



SIERRA LEONE

ANNUAL REPORT 2014

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 women and men to **realise their potential**.

VALUES

Integrity
Innovation
Inclusiveness
Effectiveness

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CHAIRPERSON'S STATEMENT

It gives me great pleasure to present the annual report and the audited financial statements for the year ending 31 December 2014.

Sierra Leone is among the three countries severely affected by the Ebola outbreak in West Africa. The virus infected more than 13,000 people and the death toll rose to 3,932. The current health system is inadequate to tackle such a large scale epidemic and the impact on the economy is yet to be assessed. The government will need the support from international donor community to come forward to pull the country out of this mammoth crisis. In this hour of need, we stand by the people of Sierra Leone and will continue to provide necessary services through our emergency as well as long term development programmes.

During this period, we kept our regular development activities on hold and initiated emergency Ebola response activities such as community sensitisation, contact tracing of infected cases, treatment referrals, psychosocial counselling of survivors, and food distribution. Our community health promoters played a key role in achieving these activities and were able to reach more than 84,252 families

In the first half of the year, prior to the Ebola crisis, the country was growing steadily and ranked among the top 10 countries with the highest GDP growth. Our microfinance programme for the poor and marginalised people increased its portfolio by 2 per cent from last year. We disbursed USD 4 million as loans for small businesses among 23,339 borrowers.

Despite increase in domestic food production, the country remains in food deficit. To enhance food security in the country our agriculture programme employs modern technology and provides input through the community agriculture promoters. We have initiated the inland valley swamp development project to improve rice cultivation in swampy areas



The empowerment and livelihood for adolescents (ELA) programme is aimed towards empowering adolescent girls by giving them a platform to socialise, gain life-skills and livelihood training. Over 6,000 girls are registered members of ELA clubs of whom 50 per cent are drop outs from schools. Our aim is to ensure that these girls are equipped with knowledge and skills to lead independent and dignified lives

I would like to extend my sincere condolence to those families who have lost their loved ones during the crisis. Our team in Sierra Leone who stood by the affected people of the country during such a tumultuous period deserves special appreciation. Their strength and compassion resonates the spirit of what BRAC stands for. I extend my sincere thanks to the members of the governing body, whose leadership and foresight has been of great value. I would also like to thank the government of Sierra Leone and our development partners for their continued support and acknowledgement of our contribution to aid with the country's growth and development.

Sir Fazle Hasan Abed, KCMG
Founder and Chairperson

BRAC INTERNATIONAL

GOVERNANCE AND MANAGEMENT

1. GOVERNANCE

1.1 THE LEGAL STATUS OF BRAC INTERNATIONAL

BRAC International is registered as Stichting BRAC International 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 and legal services. BRAC International Holdings BV is a wholly owned subsidiary of Stichting BRAC International and was incorporated in 2010. BRAC International's microfinance programmes, social enterprises and investment companies are consolidated under this wing. The social programmes supporting the enterprises currently include seed production, feed mills, training centres and tissue culture lab. BRAC International has introduced programmes in Afghanistan, Haiti, Sri Lanka, Pakistan, Uganda, Tanzania, South Sudan, Sierra Leone, Liberia, the Philippines and Myanmar. In each of these countries, it 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 amongst distinguished individuals with sound reputation in the sector of social development, businesses or professions who have demonstrated their personal commitment to pro-poor causes. These individuals are elected in the governing body to bring their diverse skills, knowledge and experiences to the governance of BRAC International. At present, there are 10 members in 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, KCMG

Members:

Dr Mahabub Hossain
Muhammad A (Rumee) Ali
Ms Susan Davis
Ms Sylvia Borren
Dr Debapriya Bhattacharya
Ms Shabana Azmi
Mr Shafiq ul Hassan (Quais)
Ms Parveen Mahmud
Ms Irene Zubaida Khan

The composition of the present governing body of BRAC International Holdings BV is as follows:

Chairperson:

Sir Fazle Hasan Abed, KCMG

Members:

Dr Mahabub Hossain
Muhammad A (Rumee) Ali
Ms Susan Davis
Ms Sylvia Borren
Orangefield (Netherlands) BV

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

1.3 FINANCE AND AUDIT COMMITTEE

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

1. Dr Mahabub Hossain, Chair
2. Ms Susan Davis, Member
3. Ms Sylvia Borren, Member
4. Ms Parveen Mahmud, Vice-Chair
5. Mr Faruque Ahmed, Member
6. Mr SN Kairy, Secretary of the Committee

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

- The financial reporting and budgeting processes
- The system of internal controls and risk assessment
- The compliance with legal and regulatory requirements
- The qualifications, independence, and performance of the external auditors
- The qualifications, independence, and performance of the internal audit function

1.4 LOCAL BOARDS

Each country entities have a local board. We have aimed to pursue

microfinance and development activities through separate entities in most of our countries. The local board members are appointed by 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.

1.5 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 regular 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 BV 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 the laws of relevant countries.

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. It received the first runner-up award in the same category in 2013 and 2014, for its preparation, disclosure and maintenance of a commendable financial reporting platform.

2. MANAGEMENT

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

relevant levels and areas of management, including recruitment, deployment, capacity building, transfer, leave, financial transactions, purchase and procurement. These are described in detail 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 executive director, senior directors, group chief financial officer (CFO), chief people officer (CPO) and finance director to manage affairs from the secretariat in Dhaka. BRAC International's management policies clearly define the authority of each level of staff. The appropriate staff are empowered to take decisions at the area, regional, country levels and the head office. Procedural manuals and policy documents are available to the staff. Day-to-day decisions are taken by area managers, regional coordinators and programme heads as appropriate, while larger policy decisions involve country representatives, executive director, senior directors, group CFO, finance director and CPO, in particular cases, the executive director, the chairperson and the governing body.

2.1 FINANCIAL MANAGEMENT

Matters relating to finance and accounts from branch offices to the country head offices are supervised and controlled by the country finance and accounts department. The branch offices prepare project-wise monthly cash requisitions, which are sent to the area/regional offices. The area/ regional offices check and monitor the accuracy of the requisition and transmit them to the country office. After checking, the country office disburses funds as per the requisitions. The area and branch offices send monthly expenditure statements along with bank statements to the country office's finance and accounts department. The country office then consolidates all the expenditure statements and prepares monthly financial statements and reports to BRAC International's head office (herein after secretariat) and donors, as required. A comprehensive accounting manual and statement of standard operating procedure guides the finance and accounts personnel to prepare the financial statements and reports in accordance with the accounting standards. It also guides them to run the 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 secretariat. The secretariat reviews and performs analytical procedures on

the project budgets of its country offices, which are recommended by the finance director and finally approved by the group CFO. The secretariat consolidates all BRAC International country financials and produces the BRAC International budget and consolidated audited financials. The budget and the consolidations are submitted to the BRAC International governing body for approval.

2.2 INFORMATION TECHNOLOGY

The country IT department provides data to the country MIS and finance teams by managing financial and programme-related information. This data is used by country and head office personnel to prepare various financial and managerial reports and to monitor project progress. The IT team based in the secretariat also provides support relating to software update, troubleshooting and Enterprise Resource Planning (ERP) development. Country IT team is reportable to the respective country management and the worldwide operations are centrally administered by the secretariat.

2.3 HUMAN RESOURCE MANAGEMENT

In 2014, the human resources management team continued to improve BRAC International's human resources capacity, visibility, and practices through strategic interventions. The focus was a consolidation of systems and processes and embedding of new initiatives. Based on the human resources value proposition, a number of new initiatives were put in motion to drive organisational change through the following:

Human Resources Policies and Procedures (HRPP) Manuals and Orientation Programme: In 2013, country-specific human resources policies and procedures (HRPP) manuals were developed. To provide all staff with a clear understanding of the new HRPP, virtual training-of-trainers workshops were conducted. An expanded country-wide rollout of these workshops, driven by the BRAC International HR team, was completed in 2014.

Performance Management System (PMS): The new performance management system received significant focus in 2014. From country management to root level, a PMS orientation workshop was given to all staff. Clear guidelines were provided for more focused performance management, to discuss performance-related rewards and help develop low performers through a new performance improvement process.

Human Resources Management Capacity: In 2014, country-level HR

departments were strengthened and reorganised. BRAC South Sudan, BRAC Uganda, BRAC Tanzania, BRAC Myanmar and BRAC Afghanistan have newly recruited senior HR professionals, under which training has been centralised to provide impetus to staff learning and development. BRAC Uganda and BRAC Tanzania have new microfinance dedicated HR personnel to address the unique needs of those programmes.

Job Grading and Salary Scale Review:

A database of job descriptions was developed to allow structured evaluation of each position and salary surveys were conducted in each country with a view to compensation redesign.

Enterprise Resource Planning (ERP): To streamline HR processes, enhance staff data management and provide analytic capacity, an HR module in the new ERP system has been designed and piloted in-house.

Gender Audit: The HR management team at BRAC International embarked on an analysis of gender disaggregated data across countries to assess whether any sort of discrimination existed in recruitment, performance management, or rewards.

Training and Development: A number of new plans have been devised for strategic in-country capacity development with individual development plans set in line with performance appraisals. The first diversity management workshop was rolled out in December 2014 in Dhaka to cover staff transferred overseas as a precursor to a global diversity campaign. To build local capacity, the young professionals (YP) programme was launched in 2013 to fast-track high calibre fresh graduates into management positions across BRAC International. After completion of a six-month managerial and development competency training, 17 YPs were placed in specific roles in their respective countries in June 2014. They are regularly monitored through a three-way feedback process that includes mentor, mentee, and supervisor forms, including discussions with the YP point person at BRAC International.

BRAC International places high priority on training and developing the capacity of its staff. To date, BRAC has training centres in Liberia, Uganda and Afghanistan. In other countries, BRAC hires training facilitation centres near the area offices.

With enhanced recruitment and retention practices, this year saw an overall increase in hiring national staff and reduced staff turnover in the respective countries.



HIGHLIGHTS 2014

Over the last four decades, **BRAC microfinance programme** has grown to become one of the world's largest providers of financial services to the poor, providing tools that enable the financial inclusion of millions of people, across seven countries. Through its innovative, client-focused and sustainable approach, BRAC continues to show that microfinance can have a powerful impact on the lives of the poor. The BRAC microfinance programme is a critical component of our holistic approach to supporting livelihoods.

Microloan

Our microloan is operating in **29** branches. We disbursed USD **2.8** million with the average loan being USD **145**. We served **21,738** women among **29,265** microloan members.

Small enterprise loan

Our small enterprise programme is operating in **19** branch offices, serving **1,577** borrowers. USD **1.23** million was disbursed with an average loan size of USD **1,400**.



Improving the economic and social capital in Sierra Leone

BRAC's microfinance programme in Sierra Leone provides financial services that millions have used to better manage their lives. It principally supports women involved in small-scale trading with no access to the formal banking system and is not served by other microfinance institutions. Borrowers are given loans of varying amounts without any collateral. Reimbursements are made on a weekly basis against a competitive interest rate, paving for the growth of sustainable micro-enterprises.

We deliver our microloans along with other services through village organisations— an organised group of women who come together to improve their socioeconomic positions. They meet every week for loan repayments and to discuss their credit decisions with BRAC's credit officers. BRAC also provides training and technical assistance to the members.

Small enterprise loans ranging from USD 800 to 6,000 are also offered to entrepreneurs wishing to expand their businesses. These loans are available for both women and men, with repayments made on a monthly basis. Some members of our microloan programme become eligible for small enterprise loans as their business expanded.

The Ebola outbreak, considered the largest in history affected the lives of many people, including a lot of our beneficiaries and their families. Against this backdrop, all our MF operations had to be suspended for an interim period.

However since September 2014, we have reopened our branch offices and started our programmes on a skeleton level. Currently, we are involved in Ebola response activities such as sensitisation, contact tracing, treatment referrals, psychosocial counselling, and food distribution.

Case Story



Margret Fofanah looks ahead to newer horizons

I am Margret Fofanah and I trade wood to earn my living. I have been a client of BRAC's microfinance programme since 2009. Before joining BRAC, I was a petty trader selling biscuits and local snacks. I was not earning enough and could not afford to send my children to school.

I first heard about BRAC's microfinance programme from a neighbour. I went to BRAC's branch office to find out how they can support my business grow. After joining as a member, I took my first loan of USD 106 (SLL 450,000) and invested the money into my business. My income from the petty trading grew gradually and I began to earn enough to send my children to school.

After receiving my second loan of USD 235 (SLL 1,000,000) I decided to switch my line of business and move into selling wood. Initially I used to buy wood in bundles and sell it in front of my house. After receiving my third and fourth loans, I started buying in bulk for wholesale. I haven't looked back since then.

Today, I can take care of my family's needs. I can afford to send both my children to school. I am the biggest supplier of wood in my community, and I plan to expand my business further.

I want to set up a ladies' garment and footwear store with the eighth loan of USD 705 (SLL 3,000,000) that I will apply for very soon. It will help create employment for women in my community.

AGRUCULTURE AND FOOD SECURITY



HIGHLIGHTS 2014

Operating in six countries, **BRAC's agriculture programme** builds the capacity of farmers; promotes the use of efficient farming techniques and proven technologies and links them with market actors. BRAC produces and markets quality seeds at fair prices. Research is conducted to develop better varieties and practices for the agricultural sector. Credit is offered to support poor farmers.

During the Ebola outbreak **1,500** Ebola awareness building posters were printed and distributed. Sanitisation materials like chlorine, soap, hand wash were provided in each BRAC office. Community agriculture promoters and farmers were provided counseling via mobile.

Our DFID-funded Global Poverty Action Fund (GPAF) project has provided training and supply of agriculture input support to marginalised farmers in **20** branches to reduce poverty and improve the nutritional status of these households. **3,000** kitchen gardeners and **200** community agriculture promoters (CAPs) received refresher training on enterprise development for agriculture business. Nutrition awareness campaigns were held in **80** villages in an attempt to curb malnutrition.



General farmers trained

cumulative

2012 5,724

2013 9,039

2014 9,239



Seeds distributed - MT

cumulative

2012 22

2013 31

2014 35.5

With support from the WFP, **40** hectares of IVS land has been developed and brought under rice cultivation and **200** farmers have been benefited.

Our seed testing and multiplication farm covers **63** acres of land in two locations. We have produced **3.5** MT of rice seeds and **500** kg groundnuts and pineapples. Bananas were transplanted in eight acres of land.

Enhancing food security in Sierra Leone

BRAC agriculture programme aims to enhance food security through modern technology and quality inputs whilst supporting communities through the formation of community agriculture promoters (CAPs). Our interventions include training farmers, establishing demonstration farms and kitchen gardens, producing and distributing quality seeds, providing inputs and tools to farmers along with organising nutrition awareness campaigns. To assist the farmers in curbing malnutrition and promoting awareness of eating nutrition rich food, village nutritional committees (VNC) meet regularly for consultation. So far, the programme covers 20 branches in six districts of Sierra Leone (Portloko, Bombali, Tonkolili, Bo, Kenema and Western area) with more than 55,434 beneficiaries.

Since its inception in 2008, BRAC supports communities in Sierra Leone with funds from the Omydiar Network, Soros Foundation, Alliance for a Green Revolution in Africa (AGRA), World Food Programme (WFP), and the Department for International Development (DFID). Our agriculture programme and seed production under the seed testing farm works to develop the technical capacity of farmers, promote participation in agricultural activities and create awareness on nutrition. Under the DFID-funded Global Poverty Action Fund (GPAF) project, we train the community agriculture promoters (CAPs) to deliver technical services and inputs to the farmers. In addition, we facilitate the CAPs to establish themselves as small entrepreneurs. We aim to disseminate modern agriculture technologies to familiarise farmers with modern practices which will improve their livelihoods.

Inland valley swamp (IVS) development project

With the support of JICA through WFP, BRAC Sierra Leone is implementing Inland Valley Swamp (IVS). Through the project, 200 farmers have developed 40 hectares of IVS land in four swamps for improved rice cultivation at Masimarra chiefdom under Portloko district.

Case Story



Marie achieving food sufficiency

My name is Marie Kamara and I am a backyard gardener at Mile 91. I farm close to my house and I sell most of my crops. Before joining the agriculture programme I was not harvesting enough crops to sell and the income was not enough to fulfil my family's basic needs.

When I heard about BRAC's regional office in my community, I immediately went to discuss about modern methods on harvesting crop. The programme organiser asked me to join the agriculture programme. In 2012 I joined BRAC and was selected for a training on proper seed bed construction and vegetable production, which was provided by BRAC's agriculture programme. After training I received some basic farming inputs such as vegetables seeds, and fertilisers.

The training helped me understand the methods of modern farming. When harvesting, I make sure there is adequate space between the crops. Using fewer amounts of seedlings, I have been able to increase the yield. I sell my crops to people in my community, and share best practices with farmers.

I have noted all the farming activities in a handbook provided to me by BRAC. I also keep track of my total expenses. I encourage farmers who cultivate vegetables to sell them so that they can generate income that will upkeep their livelihoods and also consume some of their self-grown vegetables, so that they have a nutritious diet.

I am grateful to BRAC for training me as a model farmer. I hope to increase my yield further and gradually expand my cultivation in a bigger land.

POULTRY AND LIVESTOCK

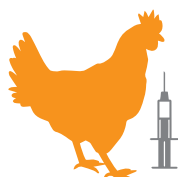


HIGHLIGHTS 2014

BRAC's poultry and livestock programme aims to promote improved practices and modern technologies amongst poultry and livestock farmers. Through capacity development, boosting livestock productivity and reducing mortality to provide them with a supply of high quality inputs, management of small and medium farm enterprises result in more efficiency. BRAC also produces and markets day-old chicks, poultry feed and bull semen at fair prices to ensure the market of milk and meat where needed. Poor farmers are given credit in the form of loans as support.

This year, **216** community livestock and poultry promoters (CLPPs), **400** backyard poultry rearers, **123** model poultry rearers were trained on poultry rearing, management, prevention and control of poultry diseases. They also received training on poultry shed designing, poultry unit construction, vaccination and production technology of poultry farming.

In order to emphasise the importance of nutrition, the programme undertook **80** nutrition campaigns at the community level



Number of doses used for Poultry vaccination cumulative

2012 180,037

2013 336,811

2014 401,780

Livestock & Poultry Rearers trained cumulative

2012 768

2013 968

2014 968

with assistance from **160** village nutrition committees. 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 nutritional value of different farm products.

Improving livelihood through poultry

BRAC launched the poultry and livestock programme in Sierra Leone in 2008, with the aim to reduce hunger and improve the livelihood situation of the rural poor. The programme works to increase the productivity of small-scale farms by developing the capacity of farmers, introducing modern livestock management techniques, and building viable services of local businesses. Currently the programme is implemented under the Global Poverty Action Fund (GPAF) project funded by DFID in 20 branches, covering six districts of Port Loko, Bombali, Tonkolili, Bo, Kenema and Western Area.

Our interventions are directed towards reducing poultry and livestock mortality, increasing farmer's income, creating employment opportunities, and reducing malnutrition. We target rural women and families who suffer from food insecurity, and are primarily excluded from mainstream livestock programmes. Under the GPAF project, we developed self-employed community livestock and poultry promoters (CLPPs). The CLPPs are responsible for increasing the demand at the local level to attract private sector investment in poultry and livestock sectors.

Case Story



Jillo: Enjoying the brighter side of life

My name is Jillo and I live with my husband and children in Kenema. I am a backyard poultry rearer. I had a difficult life before joining BRAC's poultry and livestock programme. My husband was unemployed and it was difficult for me to maintain the cost of the entire family. I used to rear a few poultry birds in the traditional way but my birds used to suffer from various diseases. I did not have sufficient knowledge on proper poultry vaccination practices. I heard about BRAC from community members and decided to join. I became a backyard poultry rearer and I was given a three-day training on poultry management. After the training, I was provided with a poultry shed, 20 hens, two roosters, 100 kg feed, a vaccination schedule and antibiotics. I receive regular technical support and supervision from programme staff and community model livestock and poultry promoters. I have started making a reasonable income.

After the training, I have come to know about the modern ways of rearing poultry. I keep my poultry shed clean and vaccinate my birds regularly. I am now able to send my children to school and maintain a decent standard of living.



HIGHLIGHTS 2014

BRAC's health programme combines preventive, promotive, curative and rehabilitative services. We aim to improve reproductive, maternal, neonatal, and child healthcare services. To enhance the quality of life, we work to raise the nutritional status of children and mothers, reduce vulnerability to communicable diseases, and combat non-communicable diseases. Through our low-cost essential healthcare services, we serve the disadvantaged, socially-excluded and hard-to-reach population. BRAC's approach utilises trained frontline community health promoters that creates an effective bridge between underserved communities and formal healthcare systems. We ensure community empowerment and mobilisation to bring cost-effective basic healthcare services to the door-steps of clients. We work in collaboration with the government, NGOs, donors, private sectors and academic institutions to bring the most needed healthcare services to the communities.

In response to the outbreak of Ebola, health materials were supplied to the Ministry of Health and Sanitation followed by the distribution of **30,000** Ebola posters to Western Area, Bo, Kenema, Port Loko, and Bombali. A **10**-day-long intensive community sensitisation on Ebola was conducted and **100** CHPs were involved in door-to-door community visit.

The Sierra Leone pharmacy board has accepted the pilot Community Medicine Point (CMP) project funded by Cordaid, providing license to **16** CHPs who were trained under this project.

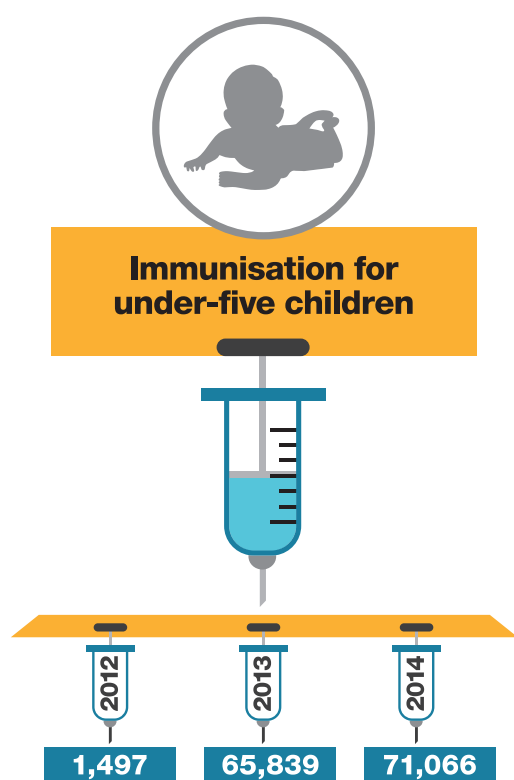
Under the EHC programme this year, **988** tuberculosis and **5,258** malaria suspected cases, **5,285** women for pregnancy related care were referred to health facilities. **3,696** children under five were immunised through government immunisation camps where BRAC community health promoters (CHPs) participated. **406** CHPs visited **63,150** households in their respective communities.

Under phase II of the Global Funds Malaria Round **10** programme **90** school health clubs are established in **3** districts.

Developing a functional health system

BRAC's essential healthcare (EHC) activities are implemented in six districts of Sierra Leone-Western Area, Port Loko, Bombali, Tonkolili, Bo and Kenema-with the aim to improve the wellbeing of rural women and their families. We provide affordable and quality healthcare to 183,150 households, reaching clients through our community health promoters (CHPs) who sensitise them by conducting health forums and by referring patients to the nearest health facilities.

The malaria programme strongly focuses on promoting three messages- intermediate preventative therapy (IPT) for pregnant women, use of long-lasting insecticide-treated bed nets (LLIN), and seeking treatment within 24 hours for symptoms of malaria. To improve the livelihood of young people in slum communities through life skills training, sexual and reproductive health, and legal rights education, the 'Pull Slum Pan Pipul'-Comic Relief-funded project has been initiated, covering 10 slums in the Freetown urban area.



Case Story



Last straw to safe delivery

My name is Christiana and I am one of the beneficiaries of the manoshi project under BRAC's health programme at Portee slum community. Prior to the arrival of BRAC manoshi project, the community lacked awareness on the importance of maternity care. After the project was launched, community health workers (CHW) of manoshi went door-to-door to raise awareness.

One day Zaiyei, a maternal and child health nurse, and Mariatu, a CHW paid me a surprise visit and advised me to visit the nearby clinic for antenatal check-up. I was happy to visit the clinic; the staff of the clinic was very polite. Since then the CHW did regular follow-ups.

When I was nine months pregnant, I went to the clinic as part of a regular check-up. The nurse examined me and informed me that I needed an operation. In the clinic there were no caesarean facilities so I was referred to one of the major hospitals for an operation.

The hospital I was referred to had standard treatment facilities. The nurses and CHW from manoshi also called and enquired about my health and ensured that I received proper care. Finally, I was operated safely and on time. The operation was successful and I gave birth to a healthy baby. Even after the birth of my child I received support from manoshi staff and received emergency health support.

I thank BRAC manoshi project for its timely referral and the necessary healthcare support it provided for me and my child.

EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS



HIGHLIGHTS 2014

BRAC's empowerment and livelihood for adolescents (ELA) programme is designed to empower teenage girls. The ELA clubs provide safe spaces for them to socialise, and receive mentoring and life skills training. Networks of clubs are active in five countries. We combine this approach with financial literacy training and customised micro-loans, which socially and financially empowers adolescent girls.

Our ELA programme covers four districts namely Port Loko, Moyamba, Kambia, and Port Loko, with financial support from UNICEF. **210** clubs are in operation with **6,749** adolescent girls. **200** new mentors were selected and trained on club operation.

This year, microcredit was disbursed to **24** adolescent girls with average loan size of USD **113**. **2,922** ELA members received training on life skills issues such as health and hygiene, social, sexual and reproductive health, teenage pregnancy, and gender-based violence.

A new era for adolescent girls

BRAC Sierra Leone started piloting the empowerment and livelihood for adolescents (ELA) programme in 2012, with financial support from UNICEF. Initially covering only Port Loko with 10 adolescent centres targeting 481 girls, the programme is currently implemented in four districts- Pujehun, Moyamba, Port Loko, and Kambia- and operating 210 adolescent clubs targeting over 6,775 adolescent members.

The main objective of ELA programme is to empower the adolescent girls by providing a safe place to socialise, gain life-skills and livelihood training to equip them socially and financially to lead meaningful and dignified lives. The programme also provides financial literacy training and microcredit support for older adolescent girls. 58 per cent of our members (aged 12-24) are school going, 33 per cent married, and 43 per cent are mothers.

During the Ebola outbreak, ELA helped affected children in collaboration with the ministry of social welfare, gender and children's affairs. Interventions include community sensitisation on the effects of Ebola on adolescent girls, cash transfers and safe spaces for girls. To help in recovery efforts, livelihood assistance was provided to affected families along with support to adolescent girls. Staff and mentors were trained on how to counsel and give psychological support to people affected by the disease, and to help them reintegrate in their communities upon recovery.

Case Story



Salimatu: a survivor the scourge and walks away a hero

My name is Salimatu and I am 20 years old. I am an ELA member at the Kukubana club in Rokupr. I am also an Ebola survivor.

This year our country faced the most unprecedented outbreak of the lethal infectious disease, the Ebola virus, that took many lives in Sierra Leone. I do not know how I contracted the Ebola virus. Initially I was bleeding. I gradually became weak and developed fever. There is neither a vaccine nor specific treatment for Ebola. People who are severely ill with the disease require intensive medical support including oral rehydration salts and nutritious food. The earlier they go to the hospital and get appropriate care, the higher their chances of survival. My aunt is very well aware about the symptoms of the disease, so she called the Ebola hotline and the health workers arrived later with an ambulance. I was then taken to the Lakka treatment centre where I stayed for three weeks.

I was really afraid for my life, but in the treatment centre I gained trust. I was taken care of. I ate healthy and nutritious food. I was discharged from the treatment centre few months later, fully cured.

The day when I was released from the centre I was worried about how my family and community people would react on seeing me. The mentor from ELA club came to my house and provided me with psychosocial counselling. I am very lucky to have survived Ebola and to have had the support from my family and my ELA peers.

Now that I am cured, I help in spreading messages on how to deal with Ebola, especially to my ELA peers so that they immediately visit the hospital in case anyone around them has any symptoms. Early reporting can save lives. I am learning to live a new life after coming back home.

I am grateful to my ELA club mentor Kadiatu Kargbo who provided me with psychosocial training and support and rekindled my hope to live.

HUMAN RIGHTS AND LEGAL EMPOWERMENT



HIGHLIGHTS 2014

Ensuring basic human rights lies at the heart of development. **BRAC's human rights and legal empowerment** programme is dedicated to protecting and promoting human rights of the poor and marginalised through legal empowerment. This programme creates an enabling environment for vulnerable and excluded communities. By organising legal education classes and offering legal aid services through our staff lawyers, we give the poor the knowledge they need to assert their rights. We help them transform themselves into agents of social change by engaging local community leaders to foster widespread awareness of legal issues.

This year, **122** mobile clinics, legal aid clinics and **35** community meetings were conducted. **Six** radio discussion programmes were also organised. BRAC paralegals received **403** different categories of cases and resolved **330** cases through mediation.

Providing legal services to the poor and marginalised

BRAC's human rights and legal empowerment (HRLE) programme in Sierra Leone is dedicated to protect and promote human rights issues through legal empowerment especially for the poor and marginalised. The programme operates in four chiefdoms (Maforki, Marampa, Koya, and Kaffubullom under Port Loko district).

The HRLE programme sensitises communities about their basic legal rights and takes up their cases when their rights have been violated. This is achieved through the provision of free legal aid by paralegals (three female and six male) who give advice and assistance in both civil and criminal matters, in addition to a number of support activities at the grassroots level. We have at least two paralegals (one woman and one man) for each office to handle gender-sensitive cases. Our priority is to provide concrete and practical solutions.

We have three categories of volunteers: community oversight board members are community elders that help our paralegals resolve difficult cases relating to customary legal issues; community contact people help our paralegals organise mobile clinics and community meetings by mobilising people in the communities; volunteers selected from our legal literacy classes form the law implementation committees deal with gender-based violence.

Case Story



Mamusu's fight for her dreams

I am Mamusu Kamara from Santigiya Village and I am 16 years old. I visited BRAC's human rights and legal services office to meet a paralegal because my mother was forcing me to marry a man three times my age. This is not uncommon in my community; in fact, most girls in my community marry older men before they reach the age of 18.

I became very distressed and sad about my life. My mother was constantly forcing me to get married. She firmly told me that if I didn't marry the man of her choice, she will not take responsibility of me any further. I did not change my decision. I wanted to become educated and be a doctor. I knew that if I got married, there would be no option to pursue my education. I talked to my mother about the importance of girls' education and how early marriage can lead to risky pregnancy. She kept on insisting on her point and at one stage, threw me out of the house. I was in need of help and support and was referred to BRAC's human rights office by my community elders.

I went to BRAC's human rights office and discussed my problems with one of the paralegals. The paralegal was very receptive and took my case very seriously. They invited my mother and spoke to her. The only reason my mother was forcing me into marriage was because the man was rich and could take good care of me.

The paralegal gave my mother some advice and she finally felt the need for me to continue my education. Now I am happy to have my mother's support. She encourages me to study hard and pass my exams so that I can become a doctor when I grow up.

SUPPORT PROGRAMMES

Finance and Accounts Unit

The finance and accounts unit of BRAC Sierra Leone plays a crucial role within the organisation in improving operational efficiency, whilst facilitating the management's decision-making capabilities. The unit is responsible for preparing budgets for the programmes, managing costs, financing investments, analysing cash flow, profitability, effective management, and transparency of financial data.

In addition, it prepares reports on investments, donor grants, properties, salary and tax. The annual financial statements are prepared in accordance with international reporting standards.

Internal Audit Department

The internal audit department (IAD) is an independent support programme designed for objective assurance and consulting services and improves BRAC International's operations. It helps the organisation achieve its objectives by improving the effectiveness of control and governance processes. Internal audit is a catalyst for improving the effectiveness and efficiency of our programmers by providing insight and recommendations based on data analysis. With a commitment to integrity and accountability, the internal audit department provides value to governing bodies and executive management for independent advice. The department also assists management by providing risk-based audit reports for efficiency and effectiveness based on internal audit charter, the terms of reference for the audit review committee and the internal audit manual approved by the finance and audit committee.

This year internal audit manual has been implemented in BRAC Sierra Leone.

In 2015, internal assessment will be done through ongoing monitoring of the performance of internal audit activity from head office, and periodic assessments by peer review to evaluate internal auditing, the code of ethics and standards.

Monitoring Department

BRAC's monitoring department in Sierra Leone is an internal mechanism, to ensure quality, accountability and transparency of the programmes. It ensures regular collection and analysis of information to assist timely decision-making and provide the basis for evaluation and learning.

The monitoring team also investigates issues related to administration, abuse of discretion, corruption, financial misappropriation and discrimination. Microfinance monitoring in BRAC Sierra Leone plays a fundamental role in the flow of fair and authentic information.

Currently, 4 staff are working in monitoring department.

Human Resource Department

The human resource department (HRD) in BRAC Sierra Leone caters to over 480 local and expatriate staff dispersed across the country. With the goal to maximise job satisfaction, enhance transparency and ensure procedural justice for all employees, a country-specific human resources policies and procedures (HRPP) manual was developed in 2013. A country-wide rollout of workshops was completed to operationalise the HRPP in 2014. It provided all field-level employees with an understanding of new policies, due benefits and the processes required to fulfill them.

Orientation sessions on a new performance management system were conducted for staff from country management to root level. Clear guidelines were provided for a more focused performance management, discussing performance-related rewards and developing low performers through a new performance improvement process while upholding BRAC's values. The HR team further ensures employee commitment to BRAC International's 15 policies under the code of conduct, particularly in regard to child protection and gender equality.

During the outbreak of Ebola and subsequent crisis that engulfed the nation, HR management devised a set of Ebola-related guidelines and played a key role in communicating and ensuring early and sustained awareness. We instituted procedures and contingency measures for staff health and safety.

Risk Management services

This year had shown a significant progress in advancing the maturity of our organisation's risk management processes. There has been a continuous strengthening of the risk management framework at both operational and at strategic levels to identify risks and to implement control measures to mitigate their impact.

At operational level, the country risk management committee supports monitoring and improving the work of strengthening risk management culture at branch level; the management of the commissioning of key risks and the overall management of closure of incidents, impacting the programmes activities.

At strategic level, the finance and audit committee receives bi-annual risk management reports on progress against the framework, emerging risk, performance against the key risk and reporting of the risk register review. Next year, risk management service will continue the refinement of organisational metrics and top risks with dashboards to ease monitoring, with primary efforts focused on analysis and mitigation of key areas of concern. We will also support efforts towards achieving BRAC Sierra Leone's strategies and objectives using data to measure progress.

Information Communication Technology Department

The information communication technology (ICT) department of BRAC in Sierra Leone functions as a crosscutting intervention, with the aim to modernise the infrastructure and services that support all programmes. It seeks to address the connectivity and channels the emerging technologies to enhance the organisational goals. 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 used within the organisation. The ICT department provides training and technical support services and maintenance of computer functions for email, internet and file storage.

Research and Evaluation unit

BRAC Research and Evaluation unit (REU) has the regional mandate in Sierra Leone to conduct programmatic specific research studies of the organisation's various programmes and projects implemented in the region. It is essentially the backbone of every project being implemented and provides the landscape on which the organisation stands. The REU provides quality and reliable data through programmatic survey evaluations which it achieves through its research agenda.

REU activities focus on systematic analysis of specified subject that provides the basis for describing and explaining the causes and effects of factors that predicts the occurrence of such events. Systematic analysis adopted by BRAC REU involves steps in formulating questions, assumptions, data generation, data analysis and interpretations as well as drawing inferences. BRAC REU is credited for

producing a more complete data for its programmes and projects which has helped management and the organisation more generally in priority setting, decision-making, problem-solving, impact assessment, and comparative analysis and propels its development focus.

The regional research unit of BRAC in Sierra Leone provides methodical support to the existing operations in the country through programmatic evaluations, useful insights in developing project proposals, and active monitoring of project activities.

Compliance Services

Our integrated compliance services are focused on internal, regulatory and donor compliance. It continues to evolve with a commitment to excellence, expansion of compliance culture, and instilment of a sense of compliance with individual job responsibilities.

This year, compliance has been strengthened two key areas. First, frontline managers of all branches of all programme components have been brought under the umbrella of internal control questionnaire.

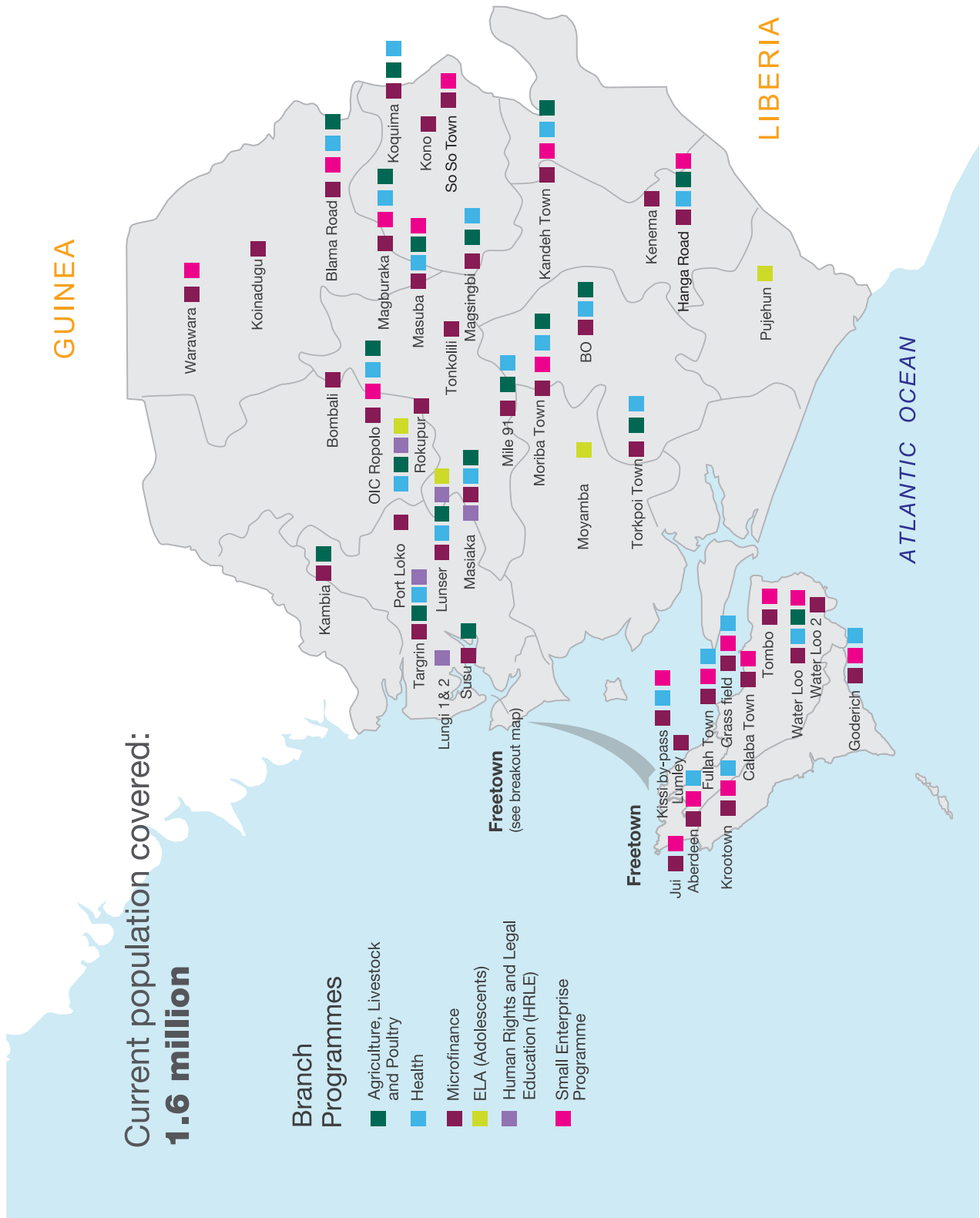
Second, all the project proposals made and approved in this year were reviewed and verified in compliance with the specific projects requirements. Compliance related to regulatory affairs were also reviewed and reported bi-annually.

BRAC IN SIERRA LEONA

Current population covered:
1.6 million

Branch Programmes

- Agriculture, Livestock and Poultry
- Health
- Microfinance
- ELA (Adolescents)
- Human Rights and Legal Education (HRLE)
- Small Enterprise Programme



BRAC ACROSS THE WORLD

USA

Initiated: 2007

An independent charity to raise profile and funds for BRAC globally

UK

Initiated: 2006

An independent charity to raise profile and funds for BRAC globally

SIERRA LEONE

Initiated: 2008

Programme Focus:

MF, EHC, Ag, P&L, HRLE, ELA and FSN

Population reached:

1.1 million

SOUTH SUDAN

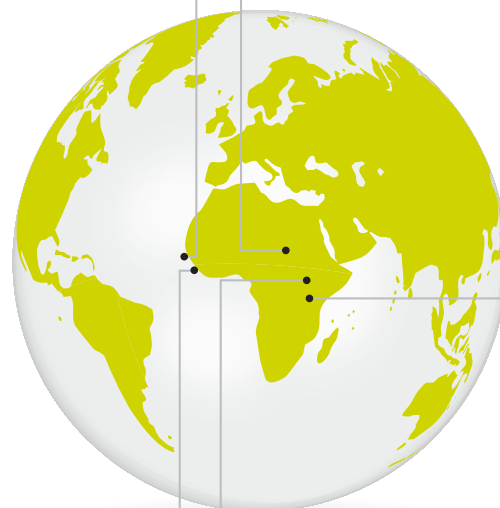
Initiated: 2007

Programme Focus:

MF, Ag, BEP, AGI, EHC, MLP, NP, YLP and TUP

Population reached:

1.3 million



HAITI

Initiated: 2010

Programme Focus:

BLBC

NETHERLANDS

Initiated: 2009

BRAC International registered as a charity (Stichting)

LIBERIA

Initiated: 2008

Programme Focus:

MF, SEP, Ag, P&L and EHC

Population reached:

0.56 million

UGANDA

Initiated: 2006

Programme Focus:

MF, SEP, BEP, SP, EHC, Ag, P&L, ELA and KI

Population reached:

4 million

TANZANIA

Initiated: 2006

Programme Focus:

MF, SEP, Ag, P&L, BEP and ELA

Population reached:

2.64 million

AFSP - Agriculture and Food Security Programme Ag - Agriculture Programme AGI - Adolescent Girls Initiative ARCs - Adolescent Reading Centres
DECC - Disaster, Environment and Climate Change EHC - Essential Health Care ELA - Empowerment and Livelihood for Adolescents FSN - Food Security and Nutrition
HRLS - Human Rights and Legal Aid Services IDP - Integrated Development Programme KI - Karamoja Initiative
P&L - Poultry and Livestock RS - Road Safety SEP - Small Enterprise Programme SP - Scholarship Programme

AFGHANISTAN

Initiated: 2002

Programme Focus:
MF, SEP, BEP, ARCs, EHC,
NSP and TUP

Population reached:
4.72 million

PAKISTAN

Initiated: 2007

Programme Focus:
MF, SEP, BEP, TUP, EHC and
Ag

Population reached:
2.77 million



MYANMAR

Initiated: 2013

Programme Focus:
MF

Population reached
2,483 borrowers

PHILIPPINES

Initiated: 2012

Programme Focus:
BEP

Population reached:
38,084 learners



BANGLADESH

Initiated: 1972

Programme Focus:
MF, BEP, HNPP, TUP, IDP, WASH, HRLS, CEP, AFSP, DECC, GJD, RS, MGP
and Enterprises

Population reached:
120 million

BEP - BRAC Education Programme **BLBC** - BRAC Limb and Brace Centre **CEP** - Community Empowerment Programme
GJD - Gender Justice and Diversity **HNPP** - Health, Nutrition and Population Programme **HRLE** - Human Rights and Legal Empowerment
MF - Microfinance **MGP** - Migration Programme **MLP** - Malaria Programme **NP** - Nutrition Programme **NSP** - National Solidarity Programme
TUP - Targeting the Ultra Poor **WASH** - Water, Sanitation and Hygiene **YLP** - Youth Lead Programme

GOVERNANCE

BRAC Sierra Leone

BRAC SIERRA LEONE (NGO)

Local Board members

Dr AMR Chowdhury

Mr Faruque Ahmed

Mr Tanwir Rahman

BRAC MICROFINANCE (SL) LTD

Local Board members

Ms Susan Davis

Mr Faruque Ahmed

Mr Tanwir Rahman

Mr Shameran Abed

Mr Tapan Kumar Karmaker

Mr Neal Delaurentis

Mr Arjuna Costa

MANAGEMENT

Tapan Kumar Karmaker	Country Representative, BRAC Sierra Leone
Kazi Shohel Arman	Operating Manager, Microfinance
Regena Kain	Acting Programme Manager, Health
Salma Babu	Programme Manager, Empowerment and Livelihood for Adolescent (ELA)
Md Mostafa Kamal	Programme Manager, Poultry and Livestock
Md Ahasanuzzaman	Country Head of Accounts
Bikash Chandra Das	Country Head of Internal Audit
Aruna Mans-Davies	Manager, Human Resource Department

DEVELOPMENT PARTNERS



FINANCIALS - NGO

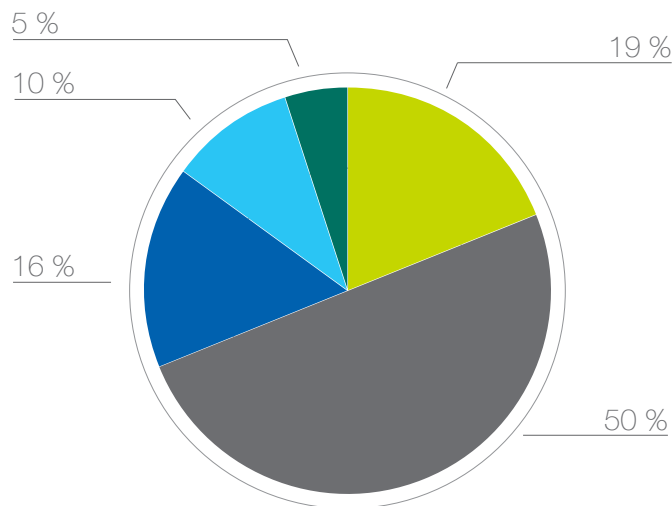
BRAC Sierra Leone completed year 2014 with grants received amounting to USD 1,699,000 as against USD 5,669,000 in 2013. Total project expenses for the year were USD 3,449,000 (USD 3,903,000 in 2013). Out of the total expenses majority is expensed in Health, Education, Agriculture and Livestock programs. All most 89% of total expenditure is being used for program services with only 11% as admin expenses.

Total Equity as at 31 December 2014 stands at USD 130,000 as against USD 1,791,000 in 2013.

Programme Cost by Nature of Programme

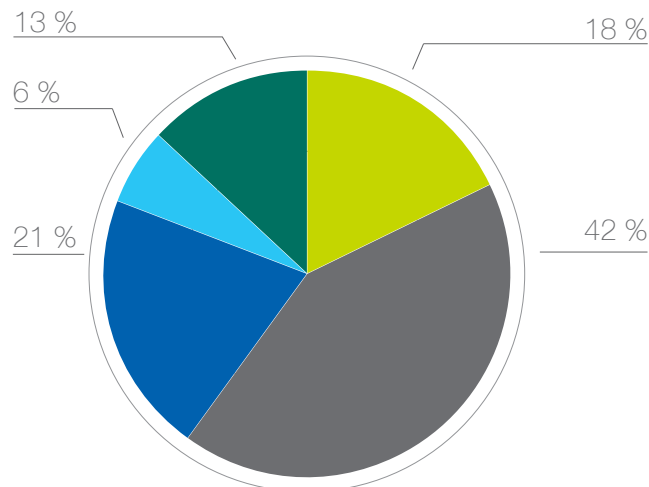
Programme	Year 2014		Year 2013	
	USD	%	USD	%
Health	643,000	19%	698,000	18%
Education	1,722,000	50%	1,668,000	42%
Agriculture and Livestock	544,000	16%	826,000	21%
ELA	365,000	10%	239,000	6%
Others	175,000	5%	496,000	13%
Total	3,449,000	100%	3,927,000	100%

Year 2014



Health	19%	ELA	10%
Education	50%	Others	16%
Agriculture and Livestock	16%		

Year 2013



Health	18%	ELA	6%
Education	42%	Others	13%
Agriculture and Livestock	21%		

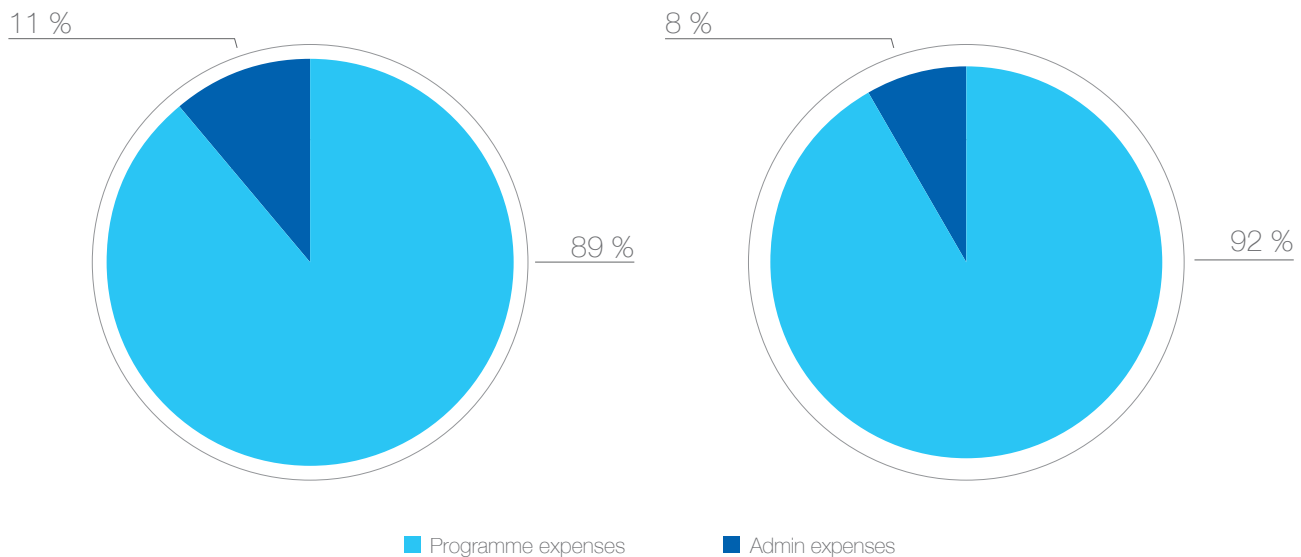
FINANCIALS

Programme Cost by Nature of Expenses

Expenses	Year 2014		Year 2013	
	USD	%	USD	%
Programme expenses	3,064,000	89%	3,615,000	92%
Admin expenses	385,000	11%	312,000	8%
Total	3,449,000	100%	3,927,000	100%

Year 2014

Year 2013



Performance Review

Income Statement	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Grant income	3,273,000	3,853,000	1,443,000	1,274,000	1,030,000
Other income	146,000	36,000	129,000	42,000	71,000
Programme expenses	3,064,000	3,615,000	1,397,526	986,430	550,000
Admin expenses	385,000	312,000	174,474	329,570	550,000

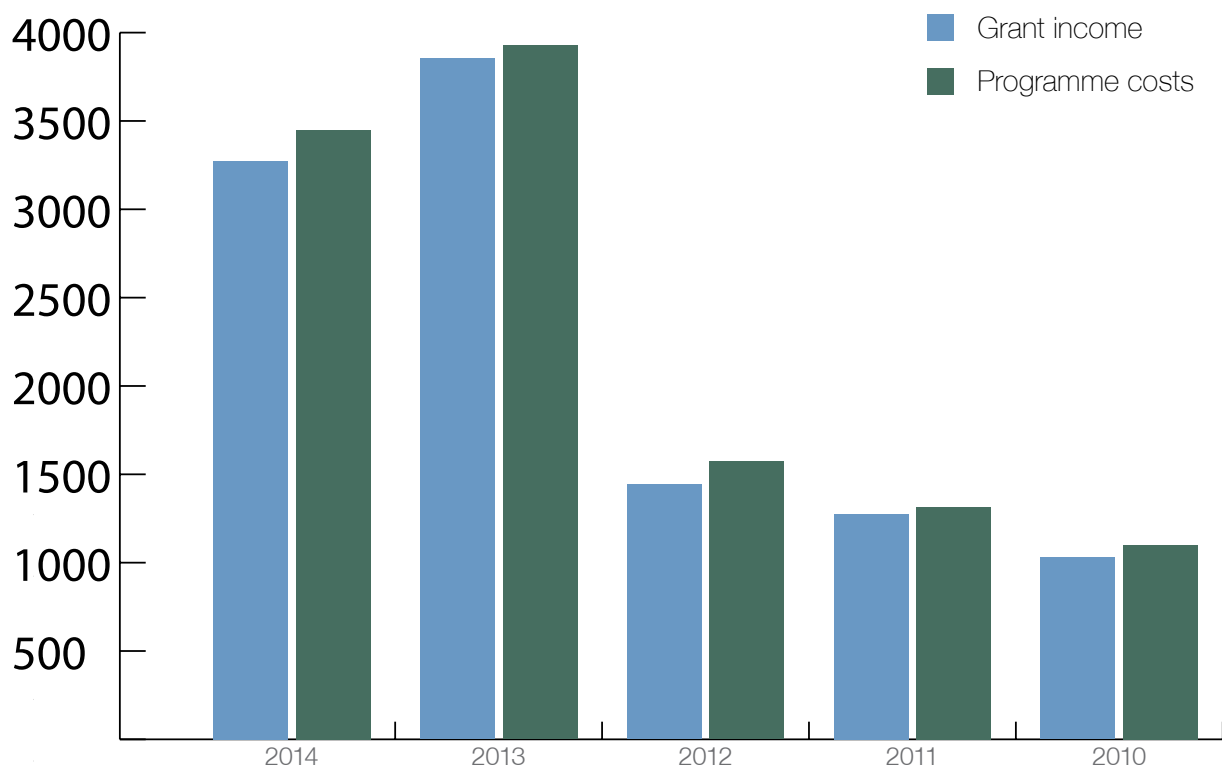
Performance Review

Financial Position	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Net equity	130,000	1,791,000	253,000	128,000	1,222,000
Cash and bank	553,000	1,804,000	347,000	190,000	1,224,000

Operational Statistics	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
No. of projects	17	15	14	7	5

Annual Income and Expenses

Figures in thousand USD



Last five years Grant income vs. Programme costs

FINANCIALS - MICROFINANCE

Net Income

BRAC Microfinance (SL) Ltd. completed another challenging year in 2014 by registering a pretax loss of USD (410,000) as against USD (638,000) in 2013. The major reason for such loss is due to the fact that the entity had to suspend its operation from August 2014 to March 2015 due to Ebola epidemic in the country.

Operating expenses

Total operating expenses for the year was USD 1,390,000 compared to USD 1,849,000 in 2013.

Provisions for Impairment losses

This year amount charged for impairment on loans was USD 33,000 as against 110,000 in 2013, showing a decrement of 70%. Total reserve as against impairment in 2014 was USD 209,000 as against USD 194,000 in 2013, representing 7.34% of Gross portfolio. Portfolio At Risk (PAR>30) is 5.52% as against 5.33% in 2013.

Financial Position

In 2014 the company's total assets decreased by 10.30% to USD 3,895,000. Loans and advances to customers increased by 0.28% and is now 73% of total assets.

FINANCIALS - MICROFINANCE

Value Added Statements

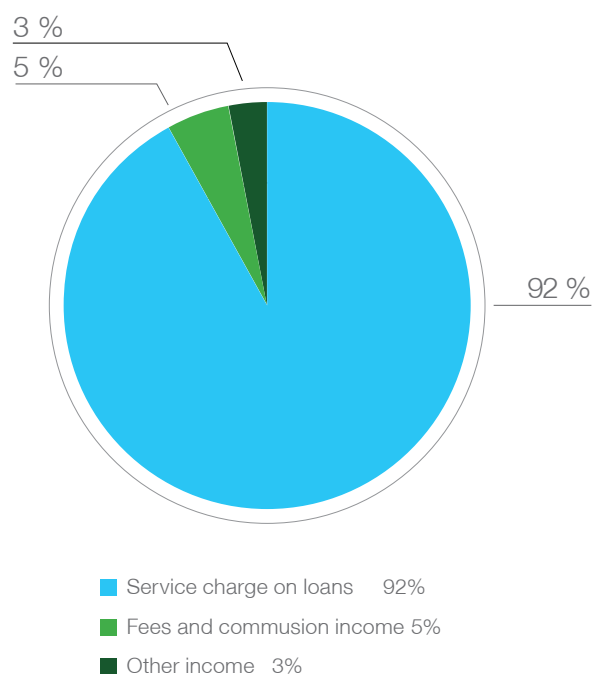
A value added statement provides a detail account of total value addition and the distribution of value created by the organization. BRAC Microfinance (SL) Ltd. contributes positively to overall economic development by empowering the poor people (specially female) through micro-credit, employees through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

Value Added	Year 2014		Year 2013	
	USD	%	USD	%
Services charges on loans	935,000	204%	1,186,000	229%
Fees and commission income	54,000	12%	87,000	17%
Other income	24,000	5%	48,000	9%
Other operating exp.	(522,000)	(114%)	(688,000)	(133%)
Loan prov. (doubtful losses)	(33,000)	(7%)	(110,000)	(21%)
Total Value Added	458,000	100%	523,000	100%

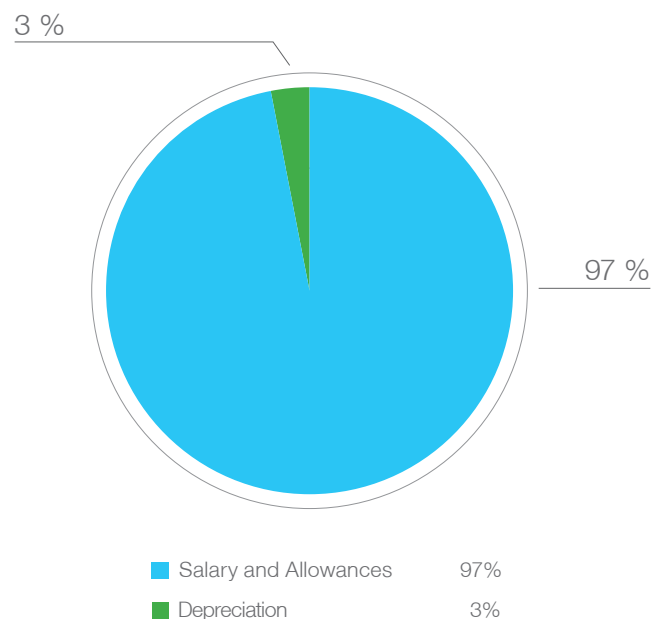
Value Distributed	Year 2014		Year 2013	
	USD	%	USD	%
Employees				
Salary and Allowances	876,000	191%	1,122,000	215%
Local Authorities				
Taxes	(10,000)	(2%)	(3,000)	(1%)
Growth				
Retained income	(439,000)	(96%)	(635,000)	(122%)
Depreciation	31,000	7%	39,000	8%
Total Value Distributed	458,000	100%	523,000	100%

FINANCIALS - MICROFINANCE

Value Added 2014



Value Distributed 2014



Five Year Performance Review

In USD	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD

Income Statement

Operating Income	1,013,000	1,321,000	1,272,000	1,153,000	1,102,000
Net Profit/(loss) before tax	(410,000)	(638,000)	(965,000)	(703,000)	31,000

Financial Position

Total Asset	3,895,000	4,342,000	3,624,000	4,207,000	4,911,000
Net Equity	2,151,000	2,686,000	2,587,000	3,520,000	4,425,000
Loans to Customers (net)	2,848,000	2,840,000	2,006,000	2,096,000	1,697,000
Cash at Bank	705,000	1,037,000	816,000	1,449,000	2,703,000

Returns and ratio

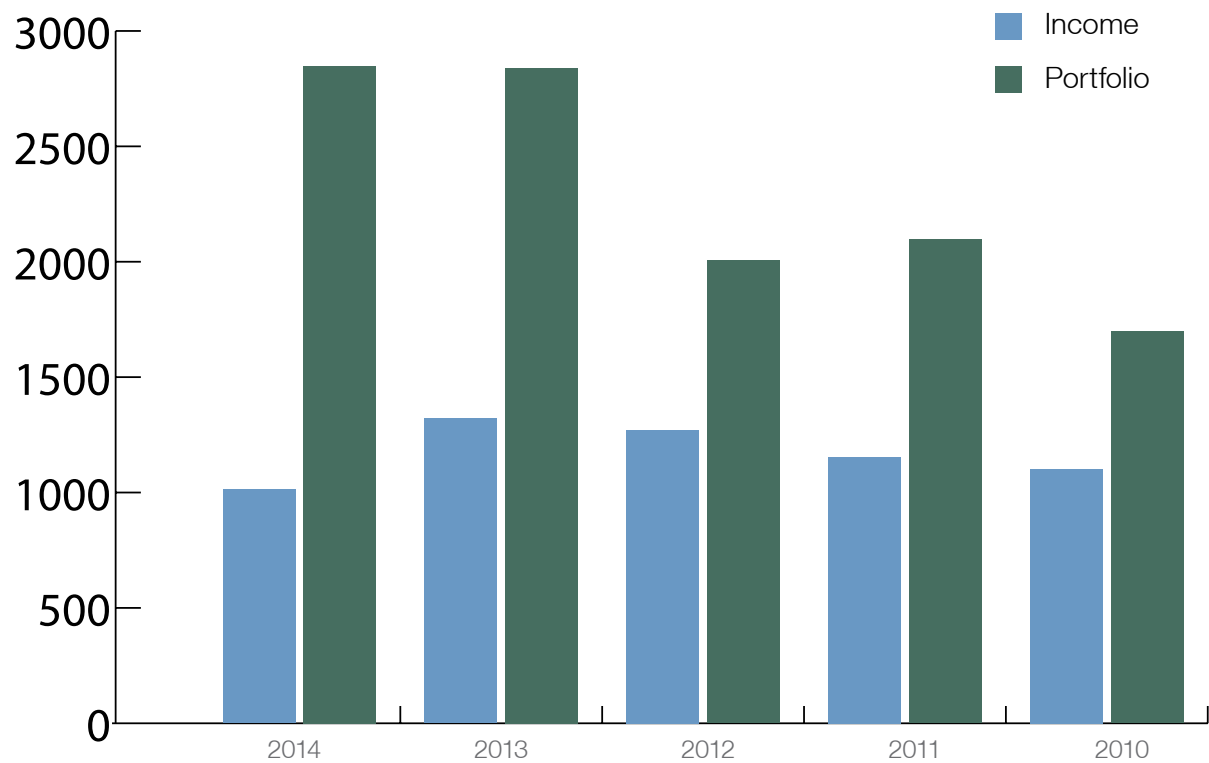
Return on Asset	(10%)	(16%)	(25%)	(15%)	1%
Cost to Income	142%	148%	176%	161%	97%

Operational Statistics

Total borrowers	23,339	21,046	16,522	21,308	16,837
PAR>30	5.52%	5.33%	7.46%	12.43%	11.44%

FINANCIALS - MICROFINANCE

Operating Income vs. Portfolio
Figures in thousand USD



BRAC Sierra Leone

Financial Statements

For the year ended 31 December 2014

General information

Board of Directors : Dr. A M R Chowdhury - Chairperson
Mr. Faruque Ahmed - Member
Mr. Tanwir Rahman - Member

Registered Office : BRAC Sierra Leone
174 Wilkinson Road
Freetown
Sierra Leone

Project coordinator : BRAC Sierra Leone

Bankers : Standard Chartered Bank

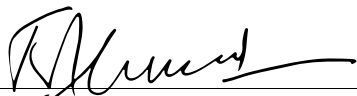
Auditors : KPMG
Chartered Accountants
KPMG House
37 Siaka Stevens Street
Freetown.

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 2014, the statements of income and expenditures and cash flows statement, 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 statements 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:



Board Member



Board Member



KPMG Sierra Leone
KPMG House
37 Siaka Stevens Street
P. O. Box 100
Freetown
Sierra Leone

Telephone: 232-22-222 061/2
Telefax: 232-22-228149
Email: kpmg@kpmg-sl.com

Independent Auditor's 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 2014, the statements of income and expenditures 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 on pages 39 to 52.

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' judgment including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments we consider internal 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.

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 2014, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the organization 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 174 Wilkinson Road, Freetown and should not be distributed to or used by parties other than BRAC Sierra Leone, BRAC and other donors.

Freetown


Chartered Accountants

Date: 30 March 2015

KPMG, a partnership established under Sierra Leonean law, is a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Partners: V T O Decker D L Kawaley C J P Williams-Tucker

BRAC Sierra Leone

Financial statements
for the year ended 31 December 2014

Statement of Financial Position

As at 31 December 2014

		SLL		USD	
<i>In thousands of Leones/USD</i>	Notes	2014	2013	2014	2013
Assets					
Property and equipment	10	931,296	953,943	195	220
Total non-current assets		931,296	953,943	195	220
Current assets					
Cash and bank balances	11	2,642,836	7,829,102	553	1,804
Other assets	12	2,018,456	1,891,784	422	436
Total current assets		4,661,292	9,720,886	975	2,240
Total assets		5,592,588	10,674,829	1,170	2,460
Liabilities and capital fund					
Current liabilities					
Other payables	15	1,704,617	1,884,666	357	434
Related party payables	18	3,267,306	1,021,032	683	235
Total current liabilities		4,971,923	2,905,698	1,040	669
Capital fund					
Donor funds	13	931,296	7,936,636	195	1,829
Retained surplus		(310,631)	(167,505)	(65)	(38)
		620,665	7,769,131	130	1,791
Total liabilities and capital fund		5,592,588	10,674,829	1,170	2,460

These financial statements were approved by the Board of Directors on 30 March 2015.


Board Member


Board Member

The notes on the financial statements are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2014

In thousands of Leones/USD	Note	SLL		USD	
		2014	2013	2014	2013
Income					
Grant income	4	15,645,532	16,724,245	3,273	3,853
Other income	5	393,314	158,635	82	36
Total income		16,038,846	16,882,880	3,355	3,889
Expenditures					
Staff costs and other benefits	6	6,348,829	4,668,392	1,328	1,076
Other general administrative expenses	7	6,814,077	7,652,242	1,426	1,763
Training, workshops and seminars	8	1,779,417	1,495,548	372	344
Occupancy expenses	9	1,329,682	2,983,506	278	687
Depreciation	10	215,964	144,748	45	33
Total expenditures		16,487,969	16,944,436	3,449	3,903
Operating surplus/(deficit)		(449,123)	(61,556)	(94)	(14)
Other comprehensive income					
Unrealized exchange (loss)/gain		305,997	(105,949)	64	(24)
Surplus reserve		(143,126)	(167,505)	(30)	(38)

These financial statements were approved by the Board of Directors on 30 March 2015.


Board Member


Board Member

The notes on the financial statements are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2014

<i>In thousands of Leones/USD</i>	Note	SLL		USD	
		2014	2013	2014	2013
Net cash provided by/(used in operating activities) 16		<u>2,012,391</u>	<u>213,801</u>	<u>421</u>	<u>49</u>
		<u>2,012,391</u>	<u>213,801</u>	<u>421</u>	<u>49</u>
Cash flow from investing activities					
Acquisition of fixed assets	10	(193,317)	(737,967)	(40)	(170)
Proceeds from disposal		-	10,000	-	2
Cash flow used in investing activities		<u>(193,317)</u>	<u>(727,967)</u>	<u>(40)</u>	<u>(168)</u>
Cash flow from financing activities					
Changes in deferred grant		(22,647)	568,521	(5)	131
Changes in grant received in advance		(6,982,693)	6,273,621	(1,461)	1,446
Net cash flow from financing activities		<u>(7,005,340)</u>	<u>6,842,142</u>	<u>(1,466)</u>	<u>1,577</u>
Net increase in cash and cash equivalents		<u>(5,186,266)</u>	<u>6,327,976</u>	<u>(1,085)</u>	<u>1,458</u>
Convenience translation effect		-	-	(166)	(1)
Cash and cash equivalents at 1 January 2014		<u>7,829,102</u>	<u>1,501,126</u>	<u>1,804</u>	<u>347</u>
Cash and bank balances at 31 December 2014 11		<u><u>2,642,836</u></u>	<u><u>7,829,102</u></u>	<u><u>553</u></u>	<u><u>1,804</u></u>

The notes on the financial statements are an integral part of these financial statements.

Notes to the Financial Statements

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 174 Wilkinson Road, Freetown.

BRAC Sierra Leone's principal activities are the provision of health services, education, agriculture, livestock and legal empowerment programs. 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.

Notes to the financial statements *(continued)*

Significant accounting policies *(continued)*

(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 life
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.

(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.

Notes to the financial statements *(continued)*

Significant accounting policies (continued)

(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) Segmental 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 costs

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

(l) Training costs

Training costs 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.

Notes to the financial statements (continued)

4. Grant income

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Transferred from grant received in advances account	15,389,781	16,579,497	3,220	3,820
Grant received from Stitching BRAC International	39,787	-	8	-
Transferred from deferred income-as a release to match the depreciation charge for the period	215,964	144,748	45	33
	15,645,532	16,724,245	3,273	3,853

5. Other income

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Bank interest	422	676	-	-
Income from laboratory	-	5,776	-	1
BRAC contribution	388,077	150,931	81	35
Other project income	4,815	1,252	1	-
	393,314	158,635	82	36

6. Staff cost and other benefit

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Salaries and other benefits	6,342,808	4,656,822	1,327	1,073
Staff insurance costs	6,021	11,570	1	3
	6,348,829	4,668,392	1,328	1,076

7. Other general and administrative expenses

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Maintenance and general expenses	274,741	552,142	57	127
Audit fees	57,719	52,406	12	12
Transportation and traveling	1,411,185	1,623,739	295	374
Stationeries and supplies	480,147	246,858	100	57
Evaluation and monitoring	1,177,925	1,706,897	246	393
Program supplies	1,989,553	3,050,496	416	703
HO logistics & management expenses	1,422,807	419,704	298	97
	6,814,077	7,652,242	1,424	1,763

Notes to the financial statements *(continued)*

8. Training, workshop and seminars

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
External member training- EHC	35,744	35,039	7	8
External member training- (GEC)	639,625	593,391	134	137
External member training- Agriculture	-	15,021	-	4
External member training- Poultry and livestock	-	13,869	-	3
External member training- Cordaid	56,703	44,957	12	10
External member training- Malaria	221,833	677,770	46	156
External member training- ELA	746,694	115,501	156	27
External member training- RMNCH	3,950	-	1	-
External member training- Manoshi	7,468	-	2	-
External member training- Comic relief	67,400	-	14	-
	<u>1,779,417</u>	<u>1,495,548</u>	<u>372</u>	<u>345</u>

9. Occupancy expenses

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Rent and utilities	<u>1,329,682</u>	<u>2,983,506</u>	<u>278</u>	<u>687</u>

Notes to the financial statements (continued)

10. Property and equipment

<i>In thousands of Leones</i>	Furniture & fixtures	Motor vehicle & cycle	Plant & machinery	SLL	USD
Cost					
At 1 January 2013	267,195	102,329	174,396	543,920	126
Additions	205,817	313,910	218,240	737,967	170
Written off/ transfer	-	(72,798)	-	(72,798)	(17)
At 31 December 2013	473,012	343,441	392,636	1,209,089	279
At 1 January 2014	473,012	343,441	392,636	1,209,089	279
Additions	14,176	176,184	2,957	193,317	40
Translation difference	-	-	-	-	(26)
At 31 December 2014	487,188	519,625	395,593	1,402,406	293
Accumulated depreciation					
At 1 January 2013	60,068	62,920	46,862	169,850	39
Depreciation charge for the period	47,297	37,853	59,598	144,748	33
Written off/ transfer	-	(59,452)	-	(59,452)	(14)
Translation difference	-	-	-	-	1
At 31 December 2013	107,365	41,321	106,460	255,146	59
At 1 January 2014	107,365	41,321	106,460	255,146	59
Depreciation charge for the period	48,093	88,900	78,971	215,964	45
Translation difference	-	-	-	-	(6)
At 31 December 2014	155,458	130,221	185,431	471,110	98
Net book value:					
At 31 December 2014	331,730	389,404	210,162	931,296	195
At 31 December 2013	365,647	302,120	286,176	953,943	220

Notes to the financial statements (continued)

11. Cash and bank balances

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Bank balances	2,560,262	7,774,957	536	1,791
Cash in hand	82,574	54,145	17	13
	2,642,836	7,829,102	553	1,804

11.1 Name of bank and balance

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Standard Chartered Bank SL Limited	2,167,957	7,594,990	454	1,750
Guaranty Trust Bank	132,377	-	28	-
Marampa Masimera Community Bank	8,601	33,208	2	8
Rokel Commercial Bank	72,245	146,759	15	33
First International Bank	170,005	-	36	-
Union Trust Bank	9,078	-	2	-
	2,560,262	7,774,957	536	1,791

12. Other assets

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Advance to 3rd Party	1,211,462	129,907	253	30
Current account in transit	120,661	1,706,360	26	393
Other receivables (Donors)	536,097	55,517	112	13
Receivables from Microfinance	150,236	-	31	-
	2,018,456	1,891,784	422	436

13. Donor funds

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Donor fund received in advance (13.1)	-	6,982,693	-	1,609
Deferred grant (14)	931,296	953,943	195	220
	931,296	7,936,636	195	1,829

Notes to the financial statements (continued)

13.1 Donor fund received in advance

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Opening balance	6,982,693	709,073	1,609	163
Donation received during the year	8,119,825	24,605,364	1,699	5,669
Adjustment for donation receivables	(55,517)	(1,094,494)	(13)	(252)
Transferred to deferred income-(investment in fixed asset)	(193,317)	(737,967)	(40)	(170)
Transferred to statement of income & expenditures	(15,389,781)	(16,579,497)	(3,220)	(3,820)
Donation receivables	536,097	55,517	112	13
Disposal	-	24,697	-	6
Translation difference			(147)	-
	-	6,982,693	-	1,609

13.2 Donation received during the year

<i>In thousands of Leones/USD</i>	Note	SLL		USD	
		2014	2013	2014	2013
NAMATI (OSI-ZUG) (HRLE)		315,785	367,985	66	85
Trocaire (HRLE)		129,753	250,014	27	58
Trocaire (Ebola)		116,081	-	24	-
WFP (School feeding)		220,823	360,559	48	80
WFP (IVS)		60,000	-	13	-
BRAC USA- MNCH (Health)		89,981	-	19	-
BRAC USA (DECC)		293,414	-	61	-
BRAC USA (Ebola)		153,059	-	32	-
BRAC USA (ON)		-	3,400,536	-	784
DFID (GPAF- Agri, P&L)		708,767	2,454,615	148	566
DFID (Girl's Education Challenge-GEC)		1,788,982	13,042,117	374	3,005
UNICEF (New ELA)		908,039	1,625,677	190	375
UNICEF (Cholera)		(7,759)	864,357	(2)	199
Cordaid (Material box)		-	268,993	-	62
Comic Relief (Health)		708,356	34,741	148	8
Stichting BRAC International (EHC)		-	862,753	-	199
UNICEF (ELA)		-	110,938	-	26
GFATM (CRS - Malaria)		663,277	962,079	139	222
Comic Relief (YMCA-Ebola)		153,122	-	32	-
GSK (Manoshi)		1,232,890	-	258	-
Stichting BRAC International (Ebola)		585,255	-	122	-
		8,119,825	24,605,364	1,699	5,699

Notes to the financial statements (continued)

14. Donor funds investment in fixed assets

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Opening balance	953,943	385,421	220	89
Transferred from grant received in advance account	193,317	737,967	40	170
Depreciation charged during the year	(215,964)	(144,748)	(45)	(33)
Disposal	-	(24,697)	-	(6)
Translation difference			(20)	-
Balance at 31 December	931,296	953,943	195	220

15. Other payables

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Provision for audit fees	57,719	52,406	12	12
Bonus provision	5,844	6,553	1	2
Payables to Microfinance	-	1,033,541	-	237
Salary and other provisions	1,145,199	452,997	239	104
Self insurance fund	16,986	11,315	4	3
Revolving fund- health	188,935	177,016	40	41
Revolving fund- agriculture	60,533	17,457	13	4
Revolving fund- poultry and livestock	24,117	13,456	5	3
Severance allowance provision	205,284	119,925	43	28
	1,704,617	1,884,666	357	434

16. Cash flow from operating activities

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Excess of income over expenditure	(143,126)	(167,505)	(30)	(38)
Depreciation	215,964	144,748	45	33
Written off	-	3,346	-	1
Cash flow before changes in working capital	72,838	(19,411)	15	(4)
Changes in working capital				
Changes in other assets	(126,672)	(401,206)	(27)	(92)
Changes in other payables	(180,049)	204,058	(38)	46
Changes in related party payables	2,246,274	430,360	470	99
	2,012,391	213,801	420	49

17. Contingent liabilities

There were no contingent liabilities at the financial position date. (2013:Nil)

Notes to the financial statements *(continued)*

18. Related party

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

Year end balance arising from transactions with related party

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Payable to Stichting BRAC International	968,852	2,895	203	1
Payable to BRAC Bangladesh	2,298,454	1,018,137	480	234
	3,267,306	1,021,032	683	235

19. Capital commitments

There were no capital commitments at the financial position date (2013: Nil).

20. Post balance sheet events

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.

Notes to the financial statements (continued)

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

	EHC	Manoshi	MNCH	WFP (IVS)	Ebola SBI	Ebola Comic Relief	CO	WFP School feeding	Ebola Trocaire	Legal Empowment	WR & LE	GPAF	ELA	YP	GEC	Malaria	Cordaid	Comic relief	Total
	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL
INCOME																			
Grant income	589,085	444,045	43,980	107,265	277,200	55,358	74,378	228,644	98,256	342,715	220,513	2,111,751	1,746,273	39,787	7,925,311	518,355	106,653	715,963	15,645,532
BRAC contribution	-	-	-	-	-	-	-	-	-	-	-	388,077	-	-	-	-	-	-	388,077
Other income	-	-	-	-	-	-	5,237	-	-	-	-	-	-	-	-	-	-	-	5,237
Foreign exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	305,997	-	-	-	305,997
TOTAL INCOME	589,085	444,045	43,980	107,265	277,200	55,358	79,615	228,644	98,256	342,715	220,513	2,499,828	1,746,273	39,787	8,231,308	518,355	106,653	715,963	16,344,844
EXPENDITURE																			
Staff cost and other benefit	270,663	161,081	23,993	58,946	-	-	95,157	104,409	11,180	147,341	113,394	1,028,472	287,744	5,427	3,504,487	192,082	33,118	305,312	6,342,808
Travelling and transportation	59,059	67,403	5,013	-	-	-	51,541	38,794	-	67,439	-	284,434	76,914	33,450	720,043	-	7,094	-	1,411,185
Legal fees	-	-	-	-	-	-	57,719	-	-	-	-	-	-	-	-	-	-	-	57,719
Training, workshops and seminars	35,744	7,468	3,950	-	-	-	-	-	-	-	-	-	746,694	-	639,625	221,833	56,703	67,400	1,779,417
Occupancy expense	81,187	8,370	2,267	-	-	2,634	12,874	-	-	-	-	7,853	-	-	963,933	25,676	-	224,888	1,329,682
Other general & admin expenses	49,194	-	-	40,584	-	-	20,990	46,074	795	-	-	4,661	-	910	109,846	-	-	1,689	274,741
Depreciation	758	-	-	-	-	-	74,378	-	-	-	-	-	307	-	121,427	-	-	19,095	215,964
Evaluation & research	-	824	-	-	-	-	-	-	-	-	1,468	96,769	571,253	-	437,225	32,123	1,195	37,068	1,177,925
Stationary & suppliers	69,245	5,430	-	-	277,200	-	5,245	-	-	70,245	-	-	-	-	52,783	-	-	-	480,147
Program suppliers	21,883	143,289	8,757	680	-	52,724	-	25,808	86,281	-	94,648	941,173	62,727	-	528,947	21,676	960	-	1,989,555
Staff insurance	1,352	54	-	38	-	-	-	25	-	330	351	1,006	634	-	1,692	281	34	224	6,021
HO logistic expenses	-	50,126	-	7,017	-	-	(95,163)	13,534	-	57,360	10,653	135,460	-	-	1,151,300	24,684	7,549	60,287	1,422,807
TOTAL EXPENSES	589,085	444,045	43,980	107,265	277,200	55,358	222,741	228,644	98,256	342,715	220,514	2,499,828	1,746,273	39,787	8,231,308	518,355	106,653	715,963	16,487,970
NET SURPLUS/(LOSS) FOR THE YEAR	-	-	-	-	-	-	(143,126)	-	-	-	-	-	-	-	-	-	-	-	(143,126)

Notes to the financial statements *(continued)*

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

EHC	Manoshi	MNCH	WFP (IVS)	Ebola SBI	Ebola Comic Relief	CO	WFP School feeding	Ebola Trocaire	Legal Empowerment	WR & LE	GPAF	ELA	YP	GEC	Malaria	Cordaid	Comic relief	Total
USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
INCOME																		
Grant income	122	93	9	21	58	12	16	48	21	72	46	442	365	8	1,658	108	22	150
BRAC contribution	-	-	-	-	-	-	-	-	-	-	-	81	-	-	-	-	-	81
Other income	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	1
Foreign exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	-	-	64
TOTAL INCOME	122	93	9	21	58	12	17	48	21	72	46	523	365	8	1,722	108	22	3,419
EXPENDITURE																		
Staff cost and																		
Other benefit	57	34	5	12	-	-	20	22	2	31	24	215	60	1	733	40	7	64
Traveling and																		
Transportation	12	14	1	-	-	-	11	8	-	14	-	60	16	7	151	-	1	295
Legal fees	-	-	-	-	-	-	12	-	-	-	-	-	-	-	-	-	-	12
Training, workshops																		
And seminars	7	2	1	-	-	-	-	-	-	-	-	-	156	-	134	46	12	372
Occupancy expense	17	2	-	-	-	-	3	-	-	-	-	2	-	-	202	5	47	278
Other general &																		
Admin expenses	10	-	-	8	-	-	4	10	1	-	-	1	-	-	23	-	-	57
Depreciation	-	-	-	-	-	-	16	-	-	-	-	-	-	-	25	-	4	45
Evaluation &																		
Research	-	-	-	-	-	-	-	-	-	-	-	20	120	-	91	7	-	246
Stationary &																		
Suppliers	14	1	-	-	58	-	1	-	-	15	-	-	-	-	11	-	-	100
Program suppliers	5	30	2	-	-	11	-	5	18	-	20	197	13	-	111	5	-	417
Staff insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
HO logistic expenses	-	10	-	1	-	-	(20)	3	-	12	2	28	-	-	241	5	2	298
TOTAL EXPENSES	122	93	9	21	58	12	47	48	21	72	46	523	365	8	1,722	108	22	3,449
NET SURPLUS/(LOSS)																		
FOR THE YEAR	-	-	-	-	-	-	(30)	-	-	-	-	-	-	-	-	-	-	(30)

BRAC Microfinance (SL) Limited

Financial Statements

For the year ended 31 December 2014

BRAC Microfinance (SL) Limited*Financial statements**for the year ended 31 December 2014***General information**

Directors	:	Ms. Susan Davis	-	Chairperson
		Mr. Faruque Ahmed	-	Director
		Mr. Tanwir Rahman	-	Director
		Mr. Shameran Bahar Abed	-	Director
		Mr. Tapan Kumar Karmaker	-	Director
		Mr. Neal Delaurentis	-	Director
		Mr. Arjuna Costa	-	Director

Registered office : 174 Wilkinson Road
Freetown
Sierra Leone

Bankers : Standard Chartered Bank
Rokel Commercial Bank Sierra Leone Limited
Ecobank SL Ltd
First International Bank Ltd
Guaranty Trust Bank (SL) Ltd
Community Bank
Sierra Leone Com. Bank Ltd.
United Bank of Africa
Union Trust Bank Ltd.
Yoni Community Bank
Zenith Bank (SL) Ltd.

Auditors : KPMG
Chartered Accountants
KPMG House
37 Siaka Stevens Street
Freetown.

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 2014.

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 2014 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 2.1 billion for the year ended 31 December 2014, (2013: SLL 2.8 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 differently able 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 employees, if proven, will be regarded as a sanctionable offence. There were no differently able people in employment of the company as at 31 December 2014.

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.

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.

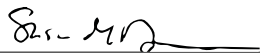
Report of the directors *(continued)*

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 statement on 30 March 2015.



Chairperson



Director



Director Finance



Director



KPMG Sierra Leone
KPMG House
37 Siaka Stevens Street
P. O. Box 100
Freetown
Sierra Leone

Telephone: 232-22-222 061/2
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 2014, 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 on pages 61 to 75.

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 at 31 December 2014 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


Chartered Accountants

Date 30 March 2015

BRAC Microfinance (SL) Limited

Financial statements
for the year ended 31 December 2014

Statement of Financial Position

As at 31 December 2014

Assets

<i>In thousands of Leones/USD</i>	Notes	SLL		USD	
		2014	2013	2014	2013
Cash and bank balances	13	3,371,091	4,501,844	705	1,037
Loans and advances to customers	14	13,612,650	12,326,496	2,848	2,840
Other assets	15	1,059,153	1,306,471	222	301
Property and equipment	16	512,589	654,695	107	151
Current tax assets	12b	62,257	57,757	13	13
Total assets		18,617,740	18,847,263	3,895	4,342

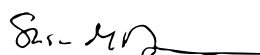
Liabilities

Loan security funds	17	2,899,432	2,454,582	607	566
Related party payables	18	3,316,903	1,866,733	694	430
Borrowings	19	1,287,113	925,438	269	213
Other liabilities	20	831,255	1,894,506	174	437
Deferred tax liability	12c	-	45,531	-	10
Total liabilities		8,334,703	7,186,790	1,744	1,656

Capital fund

Share capital	22	12,244,890	12,244,890	2,562	2,821
Donor funds	21	1,432,860	709,750	299	163
Retained earnings	23	(10,334,787)	(8,234,241)	(2,162)	(1,897)
Donated equity	24	6,940,074	6,940,074	1,452	1,599
Total capital fund		10,283,037	11,660,473	2,151	2,686
Total liabilities and capital fund		18,617,740	18,847,263	3,895	4,342

These financial statements were approved by the Board of Directors on 30 March 2015



Chairperson



Director



Director Finance



Director

The notes on the financial statements are an integral part of these financial statements.

BRAC Microfinance (SL) Limited

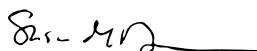
Financial statements
for the year ended 31 December 2014

Statement of Comprehensive Income

For the year ended 31 December 2014

In thousands of Leones/USD	Notes	SLL		USD	
		2014	2013	2014	2013
Service charge on loans	5	4,495,532	5,147,623	941	1,186
Interest expense	6	(30,848)	-	(6)	-
Net income from service charge		4,464,684	5,147,623	935	1,186
Membership fees and other charges	7	259,571	377,343	54	87
Other income	8	117,781	209,812	24	48
Total operating income		4,842,036	5,734,778	1,013	1,321
Net impairment loss on loans	9	(155,433)	(477,240)	(33)	(110)
Operating income after impairment charges		4,686,603	5,257,538	980	1,211
Staff costs	10	(4,184,927)	(4,868,475)	(876)	(1,122)
Other operating costs	11	(2,311,014)	(2,985,277)	(483)	(688)
Depreciation	16	(150,561)	(167,599)	(31)	(39)
Total operating expenditures		(6,646,502)	(8,021,351)	(1,390)	(1,849)
Loss before income tax		(1,959,899)	(2,763,813)	(410)	(638)
Income tax credit	12a	45,531	13,924	10	3
Net loss for the year		(1,914,368)	(2,749,889)	(400)	(635)
Exchange gain or loss					
Unrealized exchange loss		(186,178)	(618)	(39)	-
Total comprehensive loss for the year		(2,100,546)	(2,750,507)	(439)	(635)

These financial statements were approved by the Board of Directors on 30 March 2015



Chairperson



Director



Director Finance



Director

The notes on the financial statements are an integral part of these financial statements.

BRAC Microfinance (SL) Limited
*Financial statements
for the year ended 31 December 2014*

Statement of Changes in Equity

For the year ended 31 December 2014

In thousands of Leones/USD

	Share capital SLL	Donor funds SLL	Donated equity SLL	Retained earnings SLL	Total capital fund SLL	Total capital fund USD
At 1 January 2013	12,244,890	709,750	3,685,074	(5,483,734)	11,155,980	2,577
Loss for the year	-	-	-	(2,750,507)	(2,750,507)	(635)
Donation received during the year	-	-	3,255,000	-	3,255,000	750
Convenience translation effect	-	-	-	-	-	(6)
At 31 December 2013	12,244,890	709,750	6,940,074	(8,234,241)	11,660,473	2,686
At 1 January 2014	12,244,890	709,750	6,940,074	(8,234,241)	11,660,473	2,686
Loss for the year	-	-	-	(1,914,368)	(1,914,368)	(400)
Unrealized exchange loss	-	-	-	(186,178)	(186,178)	(39)
Donation received during the year	-	723,110	-	-	723,110	151
Convenience translation effect	-	-	-	-	-	(247)
At 31 December 2014	12,244,890	1,432,860	6,940,074	(10,334,787)	10,283,037	2,151

financial statements are an integral part of these financial statements.

BRAC Microfinance (SL) Limited

Financial statements
for the year ended 31 December 2014

Statement of Cash Flows

For the year ended 31 December 2014

In thousands of Leones/USD	Notes	SLL		USD	
		2014	2013	2014	2013
Cash flow from operating activities	25	(1,405,696)	(403,460)	(294)	(93)
Loan disbursements	14.1	(19,231,600)	(25,852,420)	(4,023)	(5,957)
Loan collection	14.1	17,985,363	21,834,788	3,763	5,031
Interest receivable written-off	14.1	-	(16,660)	-	(4)
Net cash flow from operating activities		(2,651,933)	(4,437,752)	(554)	(1,023)
Cash flow from investing activities					
Acquisition of fixed assets	16	(8,455)	(103,722)	(2)	(24)
Changes in short term deposits		-	1,328,653	-	306
Net cash flow from investing activities		(8,455)	1,224,931	(2)	282
Cash flows from financing activities					
Changes in borrowings		361,675	421,654	76	97
Changes in loan security fund	17	444,850	503,846	93	116
Changes in donated equity	24	-	3,255,000	-	750
Changes in donor funds	21.1	723,110	-	151	-
Net cash from financing activities		1,529,635	4,180,500	320	963
Net increase/(decrease) in cash and cash equivalents		(1,130,753)	967,679	(236)	222
Cash and cash equivalents at 1 January		4,501,844	3,534,165	1,037	816
Effect of exchange rate fluctuation		-	-	(96)	(1)
Cash and bank balances at 31 December 2014	13	3,371,091	4,501,844	705	1,037

The notes on the financial statements are an integral part of these financial statements.

Notes to the Financial Statements

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 174 Wilkinson 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 Leonean (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.

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

(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.

(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-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.

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

- 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.

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

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 Liability also includes 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.

(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.

Notes to the financial statements *(continued)*

Significant accounting policies (continued)

(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 makes 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

Financial statements
for the year ended 31 December 2014

Notes to the financial statements (continued)
5. Service charge on loans

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Group loan (Microfinance)	2,837,485	3,210,385	594	740
Small enterprises program	1,656,468	1,929,135	347	444
ELA	1,579	8,103	-	2
	<u>4,495,532</u>	<u>5,147,623</u>	<u>941</u>	<u>1,186</u>

6. Interest expense

<i>In thousands of Leones/USD</i>				
Interest expense on responsAbility loan	30,848	-	6	-
	<u>30,848</u>	<u>-</u>	<u>6</u>	<u>-</u>

7. Membership fees and other income

Loan appraisal fees	192,316	258,524	40	59
Membership fees	60,612	112,050	13	26
Loan application fees	6,643	6,769	1	2
	<u>259,571</u>	<u>377,343</u>	<u>54</u>	<u>87</u>

8. Other income

<i>In thousands of Leones/USD</i>				
Bank interest	882	203	-	-
Gain on early payment	116,152	123,133	24	28
Interest on short term deposits	-	82,835	-	19
Other income	747	3,641	-	1
	<u>117,781</u>	<u>209,812</u>	<u>24</u>	<u>48</u>

9. Impairment losses on loans

<i>In thousands of Leones/USD</i>				
General provision	155,433	477,240	33	110
	<u>155,433</u>	<u>477,240</u>	<u>33</u>	<u>110</u>

10. Staff costs

<i>In thousands of Leones/USD</i>				
Salaries & benefits	4,174,411	4,851,910	873	1,118
Staff insurance	10,516	16,565	2	4
	<u>4,184,927</u>	<u>4,868,475</u>	<u>875</u>	<u>1,122</u>

11. Other operating costs

<i>In thousands of Leones/USD</i>				
Occupancy expenses	333,473	435,404	70	100
Printing and office stationeries	154,037	276,595	32	64
Audit and other legal fees	94,981	93,457	20	22
Maintenance and general expenses	259,501	507,203	54	117
Staff training & development costs	130,496	92,392	27	21
Transportation and travelling	912,266	1,032,465	191	238
HO logistics & management costs	426,260	547,761	89	126
	<u>2,311,014</u>	<u>2,985,277</u>	<u>483</u>	<u>688</u>

BRAC Microfinance (SL) Limited

Financial statements
for the year ended 31 December 2014

Notes to the financial statements (continued)

11.1 Occupancy expenses are analysed as follows:-

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Rent	177,723	270,016	37	62
Utilities	155,750	165,388	33	38
	<u>333,473</u>	<u>435,404</u>	<u>70</u>	<u>100</u>

12. Taxation

(a) Tax expense

Recognised in the income statement

In thousands of Leones/USD

Income tax expense	-	-	-	-
Deferred tax charge	(45,531)	(13,924)	(10)	(3)
	<u>(45,531)</u>	<u>(13,924)</u>	<u>(10)</u>	<u>(3)</u>

(b) Income tax account

In thousands of Leones/USD

Opening balance	57,757	(22,997)	13	(6)
Corporation tax charge	-	-	-	-
Payment during the period	4,500	80,754	1	19
Translation difference	-	-	(1)	-
Current tax asset/ (liability)	<u>62,257</u>	<u>57,757</u>	<u>13</u>	<u>13</u>

Reconciliation of effective tax rate

Loss before income tax	(2,146,077)	(2,764,431)	(449)	(638)
Income tax on loss before tax	(643,823)	(829,329)	(135)	(191)
Tax impact of permanent difference:				
Tax incentives	(41)	(930)	-	-
Deferred tax asset not recognised	598,333	816,335	125	188
	<u>(45,531)</u>	<u>(13,924)</u>	<u>(10)</u>	<u>(3)</u>

Notes to the financial statements (continued)
(c) Deferred tax asset and liabilities
Recognised deferred tax asset and liabilities

	2014			2013		
	Asset	Liability	Net	Asset	Liability	Net
Property plant and equipment	-	26,534	26,534	-	45,531	45,531
Impairment allowance	(299,083)	-	(299,083)	(252,453)	-	(252,453)
Tax loss carry forward	(3,408,394)	-	(3,408,394)	(2,886,010)	-	(2,886,010)
Unrealised exchange loss	(55,853)	-	(55,853)	-	-	-
Deferred tax asset not Recognized	3,736,796	-	3,736,796	3,138,463	-	3,138,463
	<u>(26,534)</u>	<u>26,534</u>	<u>-</u>	<u>-</u>	<u>45,531</u>	<u>45,531</u>

Movement in temporary differences during the year - 2014

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and Equipment	45,531	(18,997)	-	26,534
Impairment allowance	(252,453)	(46,630)	-	(299,083)
Tax loss carry forward	(2,886,010)	(522,384)	-	(3,408,394)
Unrealised exchange loss	-	(55,853)	-	(55,853)
Deferred tax asset not Recognised	3,138,463	598,333	-	3,736,796
	<u>45,531</u>	<u>(45,531)</u>	<u>-</u>	<u>-</u>

Movement in temporary differences during the year – 2013

	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and Equipment	59,455	(13,924)	-	45,531
Impairment allowance	(184,546)	(67,907)	-	(252,453)
Tax loss carry forward	(2,137,582)	(748,428)	-	(2,886,010)
Deferred tax asset not Recognised	2,322,128	816,335	-	3,138,463
	<u>59,455</u>	<u>(13,924)</u>	<u>-</u>	<u>45,531</u>

13. Cash and bank balances

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Cash at bank	3,309,831	4,439,087	692	1,023
Cash in hand	61,260	62,757	13	14
	<u>3,371,091</u>	<u>4,501,844</u>	<u>705</u>	<u>1,037</u>

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Financial statements
for the year ended 31 December 2014

Notes to the financial statements (continued)

13.1 Name of bank and balances

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Community Bank	71,179	186,455	15	43
Eco Bank SL Ltd.	38,918	27,403	8	6
First Int. Bank (SL) Ltd.	1,046,497	1,261,239	219	291
Rokel Com. Bank SL Ltd.	1,954	63,643	-	15
Guaranty Trust Bank (SL) Ltd	67,434	211,563	14	49
Sierra Leone Com. Bank Ltd.	224,574	195,872	47	45
United Bank of Africa	31,017	28,305	6	7
Union Trust Bank Ltd.	256,330	173,694	54	40
Yoni Community Bank	132,790	99,102	28	22
Zenith Bank (SL) Ltd.	14,434	32,930	3	8
Standard Chartered Bank (SL) Ltd.(USD)	428,879	1,241,728	90	286
Standard Chartered Bank (SL) Ltd.	995,825	917,153	208	211
	<u>3,309,831</u>	<u>4,439,087</u>	<u>692</u>	<u>1,023</u>

14. Loans and advances to customers

<i>In thousands of Leones/USD</i>				
Group loans	8,399,423	7,556,627	1,757	1,741
Small enterprises program	5,822,030	5,659,282	1,218	1,304
ELA	8,187	1,718	2	1
Loan written-off (P)	-	(234,224)	-	(54)
Interest receivables	379,952	201,262	80	46
Interest receivables written-off	-	(16,660)	-	(4)
Impairment allowance	(996,942)	(841,509)	(209)	(194)
	<u>13,612,650</u>	<u>12,326,496</u>	<u>2,848</u>	<u>2,840</u>

14.1 Movement on the loan account

<i>In thousands of Leones/USD</i>				
Opening balance	12,983,403	9,199,995	2,992	2,120
Loan disbursed	19,231,600	25,852,420	4,023	5,957
Loan repayment	(17,985,363)	(21,834,788)	(3,763)	(5,031)
Translation difference	-	-	(275)	-
Gross advance to customers	<u>14,229,640</u>	<u>13,217,627</u>	<u>2,977</u>	<u>3,046</u>
Written-off (P)	-	(234,224)	-	(54)
Interest receivable	379,952	201,262	80	46
Impairment loss on loans	(996,942)	(841,509)	(209)	(194)
Interest receivables written off	-	(16,660)	-	(4)
	<u>13,612,650</u>	<u>12,326,496</u>	<u>2,848</u>	<u>2,840</u>

BRAC Microfinance (SL) Limited

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for the year ended 31 December 2014

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

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Opening balance	841,509	615,153	194	142
Charge for the year	155,433	477,240	33	110
Loan written-off (P)	-	(234,224)	-	(54)
Interest receivables written-off	-	(16,660)	-	(4)
Translation difference	-	-	(18)	-
	<u>996,942</u>	<u>841,509</u>	<u>209</u>	<u>194</u>

The impairment allowance is normally computed at the rate of 2% on total loans disbursed. At the year-end necessary adjustments were passed based the company policy in note -14.3.

14.3 Analysis of impairment on loans (SLL):

	Principal outstanding	Provision required	Provision rate
For general provision			
No past due	12,402,555	248,051	2%
For specific provision:			
1-30 days	1,041,146	52,057	5%
31-180 days	107,764	21,553	20%
181-365 days	11,576	8,682	75%
366 days and above past due	666,599	666,599	100%
	<u>14,229,640</u>	<u>996,942</u>	

The entity suspended its activity on August 2014 due to severe Ebola Outbreak in the country. The operation resumed in March 2015 and loan realization is going on. The management is closely observing the realization and will provide required provision once the trend becomes clearer.

15. Other assets

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Advance to third party	262,418	200,741	55	46
Receivable from NGO	-	1,033,541	-	238
Inventory-stationeries	78,700	72,189	16	17
Current account in transit	689,469	-	145	-
Other receivables	28,566	-	6	-
	<u>1,059,153</u>	<u>1,306,471</u>	<u>222</u>	<u>301</u>

BRAC Microfinance (SL) Limited

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for the year ended 31 December 2014

Notes to the financial statements (continued)

16. Property and equipment

In thousands of Leones/USD

	Motor vehicles & Cycles	Furniture and fittings	Office equipment	Total SLL	Total USD
Cost					
At 1 January 2013	173,760	515,113	387,289	1,076,162	249
Additions	-	41,744	61,978	103,722	24
Translation difference	-	-	-	-	(1)
As at 31 December 2013	173,760	556,857	449,267	1,179,884	272
At 1 January 2014	173,760	556,857	449,267	1,179,884	272
Additions	-	5,825	2,630	8,455	2
Translation difference	-	-	-	-	(25)
As at 31 December 2014	173,760	562,682	451,897	1,188,339	249
Accumulated depreciation					
At 1 January 2013	112,138	114,968	130,484	357,590	83
Depreciation charge	34,752	38,121	94,726	167,599	39
Translation difference	-	-	-	-	(1)
At 31 December 2013	146,890	153,089	225,210	525,189	121
At 1 January 2014	146,890	153,089	225,210	525,189	121
Depreciation charge	17,152	38,405	95,004	150,561	31
Translation difference	-	-	-	-	(10)
At 31 December 2014	164,042	191,494	320,214	675,750	142
Net book value:					
At 31 December 2013	26,870	403,768	224,057	654,695	151
At 31 December 2014	9,718	371,188	131,683	512,589	107

BRAC Microfinance (SL) Limited

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Notes to the financial statements (continued)

17. Loan security fund

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Opening balance	2,454,582	1,950,736	566	450
Received during the year	828,996	1,269,941	173	293
Paid off/Adjusted during the year	(384,146)	(766,095)	(80)	(177)
Translation difference	-	-	(52)	-
	<u>2,899,432</u>	<u>2,454,582</u>	<u>607</u>	<u>566</u>

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.

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 parties:

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Payable to BRAC Bangladesh	1,996,167	1,330,760	418	307
Payable to Stichting BRAC International	1,170,500	535,973	245	123
Payable to BRAC Sierra Leone	150,236	-	31	-
	<u>3,316,903</u>	<u>1,866,733</u>	<u>694</u>	<u>430</u>

19. Borrowings

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
KIVA	<u>1,287,113</u>	<u>925,438</u>	<u>269</u>	<u>213</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	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Accrued expenses	-	2,030	-	1
Current account in transit	-	1,074,271	-	248
Provision for audit fees	100,320	66,133	21	15
Salary provision	110,496	282,432	23	65
Self- insurance fund	20,484	9,968	4	2
Other provision (Bonus & severance allowance)	468,307	366,722	98	85
Revolving loan for restless development program	127,643	92,950	27	21
Outstanding liabilities	4,005	-	1	-
	<u>831,255</u>	<u>1,894,506</u>	<u>174</u>	<u>437</u>

21. Donor fund

<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Donor fund received in advance	458,210	-	96	-
Donor fund investment in loan to group members	974,650	709,750	203	163
	<u>1,432,860</u>	<u>709,750</u>	<u>299</u>	<u>163</u>

BRAC Microfinance (SL) Limited

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for the year ended 31 December 2014

Notes to the financial statements (continued)

21.1 Donor fund received in advance

<i>In thousands of Leones/USD</i>	SLL		USD	
	2014	2013	2014	2013
Opening balance	-	47,550	-	11
Donation received during the year	723,110	3,255,000	151	750
Donor funds investment in loans to group members	(264,900)	(47,550)	(55)	(11)
Donor funds transferred to equity	-	(3,255,000)	-	(750)
	<u>458,210</u>	<u>-</u>	<u>96</u>	<u>-</u>

21.1.1 Donation received during the year

<i>In thousands of Leones/USD</i>				
Stitching BRAC International	-	3,255,000	-	750
BRAC USA (WPF)	723,110	-	151	-
	<u>723,110</u>	<u>3,255,000</u>	<u>151</u>	<u>750</u>

The grant from BRAC USA (WPF) was received for the enhancement of the Microfinance program. The grant had been provided on the basis of the company fulfilling certain conditions, failing to comply with which, part or all of the money may have to be refunded to the donor.

22. Share capital

Name	% of holding	2014	2013	2014	2013
<i>In thousands of Leones/USD</i>					
BRAC International Holdings BV	51%	6,244,890	6,244,890	1,306	1,439
Omidyar Network	24.5%	3,000,000	3,000,000	628	691
SEDF	24.5%	3,000,000	3,000,000	628	691
		<u>12,244,890</u>	<u>12,244,890</u>	<u>2,562</u>	<u>2,821</u>

23. Retained Earnings

<i>In thousands of Leones/USD</i>				
Opening balance	(8,234,241)	(5,483,734)	(1,897)	(1,266)
Loss for the year	(2,100,546)	(2,750,507)	(439)	(635)
Translation difference		-	174	4
	<u>(10,334,787)</u>	<u>(8,234,241)</u>	<u>(2,162)</u>	<u>(1,897)</u>

24. Donated Equity

<i>In thousands of Leones/USD</i>				
Opening balance	6,940,074	3,685,074	1,599	849
Transfer from grant received in advance	-	3,255,000	-	750
Translation difference		-	(147)	-
	<u>6,940,074</u>	<u>6,940,074</u>	<u>1,452</u>	<u>1,599</u>

BRAC Microfinance (SL) Limited

Financial statements
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Notes to the financial statements (continued)

25. Cash flow from operating activities

	SLL		USD	
<i>In thousands of Leones/USD</i>	2014	2013	2014	2013
Cash flow from operating activities				
Excess of expenditure over income	(2,100,546)	(2,750,507)	(439)	(635)
Depreciation	150,561	167,599	31	39
Loan loss provision	155,433	477,240	33	110
Cash flow before changes in working capital	(1,794,552)	(2,105,668)	(375)	(486)
Changes in provision for taxation	(45,531)	(13,924)	(10)	(3)
Changes in working capital				
Changes in receivables and other assets	247,318	119,294	52	28
Changes in interest receivables	(195,350)	(85,582)	(41)	(20)
Changes in current liabilities	(1,063,251)	1,196,047	(222)	276
Changes in related party payables	1,450,170	567,127	303	131
Tax paid during the year	(4,500)	(80,754)	(1)	(19)
Net cash from operations	<u>(1,405,696)</u>	<u>(403,460)</u>	<u>(294)</u>	<u>(93)</u>
		2014		2013
Exchange rate used for the period:	1USD = SLL	4,780		4,340

26. Contingencies

There were no contingent assets or liabilities at 31 December 2014 (2013: Nil).

27. Capital commitments

There were no capital commitments as at 31 December 2014 (2013: 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.

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