	22,221	12,405	5	3
Start up fund from health volunteers	-	65,174	-	15
BRAC contribution	481,995	-	112	-
	558,354	182,548	129	42

6. Staff cost and other benefit

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Salaries	2,401,039	1,888,304	555	434
Other staff costs	-	6,000	-	1
	2,401,039	1,894,304	555	435

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

7. Other general and administration expenses

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Maintenance and general expenses	951,033	232,198	220	53
Audit fees	52,285	47,578	12	11
Transport and traveling	758,717	604,905	175	139
Management and logistics expenses	221,618	882,488	51	203
Stationery and supplies	360,169	280,106	83	64
Other operating expenses	-	188,513	-	43
Foreign exchange (loss)/gain	-	134,260	-	31
Evaluation and monitoring	195,847	-	45	-
Program supplies	1,264,666	-	292	-
Staff insurance	396	-	-	-
	3,804,731	2,370,048	878	544

8. Training, workshop and seminars

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Research and evaluation	43,506	520,032	10	119
Training costs	-	163,887	-	38
Farming and livestock	-	481,637	-	111
External member training- agriculture	19,651	-	5	-
External member training- poultry and livestock	5,894	-	1	-
External member training- laboratory	862	-	-	-
External member training- malaria	121,331	-	28	-
Proposal development	18,042	-	5	-
Staff training - ELA	1,682	-	-	-
	210,968	1,165,556	49	268

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

9. Occupancy expenses

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Rent and utilities	<u>317,615</u>	<u>234,205</u>	<u>73</u>	<u>54</u>

10. Property and equipment

	Furniture & fixtures	Motor vehicle & cycle	Plant & machinery	Total
	SLL	SLL	SLL	SLL
Cost				
At 1 January 2011	154,740	94,824	1,950	251,514
Additions	<u>126,355</u>	<u>7,505</u>	<u>171,896</u>	<u>305,756</u>
At 31 December 2011	<u>281,095</u>	<u>102,329</u>	<u>173,846</u>	<u>557,270</u>
At 1 January 2012	281,095	102,329	173,846	557,270
Additions	2,760	-	550	3,310
Written off/ transfer	<u>(16,660)</u>	<u>-</u>	<u>-</u>	<u>(16,660)</u>
At 31 December 2012	<u>267,195</u>	<u>102,329</u>	<u>174,396</u>	<u>543,920</u>
Accumulated depreciation				
At 1 January 2011	14,530	22,072	431	37,033
Depreciation charge	<u>22,571</u>	<u>20,225</u>	<u>23,786</u>	<u>66,582</u>
At 31 December 2011	<u>37,101</u>	<u>42,297</u>	<u>24,217</u>	<u>103,615</u>
At 1 January 2012	37,101	42,297	24,217	103,615
Charge for the period	28,277	20,623	22,645	71,545
Written off/ transfer	<u>(5,310)</u>	<u>-</u>	<u>-</u>	<u>(5,310)</u>
At 31 December 2012	<u>60,068</u>	<u>62,920</u>	<u>46,862</u>	<u>169,850</u>
Net Book Value:				
At 31 December 2011	<u>243,994</u>	<u>60,032</u>	<u>149,629</u>	<u>453,655</u>
At 31 December 2012	<u>207,127</u>	<u>39,409</u>	<u>127,534</u>	<u>374,070</u>

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

11. Cash and bank balances

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Bank balance	1,498,804	822,851	346	189
Cash in hand	2,322	4,277	1	1
	1,501,126	827,128	347	190

12. Other assets

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Receivable from microfinance	-	4,203	-	1
Current account in transit	269,909	-	62	-
Sundry debtor	12,062	-	3	-
Other receivables	1,208,607	390,985	279	90
	1,490,578	395,188	344	91

13. Donor fund

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Donor fund received in advance	709,073	103,598	164	24
Deferred income	385,421	453,656	89	104
	1,094,494	557,254	253	128

13.1 Donor fund received in advance

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Opening balance	103,598	4,671,812	24	1,168
Donation received during the year	6,376,811	828,122	1,473	190
Transferred to deferred income (investment in fixed asset)	(3,310)	(305,756)	(1)	(165)
Transferred to statement of income & expenditure	(6,175,999)	(5,481,565)	(1,426)	(1,259)
Donation receivable	407,973	390,985	94	90
	709,073	103,598	164	24

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

13.1.1 Donation received during the year

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
OSJI-Zug	338,282	148,985	78	34
Trocaire	261,327	274,737	60	63
AGRA	157,628	66,958	36	15
London Mining	154,175	183,227	36	42
Unicef	-	78,000	-	18
W.F.P	-	76,215	-	18
DDI (Health)	8,583	-	2	-
WFP (Feed) (Research)	410,770	-	95	-
WFP (Women's Day) (Health)	2,170	-	1	-
WFP (Survey- Research)	77,738	-	18	-
WFP (Agriculture)	950	-	-	-
USA (ON)	2,136,244	-	493	-
USA (HU) (NGO Support)	1,088,750	-	251	-
DFID (GPAF)	1,044,206	-	241	-
UNICEF (ELA)	277,157	-	64	-
CRS (malaria)	418,831	-	98	-
	6,376,811	828,122	1,473	190

14. Donor funds investment in fixed assets

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Opening balance	453,656	214,484	105	49
Transferred from grant received in advance account	3,310	305,756	1	70
Depreciation charged during the year	(71,545)	(66,582)	(17)	(15)
Balance at 31 December	385,421	453,656	89	104

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

15. Other payables

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Provision for audit fees	52,285	-	12	-
Accrued expenses	-	605,755	-	139
Payable to Microfinance	1,091,069	392,385	252	90
Salary and bonus provision	304,546	-	70	-
Self insurance fund	396	-	-	-
Revolving fund- health	172,443	-	40	-
Revolving fund- agriculture	4,965	-	1	-
Revolving fund- poultry and livestock	708	-	-	-
Severance allowance provision	54,196	-	13	-
	<u>1,680,608</u>	<u>998,140</u>	<u>388</u>	<u>229</u>

16. Cash flow from operating activities

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Excess of income over expenditure	-	-	-	-
Depreciation	71,545	66,582	17	15
Written off	11,350	-	3	-
Cash flow before changes in working capital	<u>82,895</u>	<u>66,582</u>	<u>20</u>	<u>15</u>
Changes in working capital				
Changes in other assets	(1,095,390)	(374,475)	(253)	(86)
Changes in other payables	682,468	872,309	157	200
Changes in related party payables	470,096	-	108	-
	<u>140,069</u>	<u>564,416</u>	<u>32</u>	<u>130</u>

BRAC SIERRA LEONE
Notes to the financial statements
 For the year ended 31 December 2012

Notes to the financial statements (continued)

17. Contingent liabilities

There were no contingent liabilities at the financial position. (2011: Nil)

18. Related party

The organisation has a related party relationship with Stichting BRAC International and BRAC Bangladesh which provides management and administrative service of the Organization.

Year end balance arising from transactions with related party

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Payable to Stichting BRAC International	306,038	120,577	70	28
Payable to BRAC Bangladesh	284,634	-	66	-
	<u>590,672</u>	<u>120,577</u>	<u>136</u>	<u>28</u>

19. Capital commitments

There were no capital commitments at the financial position date. (2011: Nil)

20. Post financial position

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. As at the date of signing this set of financial statements, there were no material post balance sheet events.

BRAC SIERRA LEONE
Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

21. SEGMENTAL INCOME STATEMENT (In thousands of Leones/USD)

	Health	Labora- tory	Telemed- icine	Agriculture	P & L	Research	CO	WFP- Research	AGRA	OSJI		TROCAIRE					Total
	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	Legal Em- powement	Women's Right and Legal Empowerment	London mining	LPD	DFID	ELA	Malaria	SLL
INCOME																	
Grant Income	1,695,389	171,412	65,179	1,048,693	406,198	79,718	177,080	123,358	138,147	373,755	298,738	231,740	18,042	1,005,311	140,568	274,216	6,247,545
BRAC Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	481,995	-	-	481,995
Other Income	54,077	22,221	60	-	-	-	-	-	-	-	-	-	-	-	-	-	76,358
TOTAL INCOME	1,749,466	193,633	65,239	1,048,693	406,198	79,718	177,080	123,358	138,147	373,755	298,738	231,740	18,042	1,487,306	140,568	274,216	6,805,898
EXPENDITURE																	
Staff costs and other benefits	587,297	99,390	7,199	187,018	138,102	-	344,937	122,590	-	135,831	130,874	-	-	600,297	47,515	-	2,401,039
Travelling and transportation	287,934	14,769	2,505	47,452	56,970	-	27,222	-	-	60,382	27,837	30,209	-	174,664	28,774	-	758,718
Training, workshops and seminars	43,506	30	-	19,652	5,894	-	-	-	832	-	-	-	18,042	-	1,680	121,331	210,968
Occupancy expenses	78,229	18,186	15,588	33,031	20,952	-	55,740	769	23,774	-	-	59,094	-	-	-	12,252	317,615
Other general & administrative expenses	734,323	56,717	7,242	746,555	183,847	79,718	(250,819)	-	113,541	177,543	140,027	141,743	-	712,345	62,599	140,632	3,046,013
Depreciation	18,176	4,552	32,705	14,985	433	-	-	-	-	-	-	694	-	-	-	-	71,545
TOTAL EXPENSES	1,749,466	193,633	65,239	1,048,693	406,198	79,718	177,080	123,358	138,147	373,755	298,738	231,740	18,042	1,487,306	140,568	274,216	6,805,898

Notes to the financial statements (continued)

	Health	Laboratory	Telemedicine	Agriculture	P & L	Research	CO	WFP-Research	AGRA	OSJI		TROCAIRE					Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	Legal Empowerment	Women's Right and Legal Empowerment	London mining	LPD	DFID	ELA	Malaria	USD
INCOME																	
Grant Income	392	40	15	242	94	18	41	28	32	86	69	54	4	232	32	63	1,443
BRAC Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	111	-	-	111
Other Income	12	5	0	-	-	-	-	-	-	-	-	-	-	-	-	-	18
TOTAL INCOME	404	45	15	242	94	18	41	28	32	86	69	54	4	343	32	63	1,572
EXPENDITURE																	
Staff costs and other benefits	136	23	2	43	32	-	80	28	-	31	30	-	-	139	11	-	555
Travelling and transportation	66	3	1	11	13	-	6	-	-	14	6	7	-	40	7	-	175
Training, workshops and seminars	10	0	-	5	1	-	-	-	0	-	-	-	4	-	0	28	49
Occupancy expenses	18	4	4	8	5	-	13	0	5	-	-	14	-	-	-	3	73
Other general & administrative expenses	170	13	2	172	42	18	(58)	-	26	41	32	33	-	165	14	32	703
Depreciation	4	1	8	3	0	-	-	-	-	-	-	0	-	-	-	-	17
TOTAL EXPENSES	404	45	15	242	94	18	41	28	32	86	69	54	4	343	32	63	1,572

BRAC Microfinance (SL) Limited Financial Statements

For the year ended 31 December 2012

BRAC MICROFINANCE (SL) LIMITED

Financial Statements

For the year ended 31 December 2012

General information

Directors	:	Ms Susan Davis	-	Chairperson
		Mr Faruque Ahmed	-	Director
		Mr Tanwir Rahman	-	Director
		Mr Ishtiaq Mohiuddin	-	Director
		Mr Tapan Kumar Karmaker	-	Director
		Mr Neal Delaurentis	-	Director
		Mr Arjuna Costa	-	Director
Registered Office	:	23 Old Lumley Road Freetown		
Secretary	:	Mr Tapan Kumar Karmaker		
Bankers	:	Standard Chartered Bank Rokel Commercial Bank Sierra Leone Limited Ecobank SL Ltd First International Bank Ltd		
Auditors	:	KPMG Chartered Accountants Bicentenary House 17 Wallace Johnson Street Freetown		

BRAC MICROFINANCE (SL) LIMITED

Financial Statements

For the year ended 31 December 2012

Report of the directors

The directors have pleasure in submitting their report and financial statements on the affairs of the company for the year ended 31 December 2012.

Principal activity

The company is engaged in micro credit financing activities.

Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the financial position as at 31 December 2012 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the directors in accordance with note 3 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Capital adequacy

The Bank of Sierra Leone is required to prescribe a minimum capital adequacy ratio for financial institutions, but this is yet to be determined for micro financing institutions.

Results for the year

The organisation made a loss of SLL 4.2 billion for the year ended 31 December 2012, (2011: SLL 3.1 billion).

Directors and their interest

The names of the directors are on page 1. None of the directors had any interest in the share capital of the company and no director has or had during the period, a material interest in any contract or arrangement of significance to which the organisation's was or is a party.

Property and equipment

Details of the company's property and equipment are shown in note 16 to the financial statements

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee or group of employee, if proven, will be regarded as a sanctionable offence. There were no disabled people in employment of the company as at 31 December 2012.

Health, safety and welfare at work

BRAC Microfinance (SL) Limited supports the physical and emotional well being of its employees. Therefore, the company provides paid sick leave to all personnel. Doctors approved by the company grant all sick leaves.

BRAC MICROFINANCE (SL) LIMITED

Financial Statements

For the year ended 31 December 2012

Report of the directors (continued)

Employee involvement and training

BRAC Microfinance (SL) Limited is committed to the smooth progression of its employees to meet current and future needs of the company and career aspirations of employees. The company has a career track to ensure that progression of appropriately skilled and experienced employees meet current and future needs of the company and its employees.

Training and development in BRAC Microfinance (SL) Limited is a continuous, formal process of improving individual performance and competency. Training serves as a vehicle for the transfer and development of requisite skills and aims at building up an empowered workforce. Annual training plans are developed to align with the company strategy and design to support specific performance objectives for each year.

Auditors

The auditors have indicated their willingness for continued in office and in accordance with Section 308 of the Sierra Leone companies Act 2009, a resolution for the re-appointment of KPMG as auditors of the Company is to propose at the forthcoming Annual General Meeting.

Approval of the financial statements

The board of directors approved the financial statements on 31 March 2013.



Susan Davis
Chairperson



S N Kairy
Chief Financial Officer



Tanwir Rahman, CPA
Director Finance



Tapan Kumar Karmaker
Director



KPMG Sierra Leone
 Bicentenary House
 17 Wallace Johnson Street
 P. O. Box 1000
 Freetown
 Sierra Leone

Telephone: 232-22-222061/2
Telefax: 232-22-228149
Email: kpmg@kpmg-sl.com

Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited

We have audited the financial statements of BRAC Microfinance (SL) Limited, which comprise the statement of financial position at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out in the financial statements.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and presentation of these financial statements in accordance with Note 3 of the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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' judgement 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 directors, 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as of 31 December 2012, and of its financial performance and its cash flows for the year ended in accordance with note 3 of the financial statements.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 for the purpose of determining the financial position of BRAC Microfinance (SL) Limited for use by its management, and other donors, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for BRAC Microfinance (SL) Limited and should not be distributed to or used by parties other than BRAC Microfinance (SL) Limited, and other donors.

Freetown

Date: 31 March 2013

Chartered Accountants

BRAC MICROFINANCE (SL) LIMITED

Statement of financial position

As at 31 December 2012

		SLL		USD	
In thousands of Leones/USD	Notes	2012	2011	2012	2011
Asset					
Cash and bank balance	12	3,534,165	6,310,655	816	1,449
Short term deposits	13	1,328,653	1,210,983	307	278
Loans and advances to customers	14	8,683,862	9,124,799	2,006	2,096
Other assets	15	1,425,765	867,633	329	189
Property and equipment	16	718,572	804,416	166	195
Total assets		15,691,017	18,318,486	3,624	4,207
Liabilities					
Loan security fund	17	1,950,736	2,043,534	451	469
Related party payables	18	1,299,606	149,135	300	34
Borrowings	19	503,784	399,753	116	92
Other liabilities	20	698,459	309,432	161	71
Deferred tax liability	11c	59,455	62,676	14	15
Current tax liability	11b	22,997	22,997	6	6
Total liabilities		4,535,037	2,987,527	1,047	687
Capital fund					
Share capital	22	12,244,890	12,244,890	2,828	2,811
Donor fund	21	709,750	709,750	164	163
Retained earnings		(5,483,734)	(1,308,755)	(1,266)	(301)
Donated equity		3,685,074	3,685,074	851	847
Total capital fund		11,155,980	15,330,959	2,577	3,520
Total liabilities and capital fund		15,691,017	18,318,486	3,624	4,207

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



Susan Davis
Chairperson



S N Kairy
Chief Financial Officer



Tanwir Rahman, CPA
Director Finance



Tapan Kumar Karmaker
Director

BRAC MICROFINANCE (SL) LIMITED

Statement of comprehensive income

For the year ended 31 December 2012

In thousands of Leones/USD	Notes	SLL		USD	
		2012	2011	2012	2011
Service charge on loans	5	4,925,670	4,258,394	1,138	978
Net income from service charge		4,925,670	4,258,394	1,138	978
Membership fees and other charges	6	297,669	308,565	69	71
Other income	7	282,707	454,604	65	104
Total operating income		5,506,046	5,021,563	1,272	1,153
Impairment loss on loans	8	(683,299)	(959,249)	(158)	(220)
Operating income after impairment charges		4,822,747	4,062,314	1,114	933
Staff costs	9	(5,633,524)	(3,789,339)	(1,301)	(870)
Other operating costs	10	(3,224,453)	(3,214,655)	(745)	(739)
Depreciation	16	(142,970)	(119,069)	(33)	(27)
Total operating expenditure		(9,000,947)	(7,123,063)	(2,079)	(1,636)
(Loss)/profit before income tax		(4,178,200)	(3,060,749)	(965)	(703)
Income tax credit/ (expense)	11a	3,221	(18,251)	1	(4)
(Loss)/profit for the year		(4,174,979)	(3,079,000)	(964)	(707)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(4,174,979)	(3,079,000)	(964)	(707)

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



Susan Davis
Chairperson



S N Kairy
Chief Financial Officer



Tanwir Rahman, CPA
Director Finance



Tapan Kumar Karmaker
Director

BRAC MICROFINANCE (SL) LIMITED

Statement of changes in equity

For the year ended 31 December 2012

	Share capital SLL	Donor funds SLL	Donated equity SLL	Retained earnings SLL	Total Capital fund SLL	Total Capital fund USD
Balance at 1 January 2011	12,244,890	3,685,074	-	1,770,245	17,700,209	4,425
Total comprehensive income for the year						
Loss for the year	-	-	-	(3,079,000)	(3,079,000)	(707)
Other comprehensive income						
Total other comprehensive income, net of income tax	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Other transfers						
Transfer of credit risk	-	-	-	-	-	-
Total of other transfers	-	-	-	-	-	-
Total comprehensive income and other transfers	-	-	-	(3,079,000)	(3,079,000)	(707)
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Donations received during the year	-	709,750	-	-	709,750	162
Transfer from grant received in advance	-	(3,685,074)	3,685,074	-	-	-
Convenience translation effect	-	-	-	-	-	(360)
Total contribution by and distribution to owners	-	(2,975,324)	3,685,074	-	709,750	(198)
Balance at 31 December 2011	12,244,890	709,750	3,685,074	(1,308,755)	15,330,959	3,520

BRAC MICROFINANCE (SL) LIMITED

Statement of changes in equity

For the year ended 31 December 2012

	Share capital SLL	Donor funds SLL	Donated equity SLL	Retained earnings SLL	Total Capital fund SLL	Total Capital fund USD
Balance at 1 January 2012	12,244,890	709,750	3,685,074	(1,308,755)	15,330,959	3,520
Total comprehensive income for the year						
Loss for the year	-	-	-	(4,174,979)	(4,178,979)	(964)
Other comprehensive income						
Total other comprehensive income, net of income tax	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Other transfers						
Transfer of credit risk	-	-	-	-	-	-
Total of other transfers	-	-	-	-	-	-
Total comprehensive income and other transfers	-	-	-	(4,174,979)	(4,178,979)	(964)
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Donations received during the year	-	-	-	-	-	-
Transfer from grant received in advance	-	-	-	-	-	-
Convenience translation effect	-	-	-	-	-	21
Total contribution by and distribution to owners	-	-	-	-	-	-
Balance at 31 December 2012	12,244,890	709,750	3,685,074	(5,483,734)	11,155,980	2,577

BRAC MICROFINANCE (SL) LIMITED

Statement of cash flow
For the year ended 31 December 2012

In thousands of Leones/USD	Notes	SLL		USD	
		2012	2011	2012	2011
Cash flow from operating activities	25	(2,340,570)	(2,356,844)	(541)	(541)
Loan disbursements		(19,880,225)	(18,794,400)	(4,591)	(4,316)
Loan collection		19,683,156	15,526,270	4,546	3,565
Interest receivable written off		(75,289)	(68,490)	(17)	(16)
Net cash flow from operating activities		(2,612,928)	(5,693,464)	(603)	(1,308)
Cash flow from investing activities					
Acquisition of fixed assets	16	(57,126)	(317,436)	(13)	(73)
Increase in short term deposits		(117,669)	(101,846)	(27)	(23)
Net cash flow from investing activities		(174,795)	(419,282)	(40)	(96)
Cash flows from financing activities					
Increase in term loans		104,031	399,753	24	92
Decrease in loan security fund		(92,798)	388,052	(21)	89
Loan security fund written off		-	112,266	-	26
Donor fund increase/(decrease)		-	(2,975,324)	-	(683)
Donated equity increase/(decrease)		-	3,685,074	-	846
Net cash from financing activities		11,233	1,609,821	3	370
Net decrease in cash and cash equivalents		(2,776,490)	(4,502,925)	(641)	(1,034)
Cash and cash equivalents at 1 January		6,310,655	10,813,580	1,449	2,703
Effect of exchange rate fluctuation		-	-	8	(220)
Cash and cash equivalents at 31 December 2012	12	3,534,165	6,310,655	816	1,449

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements For the year ended 31 December 2012

1. Reporting entity

BRAC Microfinance (SL) Limited was incorporated in Sierra Leone on 23rd January 2009. Its principal activity is the provision of micro finance loans. It commenced full operation in June 2009. The address of its head office is 23 Old Lumley Road in Freetown.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with note 3 of these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, using the accruals concept.

(c) Fundamental and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Sierra Leones (SLL) and United States dollars (USD) which are the organisation's functional and presentation currencies.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised 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 recognised in the financial statements are described in the notes 14.2: Impairment allowance for loan losses.

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

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the functional currency 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. Foreign currency differences arising on retranslation are recognised in profit or loss as other comprehensive income.

(b) Service charge on loan

Service charge on loan is recognised on an accrual basis. The recognition ceases when a loan is transferred to Non Interest Bearing Loan (NIBL) as described in note 3(h). Service charge is recognised thereafter only when it is received.

(c) Other income

Other income comprises foreign exchange currency gain and bank interest. All realised foreign exchange gain and losses are recognized in the profit and loss for the period, whilst all unrealised foreign exchange gains and losses are shown as other comprehensive income, after arriving at the profit or loss for the period. Unrealised foreign exchange gains and losses are not included in the computation of the tax expense for the period.

(d) Fees and commission income

Membership fees and other charges are recognised on an accrual basis when the service has been provided.

(e) Administrative expenses

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

(f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with other banks and unpledged fixed deposits with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the balance sheet.

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements For the year ended 31 December 2012

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

(g) Property, plant and equipment (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 labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the organisation's and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. 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 years

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

(iii) Disposals

Gains or losses on the disposal or scrapping of property, plant and equipment are determined as the difference between the sales price less the cost of dismantling selling and re-assembly of the assets and the carrying amount. Any gains or losses are recognised in the income statement as other operating income or other expenses respectively.

(h) Financial assets

Loans and advances to Customers

a) Loans originated by the company by providing finance directly to borrowers, is categorized as loans to group members and is carried at amortised cost, which is defined as fair value of cash consideration given to originate those loans as is determinable by reference to market prices at origination date and subsequently measured at the original effective interest rate at reporting date. All loans and advances are recognized when cash is advanced to borrowers.

b) BRAC Microfinance (SL) Limited generally provides for an allowance for loan impairment at 2% of loan disbursements made. Management regularly assess the adequacy of allowance for impairment based on the age of the loan portfolio. At year end BRAC Microfinance (SL) Limited calculate the required provision for loan losses based on loan classification and provisioning methodology which is shown below and any adjustment, if required are made and accounted for in the financial statement for the year

Loan classification	Days in Arrear	Provision required
Standard	No arrear	2%
Watch list	1-30	5%
Substandard	31-180	20%
Doubtful	181-350	75%
Loss	350+	100%

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012**Notes to the financial statements (continued)**
Significant accounting policies (continued)

c) Loans within the maturity period is considered "Current Loans", Loans which remains outstanding after the expiry of their maturity period are considered as "Late Loans". Late loans which remain unpaid after one year being classified are considered as "Non Interest bearing loans" (NIBL) and is referred to the Board for write off. Apart from that any loans can be written off subject to the approval of the board where the board thinks that it is not realizable due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrowers. Subsequent recoveries are credited as income in the statement of comprehensive income.

(i) Impairment of financial assets

The organisation 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 organisation 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 organisation first assesses whether objective evidence of impairment exists individually and collectively. If the organisation 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.

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 recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(j) Provisions

Provisions for legal claims are recognised when the organisation 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 recognised 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Other liabilities also include Self Insurance Fund for local staffs of BRAC Microfinance (SL) Ltd. The Company sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute this 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, upto 50 months' equivalent of basic salary for 10th year of employment onwards.

(k) Loan security deposit

BRAC accepts 10% of the loan disbursed amount to customers as collateral. This amount is being refunded to customers when they retire or are terminated from membership. It is interest free.

(l) Inventories

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

(m) Employee benefit**(i) Pension obligations**

The organisation's operates a defined contribution scheme. A defined contribution plan is a pension plan under which the organisation's pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Insurance Trust on a mandatory basis. The organisation's 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements For the year ended 31 December 2012

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

(ii) Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Share capital

Incremental costs directly attributable to the issue of an equity instruments are deducted from the initial measurement of the equity instruments.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it's recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax payable on profits, based on the applicable tax law in Sierra Leone is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carrying forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Unrealised exchange gains and losses are shown as part of other comprehensive income and are not subject to tax

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Financial risk factors

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

(a) Credit risk

The organisation's takes on exposures to credit risk, which is the risk that a client may be unable to pay amounts in full when due. Credit risk is managed by obtaining moral guarantee from group members to bear responsibility for repayment of both principal and interest amount when they are due. All repayments are made in groups and not individually. 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.

All clients depending on the type of loan make cash collateral savings and this can also be used to offset outstanding loan amounts due. A ten percent savings is made for all loans.

(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 organisation's manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

(c) Market risks

Market risk is the risk that changes in market price, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

5. Service charge on loans

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Group loans (Microfinance)	3,354,609	3,624,473	775	832
Small enterprises program	1,571,061	633,921	363	146
	<u>4,925,670</u>	<u>4,258,394</u>	<u>1,138</u>	<u>978</u>

6. Membership fees and other income

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Loan appraisal fees	198,802	187,944	46	43
Membership fees	91,893	115,338	21	26
Loan application fees	6,974	5,283	2	2
	<u>297,669</u>	<u>308,565</u>	<u>69</u>	<u>71</u>

7. Other income

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Realised foreign exchange gain/(loss)	(20,691)	187,964	(5)	43
Bank interest	830	2,794	-	1
Gain on early payment	181,736	74,036	42	17
Unrealised exchange gain	-	87,964	-	20
Interest on short term deposits	117,669	101,846	27	23
Other income	3,163	-	1	-
	<u>282,707</u>	<u>454,604</u>	<u>65</u>	<u>104</u>

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

8. Impairment losses on loans

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
General provision	397,604	375,888	92	86
Specific provision	285,695	583,361	66	134
	<u>683,299</u>	<u>959,249</u>	<u>158</u>	<u>220</u>

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

9. Staff costs

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Staff costs	<u>5,633,524</u>	<u>3,789,339</u>	<u>1,301</u>	<u>870</u>

10. Other operating costs

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Occupancy expenses	533,839	424,473	123	97
Printing and office stationeries	282,436	238,187	65	55
Legal and professional fees	80,983	57,595	19	13
Maintenance and general expenses	535,930	1,006,850	124	232
Staff training development costs	49,198	83,545	11	19
Travelling and transportation	1,075,965	904,928	249	208
HO logistics and management costs	665,029	499,077	154	115
Staff insurance	1,073	-	-	-
	<u>3,224,453</u>	<u>3,214,655</u>	<u>745</u>	<u>739</u>

10.1 Occupancy expenses are analysed as follows:

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Rent	330,184	274,867	76	63
Utilities	203,655	149,606	47	34
	<u>533,839</u>	<u>424,473</u>	<u>123</u>	<u>97</u>

11. Taxation

(a) Tax expense

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Recognised in the income statement				
Income tax expense	-	-	-	-
Deferred tax charge	(3,221)	18,251	(1)	4
	<u>(3,221)</u>	<u>18,251</u>	<u>(1)</u>	<u>4</u>

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

(b) Income tax account

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Opening balance	(22,997)	(53,147)	(6)	(13)
Corporation tax charge	-	-	-	-
Payment during the period	-	30,150	-	7
Payment made during the period	(22,997)	(22,997)	(6)	(6)
Reconciliation of effective tax rate				
Loss before income tax	(4,178,200)	(3,060,749)	(964)	(705)
Income tax on loss before tax	(1,253,460)	(920,925)	(290)	(211)
Tax impact of permanent difference:				
Non deductible expenses	-	-	-	-
Tax incentives	(3,427)	(19,046)	(1)	(4)
Deferred tax asset not recognised	1,253,666	958,222	290	219
	(3,221)	18,251	(1)	4

(c) Deferred tax asset and liabilities

Recognised deferred tax asset and liabilities

	2012			2011		
	Asset	liability	Net	Asset	liability	Net
Property plant and equipment	-	59,455	59,455	-	62,676	62,676
Impairment allowance	(184,546)	-	(184,546)	(283,340)	-	(283,340)
Tax loss carry forward	(2,137,582)	-	(2,137,582)	(785,122)	-	(785,122)
Deferred tax asset not recognized	2,322,128	-	2,322,128	1,068,462	-	1,068,46
	-	59,455	59,455	-	62,676	62,676

Movement in temporary differences during the year - 2012

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and equipment	62,676	(3,221)	-	59,455
Impairment allowance	(283,340)	98,794	-	(184,546)
Tax loss carry forward	(785,122)	(1,352,460)	-	(2,137,582)
Deferred tax asset not recognised	1,068,462	1,253,666	-	2,322,128
	62,676	(3,221)	-	59,455

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

Movement in temporary differences during the year – 2011

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and equipment	44,425	18,251	-	62,676
Impairment allowance	(110,240)	(173,100)	-	(283,340)
Tax loss carry forward	-	(785,122)	-	(785,122)
Deferred tax asset not recognised	110,240	958,222	-	1,068,462
	<u>44,425</u>	<u>18,251</u>	<u>-</u>	<u>62,676</u>

12. Cash and bank balance

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Cash at bank	3,468,062	6,230,927	801	1,431
Cash in hand	66,103	79,728	15	18
	<u>3,534,165</u>	<u>6,310,655</u>	<u>816</u>	<u>1,449</u>

13. Short term deposits

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Short term deposits	1,328,653	1,210,983	307	278

The fixed deposit is with Standard Chartered Bank (SL) Limited; at an interest rate of 13% per annum. The amount was placed for 90 days.

13.1 The maturity of the short term deposits is analysed as follows:

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Within 3 months	1,328,653	1,210,983	307	278
After 3 months	-	-	-	-
	<u>1,328,653</u>	<u>1,210,983</u>	<u>307</u>	<u>278</u>

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)**14. Loans and advances to customers**

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Group loans	5,851,241	7,398,237	1,351	1,699
Small enterprises program	4,286,076	2,968,036	990	682
Loan written off	(937,322)	(426,025)	(216)	(98)
Interest receivable	174,309	129,015	40	30
Interest receivable written off	(75,289)	-	(17)	-
Impairment allowance	(615,153)	(944,464)	(142)	(217)
	<u>8,683,862</u>	<u>9,124,799</u>	<u>2,006</u>	<u>2,096</u>

Advance 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.

14.1 Movement on the loan account

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Opening balance	9,940,248	7,098,144	2,296	1,630
Loan disbursed	19,880,225	18,794,400	4,591	4,316
Loan realized	(19,683,156)	(15,526,271)	(4,546)	(3,565)
Gross advance to customers	10,137,317	10,366,273	2,341	2,381
Written off	(937,322)	(426,025)	(216)	(98)
Interest receivable	174,309	129,016	40	30
Impairment loss on loans	(615,153)	(944,465)	(142)	(217)
Interest receivable written off	(75,289)	-	(17)	-
	<u>8,683,862</u>	<u>9,124,799</u>	<u>2,006</u>	<u>2,096</u>

The impairment allowance is computed at the rate of 2% on total loans disbursed.

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)**14.2 Movement on the impairment on loan**

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Opening balance	944,465	367,465	217	85
Charge for the year	683,299	959,249	158	220
Loan written off (Principal)	(937,322)	(382,250)	(216)	(88)
Interest receivables written off	(75,289)	-	(17)	-
	615,153	944,464	142	217

The impairment allowance is computed at the rate of 2% on total loans disbursed.

14.3 Analysis of impairment on loans (SLL):

	Principal outstanding	Provision required	Provision rate
For General provision			
No past due	8,046,895	160,938	2%
For specific provision:			
1-30 days	466,559	23,328	5%
31-180 days	315,235	63,047	20%
181-365 days	13,863	10,397	75%
366 days and above past due	357,443	357,443	100%
	9,199,995	615,153	-

15. Other assets

In thousands of Leones/USD	Note	SLL		USD	
		2012	2011	2012	2011
Advance to suppliers		181,304	20,221	42	5
Receivable from NGO		1,091,069	392,386	252	80
Others receivables		-	67,308	-	15
Inventory-stationeries		39,160	41,345	9	9
Current account in transit		114,232	346,373	26	80
		1,425,765	867,633	329	189

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)

16. Property and equipment

	Motor Vehicles & cycles	Furniture and fittings	Office Equipment	Total SLL	Total USD
In thousands of Leones/USD					
Cost					
At 1 January 2011	146,535	316,416	238,649	701,600	178
Additions	27,225	160,071	130,140	317,436	73
At 31 December 2011	173,760	476,487	368,789	1,019,036	251
At 1 January 2012	173,760	476,487	368,789	1,019,036	251
Additions	-	38,626	18,500	57,126	13
Translation difference	-	-	-	-	(15)
At 31 December 2012	173,760	515,113	387,289	1,076,162	249
Accumulated depreciation					
At 1 January 2011	45,942	23,329	26,279	95,550	26
Depreciation Charge	31,444	40,163	47,463	119,070	30
At 31 December 2011	77,386	63,492	73,742	214,620	56
At 1 January 2012	77,386	63,492	73,742	214,620	56
Charge for the period	34,752	51,476	56,742	142,970	33
Translation difference	-	-	-	-	(6)
At 31 December 2012	112,138	114,968	130,484	357,590	83
Net Book Value:					
At 31 December 2011	96,374	412,995	295,047	804,416	195
At 31 December 2012	61,622	400,145	256,805	718,572	166

17. Loan security fund

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Opening balance	2,043,534	1,655,482	472	380
Received during the year	960,833	1,188,559	222	273
Paid off / adjusted during the year	(1,053,631)	(800,507)	(243)	(184)
	1,950,736	2,043,534	451	469

The Loan security fund acts as collateral for the customers' loan obligations to BRAC Microfinance (SL) 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.

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)**18. Related party payable**

The organisation has a related party relationship with Stichting BRAC International and BRAC Bangladesh which provides management and administrative services to the company.

Year end balance arising from transactions with related party

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Payable to Stichting BRAC International	698,352	144,932	161	33
Payable to BRAC Bangladesh	601,254	-	139	-
Payable to program	-	4,203	-	1
	<u>1,299,606</u>	<u>149,135</u>	<u>300</u>	<u>34</u>

19. Borrowings

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
KIVA	<u>503,784</u>	<u>399,753</u>	<u>116</u>	<u>92</u>

This is a loan that was received from KIVA for the enhancement of the Microfinance program. The loan has been provided on the basis of the company fulfilling certain conditions failing to comply. With which would lead to termination.

20. Other liabilities

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Accrued expenses	5,500	18,848	1	4
Provision for audit fees	65,978	57,595	15	13
Salary provision	317,102	232,989	73	54
Self insurance fund	1,073	-	-	-
Other provisions (Bonus, Severance allowance)	308,806	-	72	-
	<u>698,459</u>	<u>309,432</u>	<u>161</u>	<u>71</u>

21. Donor fund

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Donor fund received in advance	47,550	225,202	11	52
Donor fund investment in loan to group members	662,200	484,548	153	111
	<u>709,750</u>	<u>709,750</u>	<u>164</u>	<u>163</u>

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)**21.1 Donor fund received in advance**

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Opening balance	225,202	3,685,074	52	846
Donation received during the year	-	709,750	-	163
Transfer to equity	-	(3,685,074)	-	(846)
Donor funds investment in loans to group member	(177,652)	(484,548)	(41)	(111)
	<u>47,550</u>	<u>225,202</u>	<u>11</u>	<u>52</u>

21.1.1 Donation received during the year

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
BRAC USA (WPF)	-	709,750	-	163
	<u>-</u>	<u>709,750</u>	<u>-</u>	<u>163</u>

This is a grant that was received from BRAC USA for the enhancement of the Microfinance program. The grant had been provided on the basis of the company fulfilling certain conditions, failing which, part or all of the money may have to be refunded to BRAC USA.

22. Share capital

Name	% of holding	SLL		USD	
		2012	2011	2012	2011
BRAC International Holdings BV	51%	6,244,890	6,244,890	1,442	1,434
Omidyar Network	24.5%	3,000,000	3,000,000	693	689
SEDF	24.5%	3,000,000	3,000,000	693	688
		<u>12,244,890</u>	<u>12,244,890</u>	<u>2,828</u>	<u>2,811</u>

23. Retained earnings

In thousands of Leones/USD	SLL		USD	
	2012	2011	2012	2011
Opening balance	(1,308,755)	1,770,245	(301)	406
Loss for the year	(4,174,979)	(3,079,000)	(964)	(707)
Translation difference	-	-	(1)	-
	<u>(5,483,734)</u>	<u>(1,308,755)</u>	<u>(1,266)</u>	<u>(301)</u>

BRAC MICROFINANCE (SL) LIMITED

Notes to the financial statements
For the year ended 31 December 2012

Notes to the financial statements (continued)**24. Donated equity**

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Opening balance	3,685,074	-	847	-
Transfer from grant received in advance	-	3,685,074	-	847
Translation difference	-	-	4	-
	<u>3,685,074</u>	<u>3,685,074</u>	<u>851</u>	<u>847</u>

25. Cash flow from operating activities

	SLL		USD	
In thousands of Leones/USD	2012	2011	2012	2011
Cash flow from operating activities				
Excess of expenditure over income	(4,174,979)	(3,079,000)	(964)	(707)
Depreciation	142,970	119,069	33	27
Loan loss provision	683,299	959,249	158	220
Cash flow before changes in working capital	<u>(3,348,710)</u>	<u>(2,000,682)</u>	<u>(773)</u>	<u>(460)</u>
Changes in provision for taxation	(3,221)	(11,899)	(1)	(3)
Changes in working capital				
Decrease/(increase) in receivables and other assets	(558,132)	(538,342)	(129)	(123)
(Increase)/decreases in interest receivables	29,995	(71,052)	7	(16)
Increase/(decrease) in current liabilities	389,027	115,994	89	27
Increase/(decrease) in related party payables	<u>1,150,471</u>	<u>149,135</u>	<u>266</u>	<u>34</u>
Net cash from operations	<u>(2,340,570)</u>	<u>(2,356,844)</u>	<u>(541)</u>	<u>(541)</u>

26. Contingencies

There were no contingent assets or liabilities at 31 December 2012. (2011: Nil)

27. Capital commitments

There were no capital commitments as at 31 December 2012 (2011: Nil)

28. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent they relate directly to the financial statements and their effect is material. There were none such events as at the date these financial statements were signed.

Notes

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