



TANZANIA

2015

ANNUAL REPORT



BRAC is a development organisation dedicated to alleviating poverty by empowering the poor. Our journey began in 1972 in the newly sovereign Bangladesh, and over the course of our evolution, we have been playing a role of recognising and tackling the many different realities of poverty.

BRAC believes that poverty is a system and its underlying causes are manifold and interlinked. Some of these linkages are obvious, for example, a day's wage forgone because of illness or resources lost to a natural disaster. Others play a more indirect role in perpetuating poverty, such as lack of awareness about laws and rights can lead not only to outright exploitation, but also encourage a lack of accountability on the part of the state to cater to its most vulnerable citizens.

In order for the poor to come out of poverty, they must have the tools to fight it across all fronts. We have, therefore, developed support services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness. Gender equality, respect for the environment and inclusivity are themes crosscutting all of our activities.

To ensure that we are always learning and that our work is always relevant, we have put in place training, research and monitoring systems across all our activities and financial checks and balances in the form of audits. But what we really do is best portrayed in the true life stories of those who make the real changes.

VISION

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

MISSION

To empower people and communities in situation 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

CONTENTS

01	Our Vision, Mission and Values
03	Chairperson's Statement
04	BRAC International Governance and Management
06	MICROFINANCE
08	SMALL ENTERPRISE
10	AGRICULTURE AND FOOD SECURITY
12	POULTRY AND LIVESTOCK
14	LIVELIHOOD ENHANCEMENT THROUGH AGRICULTURAL DEVELOPMENT
16	EDUCATION
18	EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS
20	Support Programmes
22	Governance
22	Management
22	Development Partners
23	Country Map
24	BRAC Across the World
26	Financials

A close-up portrait of Sir Fazle Hasan Abed, an elderly man with white hair and glasses, looking slightly to the side. He is wearing a dark red garment. The background is dark and out of focus.

CHAIRPERSON'S STATEMENT

It gives me great pleasure to present the annual report and the audited financial statements for the year ended 31 December 2015.

Tanzania has maintained a stable growth rate and low inflation over the years. In addition, the country has made steady progress towards reducing extreme hunger and malnutrition. Many of its people continue to remain below the poverty line. BRAC began working in Tanzania in 2006. Over the years, however, we have come to understand the needs of the people in Tanzania and have evolved ways to increase their access to resources through microfinance, agriculture and food security, education and youth empowerment.

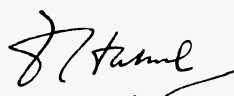
Our microfinance programme operates in 18 regions through 120 branch offices, serving a total of 138,142 borrowers. At the end of 2015, BRAC Tanzania's total outstanding loans stood at USD 26 million and the total disbursement during the year was USD 58.9 million, 28 per cent higher than last year. Our main financial products are group-based small loans and small enterprise loans. In 2015, we incorporated credit services for youth and small-scale farmers into our agricultural finance programme.

Education is one of the top priorities in the Government's development agenda. The country has made significant gains with regard to access and equity in primary education. Many challenges remain in terms of retention, completion, transition to secondary education and quality of education. However, the Girls' Education Challenge project launched in 2013, continues to provide effective support to young female dropouts and those at risk of dropping out. This year, we provided a second chance for education to 1,950 out-of-school girls.

High youth unemployment poses a major challenge for Tanzania. Our empowerment and livelihood for adolescents programme aims to create safe spaces for adolescent girls to obtain life skills education, livelihood training, financial literacy and credit support. Currently, the total outstanding loans to 3,229 adolescent borrowers amount to USD 332,678. The

programme has reached out to a total of 6,800 girls in five regions. More than 2,000 girls have received livelihood training.

I would like to take this opportunity to extend my sincere thanks to the Tanzanian Government and our development partners for their continued support to our efforts to contribute towards creating progress and prosperity in Tanzania. I also thank members of our governing board and advisory committee, whose leadership and foresight help to deepen BRAC's engagement in the country. My thanks also to our staff for their dedication, which has ensured that BRAC's programmes in Tanzania continue to grow, in terms of both range and scale.

A handwritten signature in black ink, appearing to read 'Fazle Hasan'.

Sir Fazle Hasan Abed, KCMG
Founder and Chairperson

GOVERNANCE AND MANAGEMENT

GOVERNANCE

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. The 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 currently supporting the enterprises include seed production, feed mills, training centres and tissue culture labs. BRAC International has introduced programmes in Afghanistan, Haiti, Pakistan, Uganda, Tanzania, South Sudan, Sierra Leone, Liberia, the Philippines, Myanmar and Nepal. It is legally registered with the relevant authorities in each of these countries.

GOVERNING BODY

BRAC International is governed by a governing body. The governing body is elected from amongst distinguished individuals with a 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 experience 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:

Ahmed Mushtaque Raza Chowdhury
Dr Muhammad Musa
Ms Sylvia Borren
Dr Debapriyo Bhattacharya

Ms Shabana Azmi
Mr Shafiqul Hassan (Quais)
Ms Parveen Mahmud
Ms Irene Zubaida Khan
Dr Fawzia Rasheed

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

Chairperson:

Sir Fazle Hasan Abed, KCMG

Members:

Ms Sylvia Borren
Dr Muhammad Musa
Ms Parveen Mahmud
Mr Hans Eskes

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

FINANCE AND AUDIT COMMITTEE

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

1. Ms Parveen Mahmud, Chair
2. Dr Muhammad Musa, Member
3. Ms Sylvia Borren, Member
4. Mr Faruque Ahmed, Member
5. Mr SN Kairy, Secretary of the Committee
6. Mr Hans Eskes

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

LOCAL BOARDS

Each country's 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's board. The business of the local entities is managed by these local boards. Further details of the roles of the

local boards are available in the respective incorporation documents of these entities.

ADVISORY COMMITTEE

In 2015, BRAC International decided to source suitable candidates in its countries of operation to form an advisory committee. This was in part driven by the need to strengthen governance, support advocacy at the national level and enhance credibility with donors whose expectations around governance included setting up boards at the country level which comprise largely of members who are preferably nationals.

The committee members provide the country leadership with advice and support on standards and policies, overseeing the development and implementation of programmes. They are expected to advise on key external developments and trends nationally, and promote BRAC's mission. That means developing and maintaining effective and strategic working relationships with key stakeholders and civil society partners in the countries through information sharing and relevant advocacy on behalf of BRAC.

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 and the laws of relevant countries.

MANAGEMENT

There is a clear-cut policy regarding the authority of each level of staff at all levels of BRAC International's management. 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 and the Table of Authority. Staff are empowered to take decisions at 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 Human rights policies and procedures also contain all policies relating to staff salary, benefits, recruitment and promotion procedures, and payments. Every staff member receives orientation on the Human rights policy procedures. The Stichting board appoints officers, namely the executive director, directors, group chief financial officer, chief people officer 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. 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 staff. Day-to-day decisions are taken by area managers, regional coordinators and programme heads as appropriate. Larger policy decisions involve country representatives, executive director, senior directors, group chief financial officer, finance director and chief people officer, and in particular cases, the executive director, the chairperson and the governing body.

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. The country office disburses funds as per the requisitions after checking. 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, 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 procedures guides the finance and accounts personnel to prepare the financial statements and reports in accordance with the accounting standards. It also guides in running the financial activities in a systematic and efficient way.

In consultation with different levels 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 chief financial officer. 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.

INFORMATION TECHNOLOGY

The country IT department provides data to the country management information system 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 development. The country IT team is reportable to the respective country management and the worldwide operations are centrally administered by the secretariat.

HUMAN RESOURCE MANAGEMENT

BRAC International's human resources and training department caters to about 7,110 employees across 10 operating countries. The team strengthens BRAC International's human resources capacity, visibility, and practices through strategic interventions and new initiatives. Following are some of the year's highlights:

Key recruitment: Significant changes to the upper management at BRAC International occurred in 2015 with the joining of new regional directors for the Africa and Asia regions, new chief people officer and research director, three new country representatives of Afghanistan, Liberia and Sierra Leone, and for the first time, a resident representative fundraiser in the Netherlands office. BRAC International established an emergency response coordination team with new emergency response coordinators joining in Uganda, Tanzania, Pakistan and South Sudan. More countries will recruit emergency response coordinators in 2016.

In keeping with BRAC's vision towards localisation of operations, local heads of department have joined in multiple countries. Some of these include local heads of finance, audit, monitoring, human resource development, research, agriculture and fundraising. The first chief executive officer of BRAC Uganda's microfinance is planning its transformation to a microfinance deposit-taking institution in 2016.

Performance management system:

To promote a high-performance culture, the performance management system has cascaded down to all employees, from country management to field staff. This has clear guidelines provided for more focused performance management, discussing performance-related rewards and developing low performers through a performance improvement process. Employees have become more attuned to key performance indicator-based achievements and rewards are linked to both performance and demonstration of BRAC values in the workplace.

Human resources management capacity:

In 2015, country-level HR departments were strengthened with improved automation of HR processes for better service delivery. The department aims to maximise

job satisfaction, enhance transparency and ensure procedural justice for all employees in accordance with the human resources policies and procedures manual. The manual provides all employees with an understanding of new policies, due benefits and the processes required to fulfil them. The human resources development further ensures employees' commitment to BRAC International's 15 policies under the code of conduct, particularly in regards to child protection and gender equality.

Staff motivation schemes: Full scholarships for higher studies are provided annually to high potential and committed staff to boost local capacity development. In 2015, four female employees were given full scholarships from BRAC to pursue postgraduate studies locally and overseas. In addition, seven female staff received the prestigious BRAC Values Award for their outstanding display of ethics and professionalism, after a rigorous screening of nominations from the entire BRAC workforce.

Organisational development: All representative job roles have been determined and placed within the organisational hierarchy. Roles have been evaluated using the Hay Method and accordingly, employees are being placed on a new salary structure. This year, all Bangladeshi staff on secondment underwent the re-grading process which took place at BRAC's headquarters. In the next phase, new country-specific salary structures, organograms and role-wise grading will come into practice for local employees next year.

Enterprise resource planning: A HR module in the new system has been designed and piloted in-house to streamline HR processes, enhance staff data management and analytic capacity. It will be implemented in phases across BRAC International, starting with BRAC South Sudan in the first quarter of 2016.

Training and development: With the vision of streamlining staff development activities, BRAC International HRD organised BRAC's first ever inclusion and diversity campaign to promote a culture of diversity, inclusion, gender sensitivity and BRAC values among its workforce. In October 2015, 16 employees from 10 operating countries participated in a 20-day training of trainers workshop at BRAC headquarters in Dhaka.

Training received on four modules:

A group of 16 trainers received training on BRAC values, inclusion and diversity, gender awareness and people leadership programme. They will develop a further pool of trainers who will execute this training programme throughout the country in 2016 to promote the 'one BRAC' culture. In addition to classroom-based training, the trainers also visited BRAC's field operations in Bangladesh and met the chairperson and BRAC International's senior management.

World Diversity Day was celebrated for the first time in May 2015, where employees took part together in cultural programmes, sports tournaments, and cooking events. This will continue to be an annual event to promote harmony and inclusiveness within the workplace.

MICROFINANCE



Over the last four decades, **BRAC microfinance** has grown to become one of the world's largest providers of financial services to the marginalised, who have limited access to formal financial institutions. It provides the necessary tools to 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 marginalised. Our small enterprise loans are offered to entrepreneurs who seek to enlarge their businesses. The BRAC microfinance programme is a critical component of our holistic approach to supporting livelihoods.

BROADENING ACCESS TO FINANCIAL SERVICES

Microfinance is an integral part of BRAC's holistic development efforts, focusing on poverty alleviation through the provision of affordable and easily accessible microloans. The approach is not just about ensuring access to capital, but also about providing livelihood development services

to increase vulnerable women's abilities to manage and expand their businesses, and make the most of their small capital and resources.

Since its inception in Tanzania in 2006, the microfinance programme has been operating successfully in 18 regions through 120 branch offices. The credit-plus approach addresses the needs of rural women, youth, adolescents, and small entrepreneurs. Social education and financial literacy are provided through weekly group meetings. Participants are advised on the best ways to manage their businesses in order to pay back loans

efficiently. Microloan clients receive various social counseling sessions on topics such as hygiene and sexual reproductive health during weekly meetings in the group-based lending system.

This year the microfinance programme incorporated credit services for youth and small-scale farmers under the agricultural finance programme.

PROGRAMME HIGHLIGHTS

USD 47.5 million was disbursed in microloans through **120** branch offices. **117,343** clients were receiving microloans from BRAC at the end of 2015.

Loan sizes were **USD 271** on average. We were able to cover **20** regions,

reaching **70** per cent of the rural population and **30** per cent of urban and sub-urban areas.

The programme achieved its operating self-

sufficiency of **150** per cent.

Through the agriculture financing programme, BRAC disbursed **USD 3.63 million** to **13,455** poultry and maize farmers from its **40** branch offices.



2013	97,155	borrowers
2014	104,084	borrowers
2015	117,343	borrowers

CASE STORY

SINGIDA'S FEMALE ENTREPRENEURS

I am Rehema Said. I am a 47-year-old mother of two children. I live in the Singida region.

I tried to earn enough money to sustain my family with a small confectionary restaurant where I sold tea and local snacks like samosas, chapatis and pancakes. I barely made a profit, and we had no other source of income because my husband lost his job. Life became very difficult for our family. I would constantly fret about our children's education and our inability to provide them with healthy food.

I tried to secure loans through various finance institutions but due to their high interest rates and a general lack of guidance, I only ended up suffering losses. I struggled to pay back loans instead of focusing on improving my business.

During that time, I met a friend who introduced me to BRAC and its services, like the small loans offered to budding entrepreneurs. I attended several microfinance group meetings, learning how to best manage and invest money. I was inspired by how other women managed their businesses and were disciplined in keeping records of their income. The programme organiser explained the loan procedures to me in detail. I applied for my first loan of USD 115 (TZS 250,000) and opened a fabric shop. I was able to buy fabrics at a reasonable price from a wholesale market.



I also renovated my small confectionary restaurant and relocated closer to the town near the bus stand, which boosted my business.

I now employ 10 people in my restaurant, also provide mobile money services as well as a small convenience shop. I recently received a tender from a mobile company to supply breakfast to its staff from my

restaurant.

My dream to be a successful entrepreneur has been realised. I can now provide my children a life that I never imagined I would be capable of affording.

SMALL ENTERPRISE



Over the last four decades, **BRAC microfinance** has grown to become one of the world's largest providers of financial services to the marginalised who have limited access to formal financial institutions. It provides necessary tools to 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 marginalised. Our small enterprise loans are offered to entrepreneurs who seek to enlarge their businesses. The BRAC microfinance programme is a critical component of our holistic approach to supporting livelihoods.

EMPOWERING TANZANIANS FINANCIALLY THROUGH SMALL ENTERPRISE

BRAC established the small enterprise programme in 2008 to financially empower both male and female entrepreneurs who do not have access to formal financial services. The small enterprise programme offers small individual loans to men and

women who are less vulnerable than microloan group members. Most clients are now successfully running their businesses and generating employment opportunities for others. Higher economic benefits are indicated through single loans, placing less credit burden on other community members. Members who have successfully repaid their loans are able to expand their businesses by taking further loans. The programme also provides financial support and capacity building to help expand their businesses.

The programme started using mobile money application for loan repayment for borrowers. This has made the services much easier to use. Currently, 84 per cent of

clients feel comfortable to repay their loans through this system. BRAC provides credit support to small-scale enterprises such as trading businesses, small manufacturing businesses of wood and wooden products, handicrafts, hotels and restaurants as well as to agro-based sectors like agriculture, poultry and livestock.

PROGRAMME HIGHLIGHTS

Through small enterprise loans, **USD 6.87 million** was disbursed to **4,100** borrowers through **70** branch offices. The average loan size was **USD 1,733** and total number of branches increased from **59** to **70**.



2013	1,873	borrowers
2014	3,101	borrowers
2015	4,100	borrowers

CASE STORY

PREVENTING HISTORY FROM REPEATING ITSELF

I am Aziza Omary and I am 43 years old. I live with my children in Dodoma. I am an entrepreneur and a member of BRAC's microfinance group.

As a child, I did not have the chance to go to school, as my parents, who were small scale farmers, could not afford the fees. I always had a passion for academics. I dreamed of becoming a teacher.

Parents from our community tend to marry off their daughters due to poverty or out of fear for their safety. My situation were no different. I was married off at an early age, with no knowledge of contraceptives. I bore six children with my husband.

I ran a small tea stall from the little money I saved from my husband's support. The only problem with the tea stall was that it needed more food items and space for sitting. I faced tremendous challenges to balance my cash flows and was unable to feed my children. The worst part was that history was beginning to repeat itself, when I could not send my children to school.

I had plans but I had no idea who to turn to for help. This is when I joined BRAC's microfinance programme in my village. I was invited by BRAC staff to attend group meetings before I made any decision to apply for a loan. I learnt how to manage cash flows, save and manage businesses. I found the support and motivation to expand my existing business.

My first loan was USD 113 (TZS 250,000). I used the loan to expand my tea stall,



adding more food items to transform it into a small restaurant. Over the years I took several more loans to continue expansion. I was receiving a steady income of USD 226 (TZS 500,000) monthly. From the profits I eventually repaid all of my previous loans. Two of my children have started studying in university. The rest of my children are attending school regularly. I understand my business and I know how to manage my finances.

My future does not seem as uncertain

anymore. I am able to support my family. We now have a healthier lifestyle and my children no longer go to bed with empty stomachs.

AGRICULTURE AND FOOD SECURITY



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

INCREASING INCOME OF RURAL POOR FARMERS

The agriculture programme aims to increase the productivity and income of farmers through capacity building initiatives and providing support to farmers for farming activities. The goal of the programme is to increase production. BRAC's agricultural package support includes quality inputs, technical assistance, credit, expansion of irrigation and timely market access for farmer's products.

Maize is the most important food crop in Tanzania, followed by rice, beans, potatoes, cassava, sorghum and wheat.

Maize production in Tanzania accounts for 60 per cent of the total food crop production. Poor quality inputs and use of traditional rain-fed agricultural crop cultivation systems result in poor crop production, however. BRAC started its agriculture programme in Tanzania in 2007 with support from the Bill and Melinda Gates Foundation, reaching out to 61,985 farmers.

ALLEVIATING POVERTY THROUGH AGRICULTURE

BRAC Tanzania started its second project, the Global Poverty Action Fund, funded by DFID in 2012. Under the project, training and affordable agricultural inputs were provided to farmers through 20 branch offices. The project focused on helping community farmers, especially female farmers. Farmers received training on modern cultivation, agricultural land

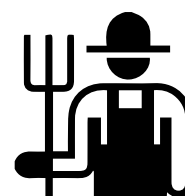
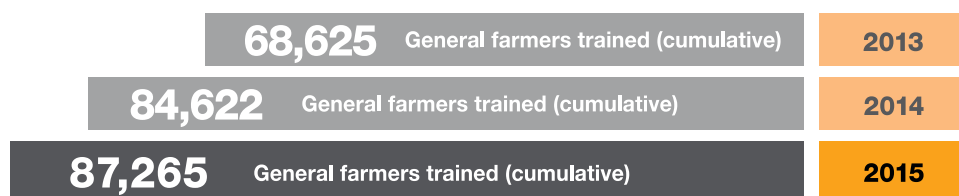
management and sowing and harvesting crops with improved seeds. More than 10,300 farmers received support. Community agriculture promoters were trained as extension agents to support community farmers through improved agriculture technology. Traders and entrepreneurs also worked at the community level and earned an income from their services. The average income of crop and kitchen farmers (farmers involved in home gardening) increased to 100 per cent. Their productivity level also increased to 95 percent. This project was successfully completed in 2015.

PROGRAMME HIGHLIGHTS

300 community agriculture promoters, **5,060** crop farmers, **4,800** kitchen gardeners, **40** horticulture nursery farmers, **60** fruit farmers, **40** entrepreneurs and **50** small traders were trained through the Global Poverty Action Fund project. **49,202** kg of crops and vegetable seeds, **1,64,289** kg of fertiliser and **548** agriculture tools were distributed, and **330** crop demonstrations were provided.

44 irrigation pumps that were easy to transport, install and operate were provided to farmers for improved water supply in fields. These pumps enabled farmers to properly irrigate and grow crops such as maize and vegetables all year round, resulting in higher yields. We disbursed a

total of **USD 20,158** (TSH 45 million) to farmers to support irrigation.



CASE STORY

BUILDING A NEW HOUSE

My name is Maria Peter. I am a farmer living in Arusha with my husband and four children. My husband is a local ironsmith who earns barely enough to feed our family.

I own 0.5 acres of land and I was able to only cultivate half of it using traditional agricultural methods. I did not have the skills or resources to make the most use of my land. I only cultivated amaranth greens (mchicha) and sold them at the nearby local market. The yield was never enough for my family's consumption, nor could I generate a sufficient income after selling the crop. My crop was frequently attacked by pests and disease, which worsened during periods of drought. I had no access to quality seeds, fertilisers or the local market. My total income per cropping season was USD 53 to 105 (TZS 100,000 to 200,000).

I first heard about the BRAC Global Poverty Action Fund project from a neighbour. I went to the regional office and enlisted my name. I received three days' training on crop cultivation and management. BRAC also provided me with quality seeds and fertilisers. I started planting vegetables on my land, and for the first time, I saw better production.

The training enhanced my knowledge and gave me the capacity to overcome the daily challenges I used to struggle with in my farm.

I increased my land holdings to 0.75 acres and I now cultivate maize, cabbage and tomatoes, all with high yields. My products are sold through traders and wholesale produce dealers. My income has increased to USD 184 (TZS 350,000).

All four of my children go to school now and I am planning to build a new house for us. I want to become a successful model farmer and keep learning new farming skills.

POULTRY AND LIVESTOCK



BRAC's poultry and livestock programme aims to promote improved practices and modern technologies amongst poultry and livestock farmers through boosting livestock productivity, reducing mortality and supplying high quality input. 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.

HELPING LIVESTOCK FARMERS IN TANZANIA

In Tanzania, livestock contributes to around 13 per cent of the GDP. 40 per cent comes from beef production, 30 per cent from milk and the remaining 30 per cent from poultry and other small livestock. BRAC started its poultry and livestock programme in 2007 with the support of Bill and Melinda Gates Foundation and quickly reached 30,362 farmers in 2011. The objectives are to increase income at the farmer level, create employment opportunities, improve poultry and livestock productivity and provide technical support to poultry and livestock

farmers. In 2012, BRAC Tanzania started its second project, the Global Poverty Action Fund (GPAF) funded by DFID. The project was completed successfully this year. It was operated through 20 branches and provided quality affordable livestock inputs and training at the community level with a special focus on female farmers.

COMMUNITY LIVESTOCK PROMOTERS

The poultry and livestock programme operates through its cadre of self-employed volunteers. These are the women who have experience in rearing poultry and livestock, and have been selected as community livestock promoters. These promoters are BRAC-trained farmers who act as specialists in a diverse set of activities. To reduce the poultry mortality rate, BRAC has trained 400 community

livestock promoters on poultry vaccination, animal husbandry and first aid, and provided livestock promoters with a steady supply of apparatus. The promoters now offer vaccination services, sell veterinary medicines, feeders and drinkers, and provide technical assistance to farmers in their community.

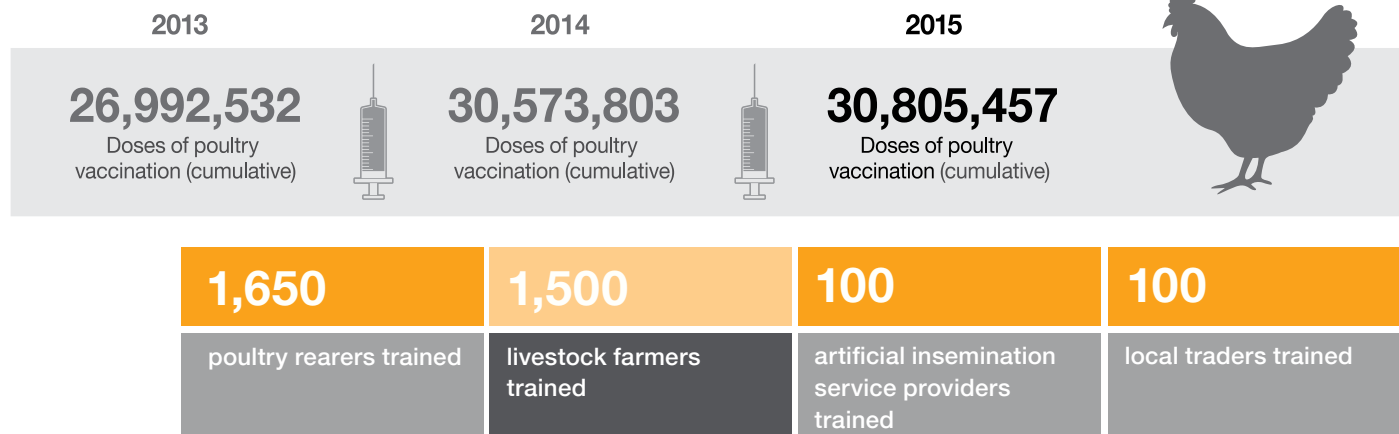
We train livestock farmers, key poultry rearers, layer rearers, broiler rearers, artificial insemination service providers, and traders. Then, we provide them with quality inputs to support the start of their business activities and ensure market linkages for sustainable farm operations.

The productivity of trained poultry farmers has increased by 125 per cent and their incomes have risen by 145 per cent.

PROGRAMME HIGHLIGHTS

Under the DFID-funded GPAF project, we provided training to **1,650** poultry rearers, **1,500** livestock farmers, **100** artificial insemination service providers, and **100** local traders. We also trained

and established **100** broiler rearers and **50** layer rearers who demonstrate good practices to other poultry farmers.



CASE STORY

1,000 CHICKS TO SCHOOL

I am Salma Koyelo. I am 38 years old and a mother of four sons. I live in Chinangali, in the Dodoma region. After my husband left me I became the sole breadwinner of my family. It became very difficult for me to pay for my sons' school fees or bear the cost of other basic expenses.

Before joining BRAC I had a small food vending business. The income I made from the business was very low. I could not expand my business because of the lack of seed capital. I struggled for two years with my small business.

When I began to attend BRAC's microfinance group meetings, I realised that there was an opportunity for me to become a poultry farmer. I had some prior knowledge about poultry rearing, so BRAC connected me with a three-day training workshop on modern methods of broiler rearing and management under the GPAF project.

BRAC provided me with inputs to help start my poultry business. I took proper care of my birds, vaccinating them regularly and I earned a good profit from selling the eggs.

I took a loan of USD 162 (TZS 350,000) to start a broiler farm with 175 chicks.



Within two months, I was able to sell all my poultry. I received a profit of USD 100 (TZS 219,195), which I used to pay off my loan. I

currently own more than 1,000 chicks. This has helped me to have a place of my own and send my children to school.



LIVELIHOOD ENHANCEMENT THROUGH AGRICULTURAL DEVELOPMENT

HELPING FARMERS WITH BETTER MARKET OPPORTUNITIES

The livelihood enhancement through agriculture development (LEAD) project started in April 2013 and aims to raise the income of 105,000 smallholder maize and poultry farmers (65 per cent women) by improving farming skills and facilitating market linkages. The project promotes maize and poultry market systems, with the aim to increase the income of rural households in Tanzania. The project's activities are geared towards making changes to services, inputs, products market and accessing finance, which in turn helps to increase the competitiveness of farmers and small enterprises. The project provided direct training to 101,444 farmers to improve their household income. The project is currently implemented in 40 branch offices under 15 regions in Tanzania. The project has adopted a 'making markets

work for the poor' approach to bring about a systemic change in the market system and promote rural development.

ACCESSING FINANCE FOR EXPANDING BUSINESSES

Investment funding has increased opportunities among smallholder farmers to link with input and output markets. Finance, such as agri-finance, has enabled agricultural service providers, traders and farmers to increase their access to farm products and inputs. Awareness through training and linkages with traders and service providers has given farmers better access to non-local markets. Equipped with the right information, maize and poultry farmers are now able to locate more buyers and are better able to negotiate with them to obtain good prices.

The project has shown steady progress of farmers selling their products through collective arrangements (21.89 per cent for maize, 27.18 per cent for poultry), through non-local arrangement (22.7 per cent for maize, 27.93 per cent for poultry) and by organising contract arrangements (6.78 per

cent for maize, 11.22 per cent for poultry).

INVOLVING PRIVATE SECTOR WITH SMALLHOLDERS

Linkage with the private sectors and collaboration with potential input companies and their agents have added value to the poultry and maize market systems. Linkages between farmers and input sellers/buyers have enabled farmers to buy direct inputs and sell their products at a better price. Technical skills on the use of agricultural inputs, machineries and equipments have also been an added advantage.

The BRAC research and evaluation unit and the LEAD monitoring team conducted an adoption survey and overall progress report of project outputs respectively. Both reports revealed significant changes in the adoption of technologies, increase of yield and income of the participants and their overall livelihoods.

PROGRAMME HIGHLIGHTS

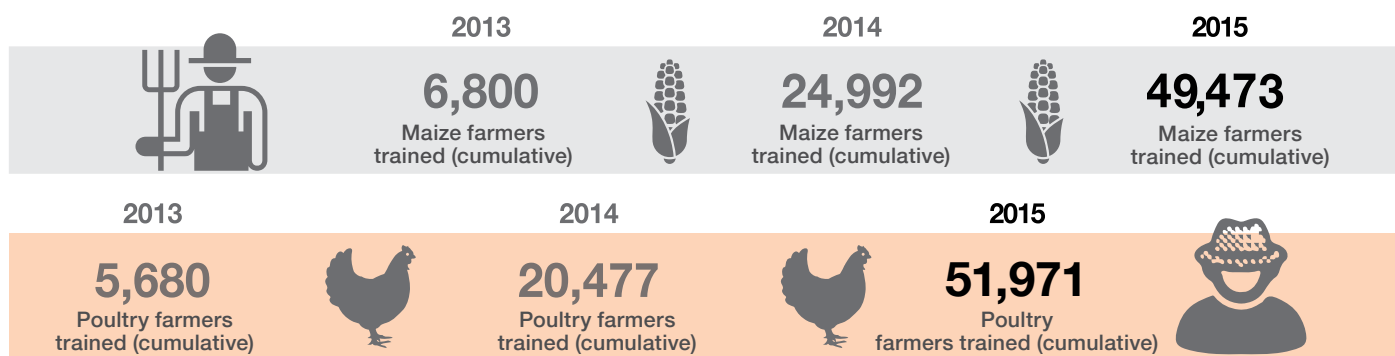
49,473 maize farmers and **51,971** poultry farmers were trained on new techniques and technologies. **390** poultry and **362** maize demonstration plots were established and farmers' field days were organised in **128** maize plots and in **181** poultry farms. **89** agro-vet/ agro-dealers, **85** maize traders and **83** poultry traders were provided with training. **3,833** poultry produce groups and **3,850** maize produce groups were formed.

Market assessments were carried out for **80** local and **15** regional markets to identify market opportunities and understand the demand and supply side of maize and poultry markets. **47** workshops were conducted with different stakeholders to engage them in local value chain development.

We signed a memorandum of understanding with **10** private companies and one research institute to accelerate easy access of inputs, technologies and output markets at the farmers' level.

To disseminate modern technology, in collaboration with **two** private companies, **200** maize sheller machines and **4,100** Purdue improved crop storage bags were demonstrated by farmers in **40** branches.

Investment funding of **USD 534,875** (TZS 855 million) was disbursed among **36** entrepreneurs. Under agri-finance, a total of **USD 2.9 million** (TZS 34,639 million) was given out as small loans among **16,318** borrowers.



CASE STORY

ENSURING QUALITY LOCAL PRODUCE

My name is Josia Byampanjo and I am 40 years old. I live in Kihesa, an area in the Iringa district. I was a carpenter for 10 years before I started a poultry rearing business. I started my business by purchasing an incubator with a capacity to house 1,000 chicks per month. I was only able to produce an average of 400 to 600 chicks per month though. Sometimes it would fall to about 200 chicks per month, as the chicks would sometimes die very young.

I did not have enough capital to fix the problems in my business. My understanding of the market was poor and I kept facing losses. I knew very little about disease control measures.

In February 2015, after joining the LEAD project, I received grant (40 per cent) and loan (60 per cent) support from the investment fund of USD 5,000 (TZS 10 million) for the expansion of my business. I bought two new, high-quality hatchery



machines that had the capacity to produce 3,000 chicks per month and modernised the premises. My farm produced both local and cross-breed chicks, which I began to sell. My income increased from USD 200 to USD 2,500 (TZS 400,000 to TZS 5 million) per month. I learned ways to keep my chicks free of disease. I began to supply good quality produce to my customers. My business began to boom.

Soon, I bought another hatchery machine with a capacity of 9,700 eggs. My farm now has the capacity to produce an average of 10,000 chicks per month.

My business is running well. I collect eggs from an average of 500 to 700 LEAD-trained farmers from both urban and rural areas of Iringa, Mafinga, Makambako, Mbeya and Dodoma. I supply my chicks to the Iringa, Dodoma, Mbeya, Njombe, Morogoro, and Mwanza areas.

I have three employees working in my hatcheries and I ensure that my produce reaches those in my local community as well.

EDUCATION



BRAC's education programme is the largest secular private education system in the world, reaching seven countries in total. At the pre-primary level, we target underprivileged children to prepare them for mainstream primary school entry. BRAC schools are designed to give a second chance at learning to children who have been left out of the formal education system due to extreme poverty, violence, displacement or discrimination. Our non-formal approach complements the mainstream school system with innovative teaching methods and materials. At the secondary level, we provide scholarships, need-based training and student mentoring to improve mainstream education.

EDUCATION FOR THE MOST VULNERABLE

The girls' education challenge project, funded by DFID, started in 2013 to support adolescent girls to stay in school. The project is currently implemented in 20 branches in Dar es Salaam, Mwanza, Shinyanga, Tabora and Singida. The aim is to improve the lives of girls at risk of dropping out, as well as supporting out-of-school girls.

BRAC introduced the 'accelerated learning process' project to support 300 girls who had dropped out of school, to complete their secondary education through a distance learning in the Tanga. The project involves 20 study centres and teaches girls life skills through skills-based education sessions. BRAC provides training to community facilitators with support from the Institute of Adult Education of Tanzania. Training and life skills-based education

is provided to the leaders of BRAC study clubs, with support from the Ministry of Health, Community Development, Gender, the Elderly and Children.

ERADICATING EDUCATIONAL INEQUALITY

In Tanzania, the primary school enrolment rate is more than 90 per cent, but the net completion rate in primary education remains low. A total of 57 per cent of students failed their class 7 exams in 2014. The total net enrolment rate of pre-primary school children aged between five to six years old is 33 per cent. The ratio is one teacher for every 57 students. 30 per cent of the children are from poor families. Most of the children fail to complete primary school. Tanzania has the world's lowest rate of transition from primary to secondary school, with only 36 per cent of children going to secondary education.

BRAC Tanzania opened 30 pre-primary schools after we started receiving requests from communities to provide education

for children. The schools are housed within the empowerment and livelihood for adolescents (ELA) clubs, and are open in the mornings maximising the usage of the spaces. The mentors of the ELA clubs are trained as pre-primary teachers. They raise awareness for education and motivate people in their communities to send their children to school.

The education programme developed para-professional teachers, trainers, training materials and child-centred learning materials for children's education. The programme provides students with a safe and friendly learning environment to develop their cognitive, emotional, linguistic and numerical abilities.

PROGRAMME HIGHLIGHTS

The girls' education challenge reached **1,950** out-of-school girls by opening **150** education centres in **20** branches of **five** regions in Tanzania. The project also offers a mentorship programme to **13,668** school students and life skills-based education to **15,618** students including in-school and out-of-school girls. It supports **12,000** in-school girls, (class **6** and **7**) who receive after-school tutoring for **two** subjects- mathematics and English.

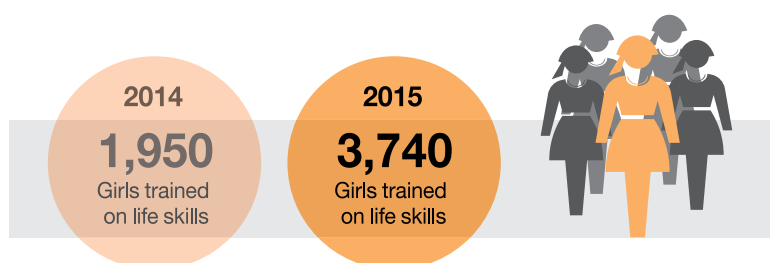
400 parents meetings were conducted to sensitise the community, including the club management committees, about the importance of girls' education. Issues such as safety while travelling to and from the clubs, achieving a healthy balance between their daily chores and studies,

and educating parents on the importance of gender equality were discussed in the meetings.

163 community-based pre-primary schools completed a one-year course with **3,526** children. Among these children,

60 per cent were girls, and **79** per cent of these children have mainstreamed into government primary schools.

150	400
Education centres opened	parents meetings conducted



CASE STORY

MY HIGHER EDUCATION DREAM WILL COME TRUE

My name is Aisha and I am 17 years old. I am a member of the girls' study club at the Kititimo, Singida region in Tanzania. I am expecting to graduate secondary school in 2016. I hope to become a teacher one day.

There are 12 people in my family: my parents, five sisters and five brothers. I am the only child with the desire to pursue an education. I completed my education up to class 7 but could not continue with my secondary schooling. My father is a farmer and what he earns was not sufficient to provide for the family.

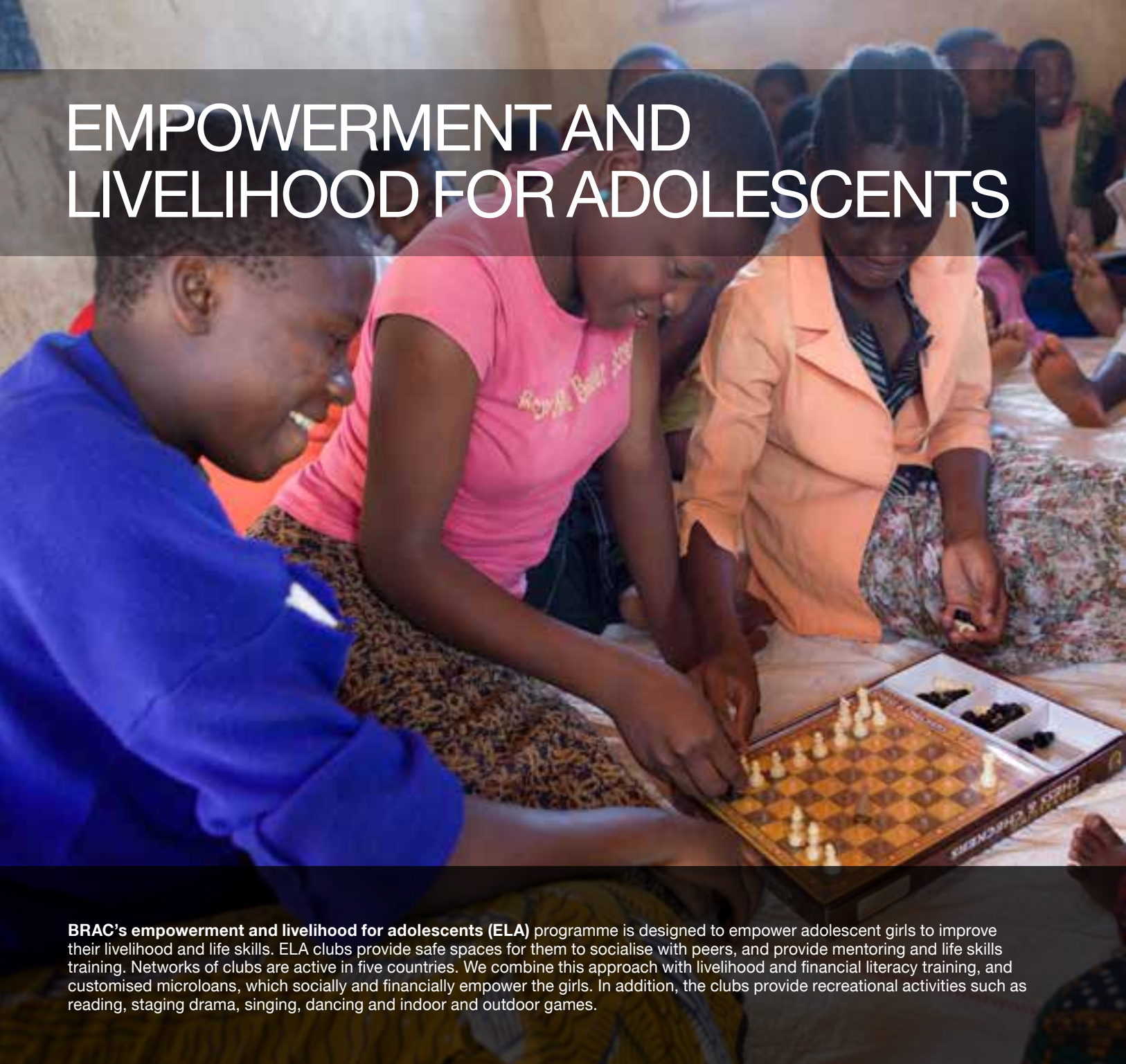
BRAC's girls' education challenge project came to my community and helped me enrol into its informal education system. It provided me with the resources to study and qualify for secondary school.

I attend school regularly. I will sit for the national secondary examination next



year and if I pass, I will have the option to continue my education to the high school level. I am confident that my dream of studying in university will come true.

EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS



BRAC's empowerment and livelihood for adolescents (ELA) programme is designed to empower adolescent girls to improve their livelihood and life skills. ELA clubs provide safe spaces for them to socialise with peers, and provide mentoring and life skills training. Networks of clubs are active in five countries. We combine this approach with livelihood and financial literacy training, and customised microloans, which socially and financially empower the girls. In addition, the clubs provide recreational activities such as reading, staging drama, singing, dancing and indoor and outdoor games.

EMPOWERING YOUNG MINDS

BRAC's empowerment and livelihood for adolescents (ELA) programme is committed to making a difference in the lives of vulnerable adolescent girls in Tanzania. The objective of this programme is to build confidence and instill a sense of self-worth, encourage positive behavioural changes, and improve the quality of life for young girls. The ELA programme consists of six components: the adolescent girls' club, life

skills education, livelihood training, financial literacy, credit support, and community participation. Through these clubs, the girls socialise, interact and share experiences with one another.

The programme innovatively combines life skills and livelihood training with a customised microfinance programme. In life skills-based education, girls discuss various problems related to early pregnancy and marriage, HIV/AIDS, gender-based discrimination, reproductive health and services, child rights, violence, rape and drug abuse. Girls who have dropped out

of school are provided with credit support for financial empowerment in combination with different types of trade-based training such as tailoring, computer, photography, beautification, food processing, poultry and livestock, horticulture nursery, vegetable growing and agriculture. This helps girls to develop their own successful businesses.

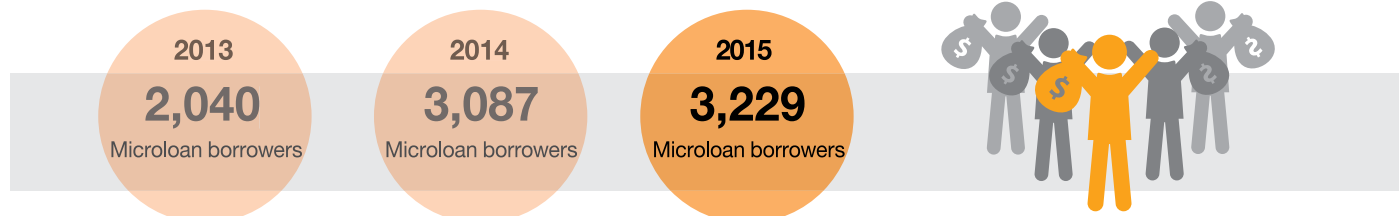
PROGRAMME HIGHLIGHTS

The ELA programme is operating through **180** clubs. The project supported **6,800** girls located in **five** operational regions in Tanzania. **2,064** girls were provided with livelihood training in

financial literacy, business management, records keeping and entrepreneurship skills.

USD 800,914 (TZS 1,708 million) was

disbursed among **3,229** adolescents as loan support for income-generating activities.



CASE STORY

TEMEKE'S NEWEST SALON

I am Zalia Salum, a 21-year old member of the ELA club in the Temeke district of Dar es Salaam. I am a mother of two children. I dropped out of secondary school due to early pregnancy.

When BRAC opened an adolescent club in my village, it brought a great change. A BRAC officer encouraged me to join the club. I attended a few meetings and realised that there are many other girls like me. I was told about the ELA microfinance activities and loan facilities, and I immediately decided to participate. I got the chance to learn from a variety of training opportunities such as life and business skills. I can meet people and share my stories with them.

The ELA club gives its members the opportunities to learn new things. I was attracted to the club because of the various activities they conduct, for example indoor games, music, dance and drama. During a training session, I discovered that I could plait hair very well. I had no real skills as a hairdresser, but BRAC identified my potential and introduced me to professional hairdressers. They trained me so I could use it as a skill. I was placed in a year-long mentorship programme and got training on business management.

After my internship, I took my first loan of



USD 115 (TZS 250,00) and opened my own women's salon. Currently, I make between USD 25 to USD 50 (TZS 55,015 to TZS 110,030) per day. My monthly income is between USD 300 to USD 400 (TZS 660,180 to TZS 880,240) and I have three girls working in my salon.

I saved USD 690 (TZS 1,500,000) and

bought a piece of land for myself. I plan to become a fashion designer. I now look forward to becoming a leading fabric store owner and designer.

SUPPORT PROGRAMMES

FINANCE AND ACCOUNTS UNIT

The finance and accounts unit is the backbone of BRAC's operations and processes in Tanzania. The department records and analyses operating transactions, and prepares financial statements which informs the top management, regulators and investors about BRAC's economic status. It also manages budgets, donor reporting, tax management payrolls, payable accounts, overall cash management, and internal and external audits. The finance and accounts department ensures the implementation of internal mechanisms and prepares scheduled donor reports for all BRAC projects in Tanzania, including business cases, budgets and proposals of subsidised projects.

INTERNAL AUDIT DEPARTMENT

The internal audit department is an independent support programme designed to provide objective assurance and consulting services to add value and improve BRAC International's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control and governance. Internal audit is a catalyst for improving the efficiency of programmes by providing insights 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 as an objective source of independent opinion. The department also assists management by providing risk-based audit reports for accelerating efficiency and effectiveness. These reports are based on the internal audit charter, the terms of reference for the audit review committee, and the internal audit manual approved by the finance and audit committee.

An external quality assurance review was conducted as per the requirement of the institute of internal auditors (IIA) standards. A major achievement of the department

was the implementation of BRAC internal audit management system software in BRAC Tanzania for audit management, report writing and archiving. The software was installed for audit management, report writing and archiving. IAD BRAC Tanzania implemented 94 per cent of their plans and reviewed 444 cost centres across all programmes in the same year. In 2016 a full-fledged risk-based audit and system audit will be implemented. An information systems audit will also be initiated incorporating information systems audit and control association guidelines and best practices.

COMPLIANCE SERVICES

Compliance services is committed ensuring compliance by helping the organisation to achieve specific goals. We ensure individual job responsibilities are clearly defined and assess all the programmes' standing with the organisational goal. In 2015, the coverage of the internal compliance questionnaire (ICQ) was expanded to all areas and regional levels of the country programme management. The ICQ 'quick review' mechanism was initiated in this period with a view to strengthen the compliance culture by ensuring accountability and transparency. Compliance related to regulatory and donor affairs have also been reviewed and reported bi-annually for each BI country. To further strengthen the established compliance environment, plans have been made to review the self compliance activities (e.g. ICQ audit) in 2016.

MONITORING DEPARTMENT

The monitoring department is an internal mechanism to ensure quality, accountability and transparency of the programmes. It ensures regular collection and analysis of information to assist management in timely decision making and provide the basis for evaluation and learning. The monitoring department performs several essential management functions. These functions include monitoring and reporting on inputs and outputs achieved, carrying out internal

assessments, evaluations and supporting research. The monitoring department prepares the quarterly progress reports, the monthly MIS report and facilitates the annual programme review.

There are two separate bodies: microfinance programme monitoring and non-microfinance programme monitoring. For 2015, the monitoring department conducted field monitoring for 95 per cent of all branches of microfinance and 100 per cent for branches of LEAD, GEC and ELA projects.

COMMUNICATIONS DEPARTMENT

BRAC's public relations and communications department works with different networks, including multiple NGOs and donors. The communications department assists BRAC in maintaining good relations with the government of Tanzania. It liaises with electronic and print media to broadcast or publish BRAC's development efforts and new initiatives. It also ensures timely dissemination of information and keeps the government and other non-government institutions updated.

As part of capacity building, communication training was held in Dhaka, Bangladesh in 2015 on modern communication techniques and approaches. BRAC Tanzania communications staff participated in the training.

HUMAN RESOURCES AND TRAINING DEPARTMENT

The human resources and training department (HRD) in BRAC Tanzania caters to 1,652 local and expatriate employees dispersed across the country. Of this, 96 per cent are local staff and 76 per cent are female. The department is responsible for the welfare of employees, ensuring quality hires, staff development and motivation through appropriate policies and effective performance management. It aims to maximise job satisfaction, enhance transparency and ensure procedural justice for all employees in accordance with the human resources policies and procedures (HRPP) manual. The HRD further ensures employees' commitment to BRAC International's 15 policies under the code of conduct, particularly in regards to child protection and gender equality.

With the recruitment of new heads of finance and audit, there has been a significant increase of local representation in key senior management positions. This year, a new emergency response coordination department was established, with the recruitment of a local emergency response coordinator being part of the wider network of BRAC International's emergency response team.

A number of new initiatives have been launched by BRAC Tanzania HRD with support from the country management. A new HR information system and a biometric attendance system was introduced to improve attendance, leave management and enable staff database upgrades. To attract and retain the best available talent, HRD proactively participated in career seminars and campus recruitment. To enable staff to gain management capacity skills without compromising work schedules, online training on leadership and management courses were provided to employees.

BRAC International HRD organised BRAC's first ever inclusion and diversity campaign, to promote a culture of diversity, inclusion, gender sensitivity and BRAC values among its workforce. In October 2015, 16 employees from 10 operating countries participated in a 20-day training of trainers workshop at BRAC headquarters in Dhaka. Among the participants, two trainers from BRAC Tanzania received training on four modules: BRAC values, inclusion and diversity, gender awareness and people leadership programme. They will develop a further pool of trainers who will execute this mandatory training throughout the country in 2016 to promote the 'one BRAC' culture. In addition to classroom-based training, the trainers also visited BRAC's field operations in Bangladesh and met the chairperson of BRAC and BRAC International's senior management.

To promote a high performance culture, the performance management system cascaded down to all employees, from country management to field staff. The system provides clear guidelines for more focused performance management, discussion of performance-related rewards and improving low performers. Employees have become more attuned to KPI-based achievements and rewards are linked to both performance and demonstration of BRAC values in the workplace.

As a part of succession planning and talent management, high potential staff from the microfinance and small enterprise programme were selected internally and given competency-based training to improve their leadership capacity and nurture growth.

To boost local capacity development, one female employee was given a full scholarship from BRAC to pursue her postgraduate studies at BRAC University's Institute of Governance Studies in Bangladesh. Scholarships for higher studies are provided annually to high potential and committed staff as an effort to invest in the country's human capital development.

In 2015, one female employee received the prestigious BRAC values award for her outstanding display of ethics and professionalism, after a rigorous screening of nominations from the entire BRAC workforce.

RISK MANAGEMENT SERVICES

For BRAC International and its country operations, risk management is at the core of the operating structure. Risk management services seek to limit adverse variations in programme activities and outcomes by managing exposure to risk. Risk management processes have continued to prove effective throughout 2015. A group risk register was developed. Executive management remained closely involved in important risk management initiatives, which focused particularly on ensuring appropriate levels of funds, and effectively managing risk portfolios. Responsibility and accountability for risk management resides at all levels of operation within the country. Risks are controlled both at the individual exposures level as well as across all programmes and risk types.

On a country level, the bi-annual assessment of overall risk management was done and the summary was discussed in the executive risk management committee meetings on 22 April and 4 November 2015, chaired by the executive director of BRAC International.

INFORMATION TECHNOLOGY DEPARTMENT

The information technology department provides the necessary support to meet the current and future needs of BRAC in Tanzania. An online ERP solution called sbi cloud was introduced to reduce field level corruption. It is currently functioning in the branch offices, area offices and the country office. Two modules are fully operational: microfinance and accounts. The department provides support for the smooth operation of this software, and the reports generated by the system help management to make quality decisions. The IT department is in charge of maintaining and replacing hardware, ensuring smooth network operation in the country office and takes care of data security for better communication and data transfer. It also prepares consolidated, region, area and branch wise trial balance for accounts along with the MIS reports for respective programme managements. The department also conducted regular training on Sbi Cloud to all branch accountants and programme staff.

PROCUREMENT AND LOGISTICS

BRAC has a separate procurement department in Tanzania which is monitored by the country office. All printing of stationeries, annual diaries, passbooks, loan agreement copies and guarantor agreements were procured and distributed centrally to 120 branch offices this year.

RESEARCH AND EVALUATION DEPARTMENT

The research and evaluation department aims to generate knowledge on the relevance and effectiveness of BRAC operations and of its partners using both quantitative and qualitative methods. Their goal is to ensure that the programmes meet BRAC's mission of empowering people and communities. The unit also aims to achieve positive changes at a large scale to generate new knowledge on critical issues of development by studying BRAC's programmes in Tanzania. The research team focuses on building local capacity so that more research on community development in Tanzania can be conducted, independent from the main research unit in Uganda.

GOVERNANCE

BRAC TANZANIA

BRAC TANZANIA FINANCE LTD

Dr A M R Chowdhury
Mr Faruque Ahmed
Mr Shib Narayan Kairy
Mr Shameran Abed

BRAC ZANZIBAR (NGO)

Local Board Members

Dr A M R Chowdhury
Mr Faruque Ahmed
Mr Shib Narayan Kairy
Ms Rahma Ali Khamis Abdallah

BRAC MAENDELEO TANZANIA

Dr A M R Chowdhury
Mr Faruque Ahmed
Mr Shib Narayan Kairy
Dr Harun Kasale
Dr Hasan Mshinda

COUNTRY ADVISORY COMMITTEE MEMBERS

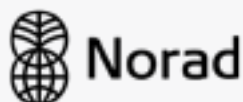
Tanzania
Zahra M Nuru

MANAGEMENT

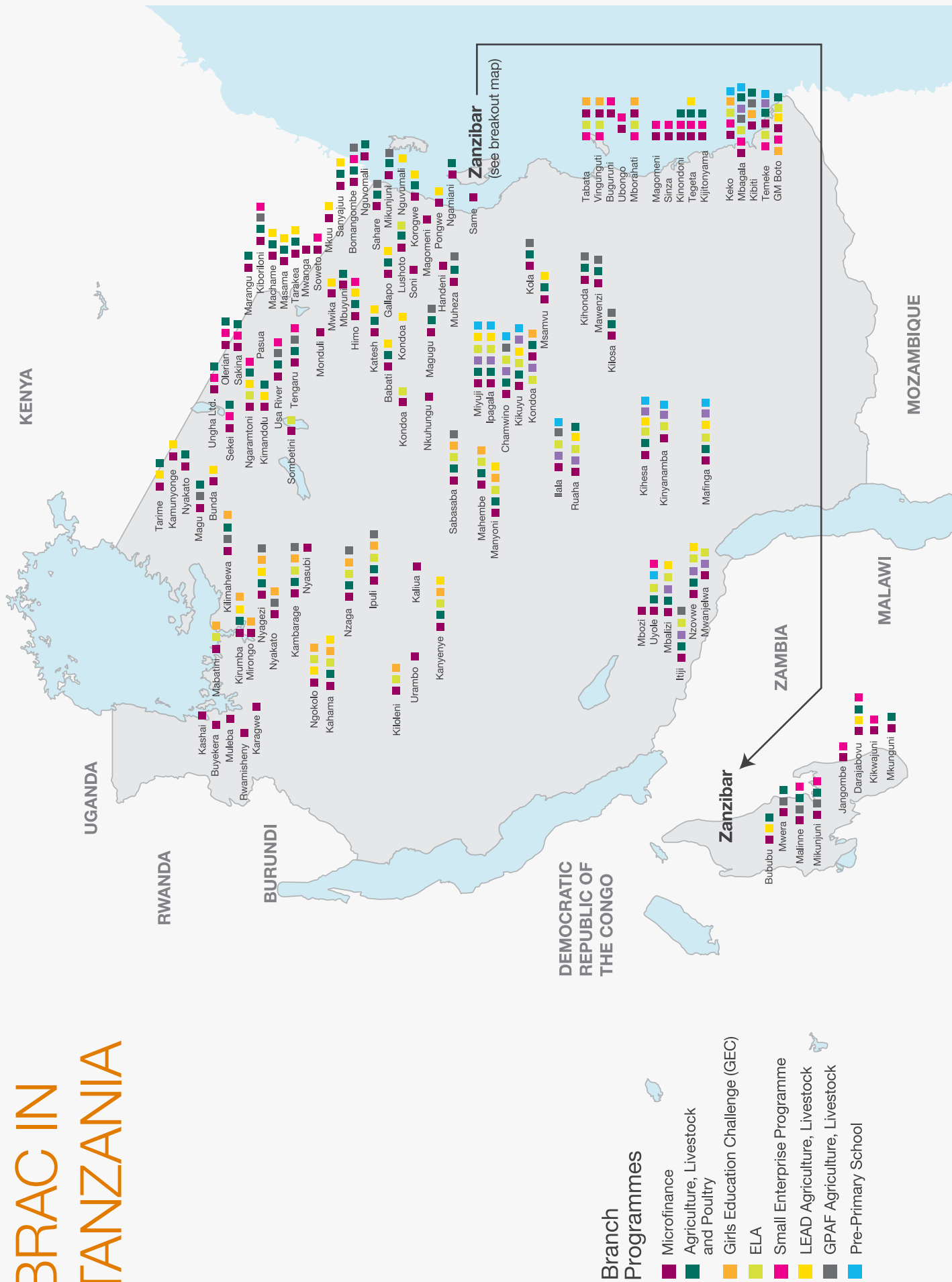
Rakibul Bari Khan • Country Representative, BRAC in Tanzania
Md Abdullah-Al-Mahtab Khan • Programme Manager, Education
Hem Chandro Roy • Project Manager, Livelihood Enhancement through Agricultural
AKM Sazzad Hossain • Program Manager, Micro-finance Programme5
Tumaini S Nyalika • Head of Internal Audit
Md Hafizur Rahman • Programme Manager, Small Enterprise Program
Deusdedith Mulindwa • Country Head of Accounts
Lilian Josephat Msoffe • Monitoring Team Leader
Md Ariful Islam • Lead HR and Training
Dotto Mnyadi • Communications Manager

DEVELOPMENT PARTNERS

We are grateful to our core donors for their long-term commitment to our work:



BRAC IN TANZANIA



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: 1.5 million

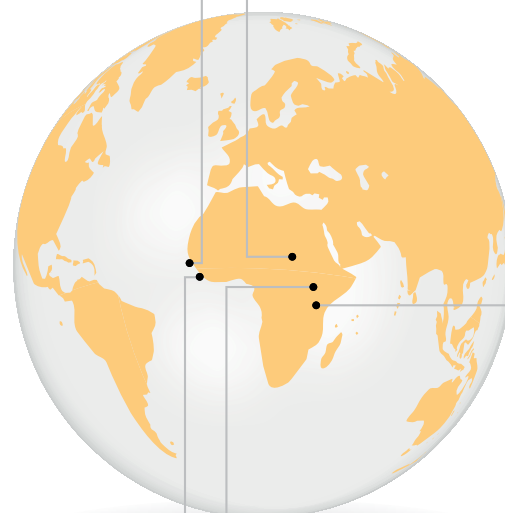
SOUTH SUDAN
Initiated: 2007
Programme Focus: Ag, BEP, ELA, EHC, NP, PB, TB and TUP
Population reached: 1.5 million



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, EHC and ELA
Population reached: 0.7 million



UGANDA
Initiated: 2006
Programme Focus: MF, SEP, BEP, SP, EHC, Ag, P&L, ELA, PB and KI
Population reached: 4.4 million

TANZANIA
Initiated: 2006
Programme Focus: MF, SEP, Ag, P&L, BEP, LEAD and ELA
Population reached: 3.38 million

AFSP - Agriculture and Food Security Programme Ag - Agriculture Programme 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 LEAD - Livelihood Enhancement through Agriculture Development
PB - Peace Building 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, CDP,
NSP and TUP

Population reached:
4.65 million

PAKISTAN

Initiated: 2007

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

Population reached:
0.7 million

NEPAL

Initiated : 2015

Programme Focus:
Rehabilitation Programme

Population reached
32,630 persons



MYANMAR

Initiated: 2013

Programme Focus:
MF

Population reached:
0.0326 million

PHILIPPINES

Initiated: 2012

Programme Focus:
BEP

Population reached:
0.06 million



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 **CDP** - Capacity Development Programme **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
TB - Tuberculosis Control **TUP** - Targeting the Ultra Poor **WASH** - Water, Sanitation and Hygiene

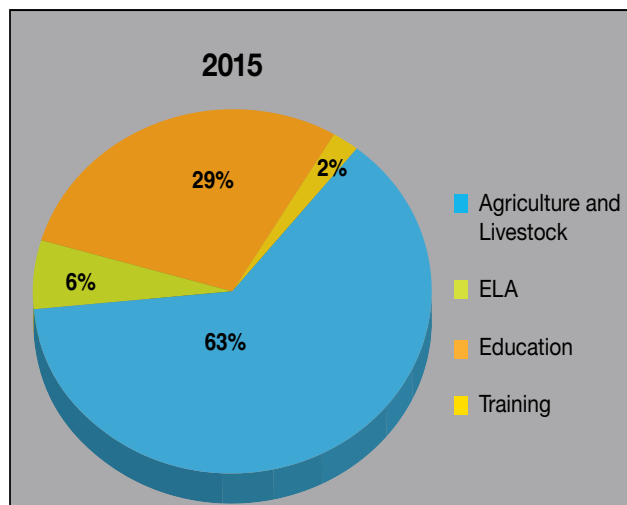
FINANCIALS - NGO

BRAC in Tanzania received grants amounting to USD 5,821,695 in 2015 as against USD 5,987,445 in 2014. Total Project expenses for the year were USD 4,222,700 (USD 3,818,911 in 2014). Out of the total expenses majority is expensed in Agriculture and Livestock sector supported by DFID. All most 88% of total expenditure is being used for program service with only 12% being incurred for administrative expenses.

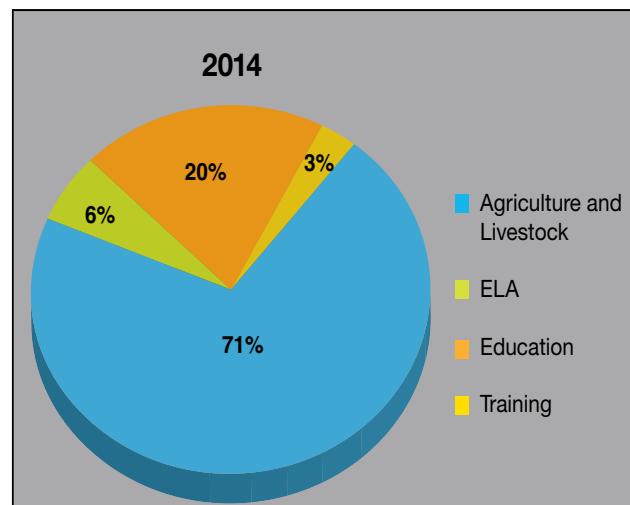
Programme Cost by Nature of Programme

Programme	Year 2015	Year 2014
	USD	USD
Agriculture and Livestock	2,650,515	2,704,855
Empowerment and Livelihood for Adolescents (ELA)	243,860	211,331
Education	1,237,760	777,962
Training	90,565	124,763
Total	4,222,700	3,818,911

Year 2015



Year 2014

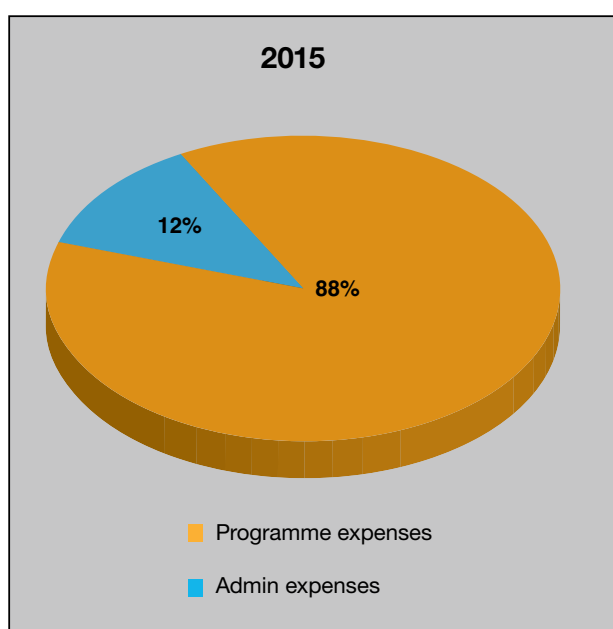


FINANCIALS - NGO

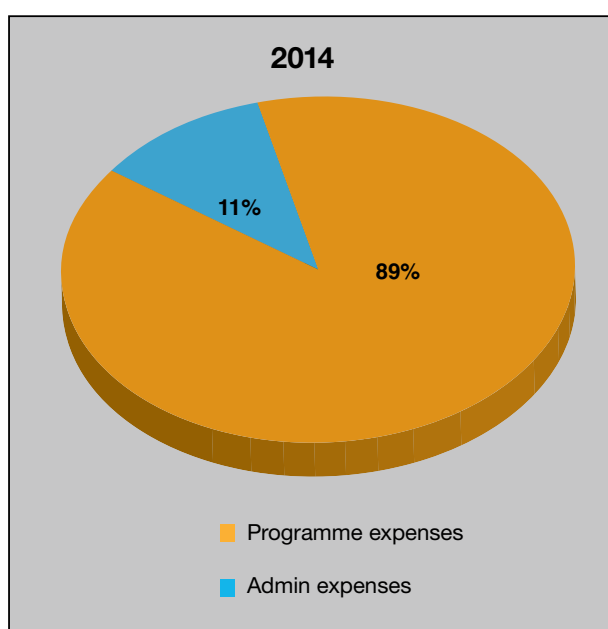
Programme Cost by Nature of Expenses

Expenses	Year 2015	Year 2014
	USD	USD
Programme expenses	3,715,976	3,401,750
Admin expenses	506,724	417,161
Total	4,222,700	3,818,911

Year 2015



Year 2014



Performance Review

Income Statement	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
	USD	USD	USD	USD	USD
Grant income	4,127,847	3,575,001	1,981,881	680,849	849,274
BRAC contribution	-	142,720	112,080	202,342	-
Other income	94,854	101,190	150,836	132,513	103,782
Programme expenses	(3,715,976)	(3,401,750)	(2,036,786)	(921,715)	(883,066)
Admin expenses	(506,724)	(417,161)	(257,080)	(100,822)	(99,538)

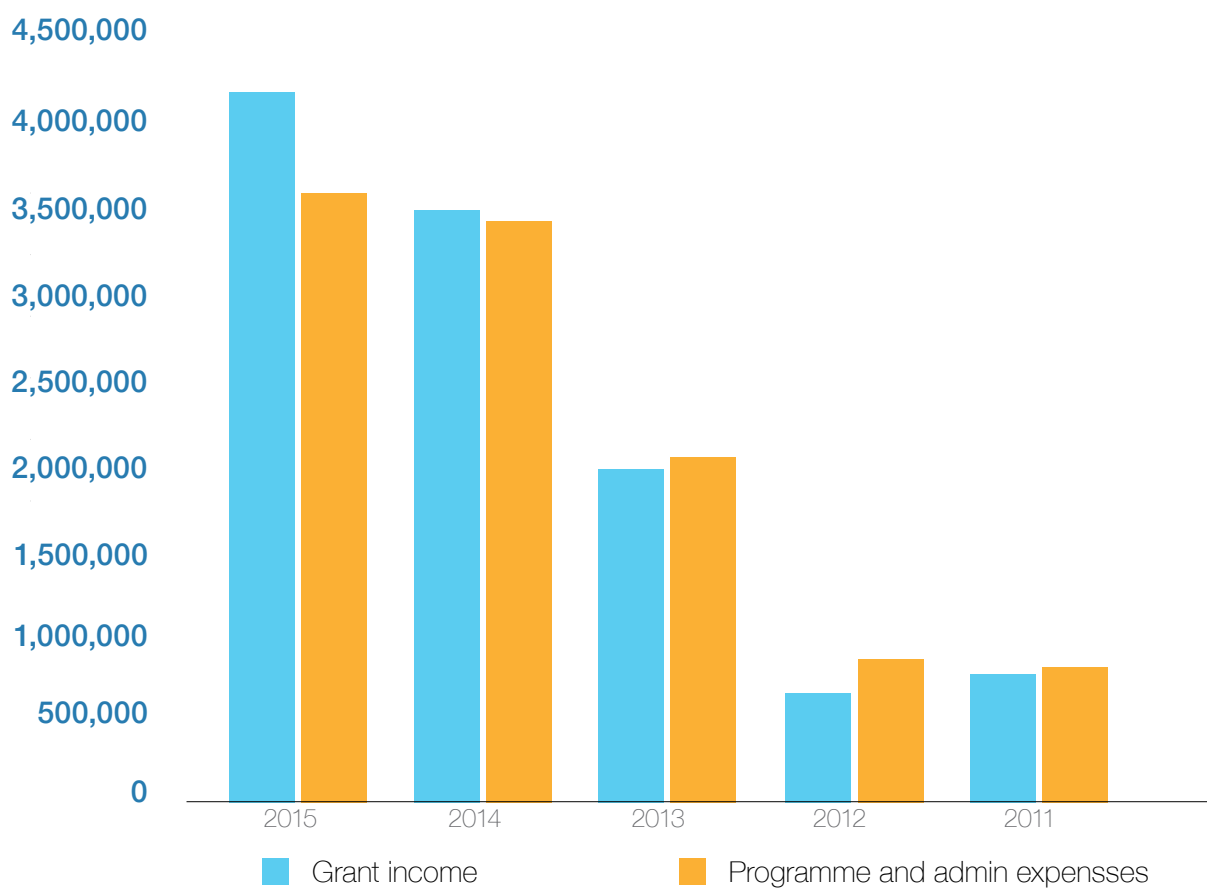
FINANCIALS - NGO

Performance Review

Financial Position	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
	USD	USD	USD	USD	USD
Cash at bank	1,873,689	1,871,110	-	61,016	60,286

Operational Statistics	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
No. of projects	7	5	5	5	6

Grant income vs programme expenses



FINANCIALS - MICROFINANCE

Net income

BRAC in Tanzania completed a profitable year in 2015 by registering pretax profit of USD 4,719,218 in 2015 compared to 2,805,320 in 2014. This is mainly due to increase in the number of borrowers from 113,959 in 2014 to 138,142 in 2015 an increase of 21%.

Operating expenses

Total operating expenses for the year were USD 7,822,336 as against USD 8,255,975 in 2014 showing decrease of 5.25%. This shows cost efficiency in the programs.

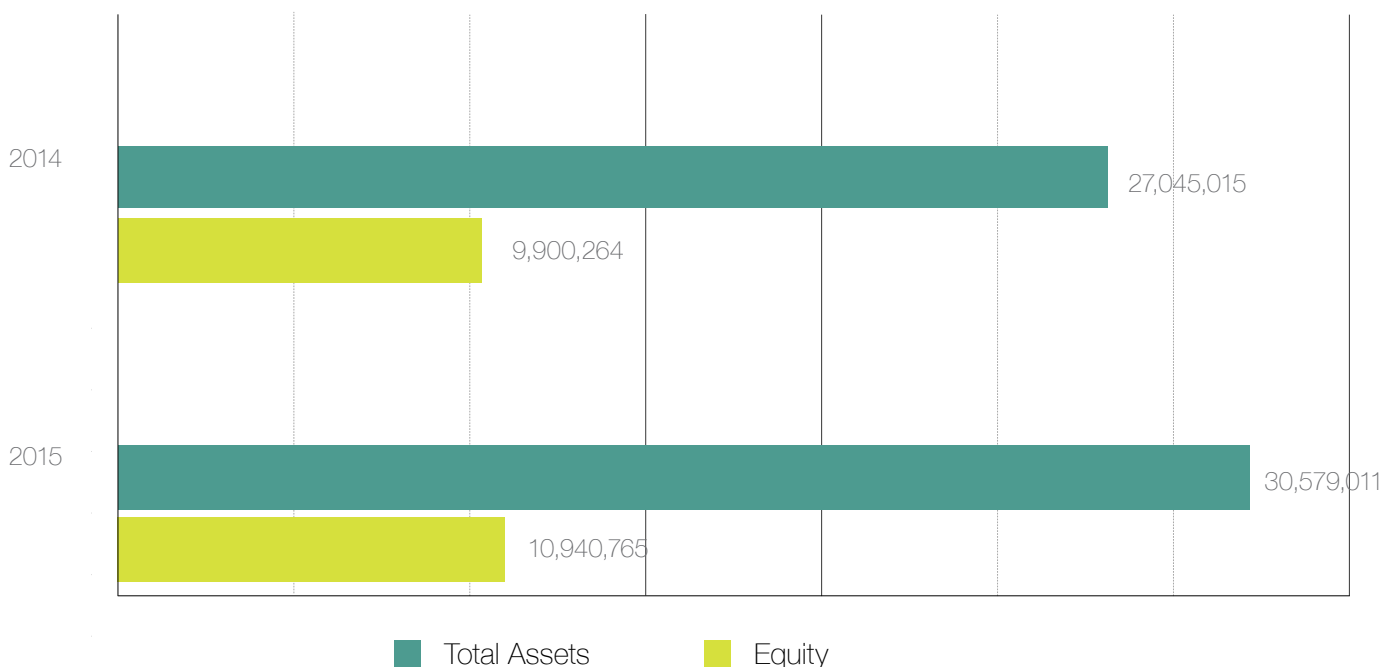
Provisions for impairment losses

Total reserve as against impairment in 2015 was USD 1,017,626 as against USD 844,572 in 2014, an increment 20% and representing 4% of Gross portfolio. This year amount charged for impairment on loans was USD 621,778 as against USD 503,567 in 2014. Portfolio at Risk (PAR>30 days) has gone up to 2.14% in 2015 as against 1.70% in 2014.

Financial position

In 2015, total assets grew up by 13% to USD 30,579,011 further consolidating its position in the market. Loans Outstanding to customers increased by 6% and is now 82% of total assets. Security deposits increased by 6% and Net Equity increased by 11% to USD 10,940,765 from USD 9,900,264 in 2014. The growth of net equity is a direct result of increase in profitability.

Total Assets vs. Equity



FINANCIALS - MICROFINANCE

Value added statements

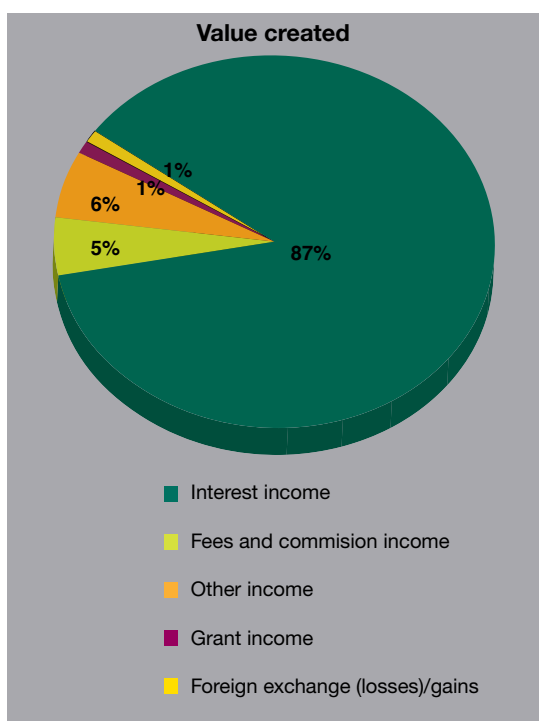
A value added statement provides a detailed account of total value addition and the distribution of value created by the organization. BRAC in Tanzania contributes positively to overall economic development by empowering the poor people (especially females) through micro-credit, employees through the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

Value added	Year 2015		Year 2014	
	USD	%	USD	%
Interest income	12,832,723	115.07	11,732,709	134.37
Fees and commission income	703,059	6.30	657,612	7.53
Other income	816,842	7.32	322,615	3.69
Grant income	124,538	1.12	44,651	0.51
Foreign exchange (losses)/gains	220,483	1.98	83,355	0.95
Operating expenses	(2,923,716)	(26.22)	(3,021,801)	(34.61)
Loan loss provision	(621,778)	(5.58)	(503,567)	(5.77)
Total value added	11,105,041	100.00	9,315,575	100.00

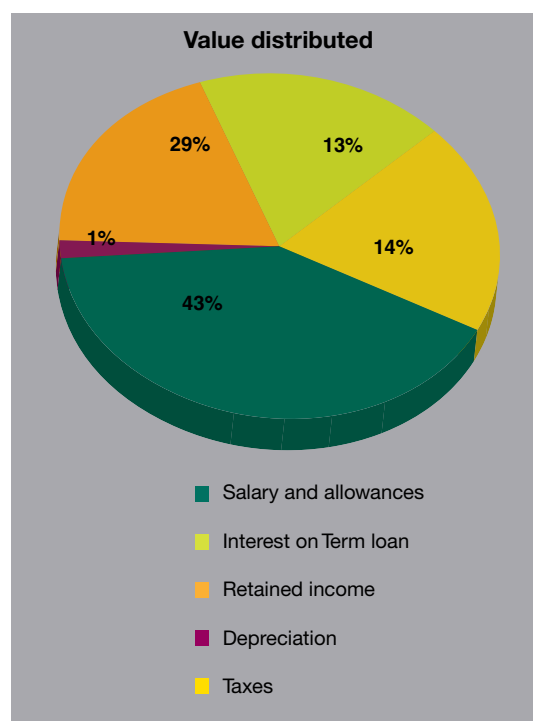
Distribution of Value Addition	Year 2015		Year 2014	
	USD	%	USD	%
Employees				
Salary and allowances	4,804,680	43.27	5,177,232	59.29
Local Authorities				
Taxes	1,562,274	14.07	909,726	10.42
Creditors				
Interest on term loan	1,487,211	13.39	1,435,455	16.44
Growth				
Retained income	3,156,943	28.43	1,736,220	19.88
Depreciation	93,933	0.85	56,942	0.65
Total Value Distributed	11,105,041	100.00	9,315,575	100.00

FINANCIALS - MICROFINANCE

Value Created



Value Distributed



Five Year Performance Review

In USD	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
<u>Income Statement</u>					
Operating income	14,525,998	12,796,291	11,411,661	11,770,892	9,566,358
Profit before tax	4,719,218	2,805,320	1,850,226	3,409,810	2,470,256
<u>Financial Position</u>					
Total asset	30,579,011	27,045,015	25,805,856	25,539,716	22,166,529
Net equity	10,940,765	9,900,264	8,385,278	7,209,371	4,942,453
Loans to customers (net)	25,007,158	23,612,446	20,313,504	19,499,229	19,838,459
Cash at bank	1,688,598	1,308,832	3,914,745	4,772,563	1,371,311
<u>Returns and Ratio</u>					
Return on asset	16%	48%	44%	49%	42%
Operational self sufficiency (OSS)	126%	115%	111%	124%	117%
<u>Operational Statistics</u>					
Total borrowers	138,142	113,959	101,068	104,225	116,749
Cost per loan	62	77	73	57	56
PAR>30 days (%)	2.14	1.70	2.30	3.55	3.00

BRAC MAENDELEO TANZANIA
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

BRAC MAENDELEO TANZANIA

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

GENERAL INFORMATION

Members of Governing Council

Name	Position	Nationality
Dr. A. M. R. Chowdhury	Chairperson	Bangladeshi
Mr. Faruque Ahmed	Member	Bangladeshi
Mr. Shib Narayan Kairy	Member	Bangladeshi (Appointed on 1st November 2015)
Dr. Harun Kasale	Member	Tanzanian
Dr. Hassan Mshinda	Member	Tanzanian
Mr. Tanwir Rahman	Member	Bangladeshi (Resigned on 1st November 2015)

Administrator

Mr. Rakibul Bari Khan	Country Representative
-----------------------	------------------------

Principal place of business

Plot 2329, Block H, Mbezi Beach
P O Box 105213
Dar es Salaam, Tanzania

Registered office

Plot 2329, Block H, Mbezi Beach
P. O. Box 105213
Dar es Salaam, Tanzania

Auditors

KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/ Garden Avenue
P. O. Box 1160
Dar es Salaam, Tanzania

Bankers

NBC Limited
Sokoine Drive & Azikiwe Street
P. O. Box 1863
Dar es Salaam, Tanzania
3054

Bank of Africa (Tanzania) Limited
NDC Development House,
Ohio Street/Kivukoni Front
Shaaban Robert Street/Garden

Standard Chartered Bank (Tanzania)
Limited
NMB Plc.
1st Floor, International House Avenue P.O. Box
P.O. Box 9011
Dar es Salaam, Tanzania

NMB Plc
NMB House
Azikiwe/Jamhuri Street
P.O. Box 9213
Dar es Salaam, Tanzania

CRDB Bank Plc.
P. O. Box 268
Dar es Salaam, Tanzania

Exim Bank (Tanzania) Limited
P. O. Box 1431
Dar es Salaam, Tanzania

BRAC MAENDELEO TANZANIA

REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2015

1. The members of Governing Council have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of BRAC Maendeleo Tanzania ("the Organisation"), as at that date in accordance with Non-Governmental Organization Act, 2002.

2. REGISTRATION

BRAC Maendeleo Tanzania was incorporated as a Organisation limited by guarantee on 13 December 2011. The Organisation remained dormant since incorporation until 1 January 2012 when it took over the social development division of BRAC Tanzania. BRAC Tanzania which is a related entity, was wound up on 3 December 2013 by its members who are also the members of this Organisation.

BRAC Maendeleo Tanzania obtained the status of Non-Governmental Organisation (NGO) on 13 November 2013.

3. VISION

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

4. MISSION

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

5. OUR VALUES

Innovation- the Organisation has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground breaking development initiatives.

Integrity- the Organisation values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Organisation holds these to be the most essential elements of our work ethic.

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

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

BRAC MAENDELEO TANZANIA

REPORT OF THE GOVERNING COUNCIL (Continued)

6 PRINCIPAL ACTIVITIES

The Organisation provides charitable and welfare activities on a non-profit basis, engages in poverty eradication, promotes women empowerment in rural areas and provides basic education for school dropouts in rural areas in over 18 districts in Tanzania..

7 RESULTS FROM OPERATIONS

The results for the Organisation for the year ended 31 December 2015 are set out on page 10.

8 COMPOSITION OF MEMBERS OF THE GOVERNING COUNCIL

The members of the Governing Council who served during the year and up to the date of this report are set out on page 1.

9. CORPORATE GOVERNANCE

The members of the Governing Council are committed to the principles of good corporate governance and recognise the need to conduct operations in accordance with generally accepted best practice. In so doing the members of the Governing Council therefore confirm that:

- The members of the Governing Council met regularly throughout the year;
- They retain full and effective control over the Organisation;
- The members of the Governing Council accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of expertise to complement the professional experience and skills of the management team

The members of the Governing Council continued to carry out its role of formulating policies and strategies of the Organisation, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Organisation are kept properly, and that accounts are checked by authorised auditors, as well as recruitment and development of key personnel.

10. RISK MANAGEMENT

The members of the Governing Council accept final responsibility for the risk management and internal control system of the Organisation. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Organisation's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures.

There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the risk Organisation's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

BRAC MAENDELEO TANZANIA

REPORT OF THE GOVERNING COUNCIL (Continued)

11. MANAGEMENT STRUCTURE

The Organisation is under the supervision of the members of the Governing Council and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organisation structure of the Organisation comprises of the following divisions:

- Education
- Empowerment and Livelihood for Adolescents (ELA);
- Adolescents Development Program (ADP);
- Agriculture and livestock program;
- Accounts and finance;
- Internal audit;
- Monitoring;
- Branch review;
- IT and MIS;
- Human resources;
- Training; and
- Procurement, logistics and transportation.

12. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 18 to the financial statements.

13. CORPORATE SOCIAL RESPONSIBILITY

BRAC is a development Organisation dedicated to alleviating poverty by empowering the poor to bring about change in their own lives.

14. FUTURE DEVELOPMENT AND OUTLOOK

The Organisation will promote the expansion of business for Global Poverty Action Fund (GPAF) farmers by providing financial support and linking the farmers with the urban market through various traders and other service providers such as Community Agriculture Promoter, Community Livestock Promoter and Artificial Insemination Worker.

The Organisation is looking donors to establish pre-primary schools in Tanzania and reproductive health centre under Empowerment and Livelihood for Adolescents (ELA) program.

The Organisation will conduct training to 100 local resource individuals and 600 girls for the purpose of peer mentoring in 100 Government Primary Schools.

The Organisation also plans to work on Disaster, Environment and Climate Change project in Tanzania with the help of donor funds.

Implementation of training and tutoring of 400 Government Primary teachers and 8,000 in school- girls of 100 Government Primary Schools.

The Organisation will encourage mothers to join the existing micro finance program.

15. KEY ACHIEVEMENTS IN 2015

The following are the key achievements for the year:

LIVELIHOOD ENHANCEMENT THROUGH AGRICULTURE DEVELOPMENT (LEAD)

BRAC MAENDELEO TANZANIA

REPORT OF THE GOVERNING COUNCIL (Continued)

LEAD project in collaboration with the UK government was commenced on April 2013. Total budget amounted to GBP 8.214 million. Key achievements were:

- Two and half years implementation has been successfully completed; and in the donor review of 2014-2015 period achieved A grade in all the indicators.
- Above 7,683 producer groups formed; group size is 12-15 farmers of which at least 65% are women;
- Directly trained 101,444 new farmers (Maize-49,473 and poultry-51,971) for adopting specific management techniques and technologies (90% is small holder farmer);
- Introduced 4,100 storage bags for maize farmers and also 200 maize shellers for separating grains from the cobs in partnership with 2 companies
- Developed and strengthened 600 community poultry promoter through training and inputs support;
- Strengthened 89 Agro vet / Agro dealer service provider for supplying quality inputs and services;
- Trained 83 poultry traders and 83 maize traders for linking small holders farmers;
- Established 370 agriculture demonstration plot and 390 livestock farm as demonstration for disseminating modern farming technology and practices;
- Organised 80 value chain facilitation workshops in LEAD working branches and regions with input companies, technology providers and other stakeholders for promoting access to quality inputs and technologies;
- Market assessments were conducted for local 40 maize and also the same poultry markets and findings analysed for creating access for the project beneficiaries;
- After successful pilot round operations with 8 entrepreneurs, a total 36 businesses received USD 509,512 investment fund support during this period. The investment fund support ranges from USD 5,000- 30,000 per entrepreneurs.
- Successfully implemented agri-finance loans for maize and poultry farmers and disbursed USD 3,687,833 as agri-finance loans among 16,837 borrowers for working capital and business expansion requirements.

EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS (ELA)

- 6,068 girls received life skills training in the ELA clubs
- New partnerships formed with grassroots soccer and MSI for SRH services
- Inclusion of boys in the ELA research intervention

GIRLS EDUCATION CHALLENGE (GEC)

- 1,296 'out of school' girls sat for their Qualifying Test exams
- 96.63% of the in school girls for peer mentoring and LSBE passed their exams and going to secondary school as compared to 86% of the girls who did not receive our intervention
- Life skills based education introduced to 100 government primary schools

ACCELERATED LEARNING PROCESS (ALP)

- Established 20 study centers for 300 'out of school' girls from secondary level
- LSBE training provided for 300 girls

PLAY LAB PROJECT

- Received funding from Lego foundation for establishing 80 play labs for 3-5 year old children
- Conducted survey and conducted a workshop with different stakeholders for curriculum development and also a workshop for research tools

PRE-PRIMARY PROJECT (PPS)

- Running 50 pre-primary schools
- 1,129 children graduated from our schools and were enrolled into government primary schools

BRAC MAENDELEO TANZANIA

REPORT OF THE GOVERNING COUNCIL (Continued)

16. SOLVENCY

The members of Governing Council confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The member of Governing Council has reasonable expectation that the Organisation has adequate resources to continue in operational existence for the foreseeable future.

17. EMPLOYEES' WELFARE

Management/employee relationship

There were continuous good relation between employees and management for the year. There were no unresolved complaints received by management from the employees during the year.

The Organisation is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties

Training

Training and development of staff capacity is one of the key priorities of the Organisation. During the year, all the Branch Accountants received hands on training for Micro Finance and Small Enterprise programs. The Organisation will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

Medical assistance

The Organisation reimburses medical expenses incurred by employees for medical treatment.

Retirement benefits

All eligible employees are members of the National Social Security Fund (NSSF) which is an approved pension fund. The Organisation contributes 10% of the employees' monthly gross salary.

The NSSF is a defined contribution scheme with BRAC Maendeleo Tanzania having no legal or constructive obligation to pay further top-up contributions.


18. GENDER PARITY

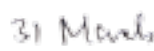
The Organisation had 225 employees in 2015 out of them 108 males and 117 females. In 2014 there were 265 employees with 120 being males and 145 females.

19. AUDITORS

The Organisation's auditors, KPMG have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to reappoint KPMG as auditors will be put to the Annual General Meeting.

BY ORDER OF THE COUNCIL


.....
Mr. Shib Narayan Kairy
Member


.....2016

BRAC MAENDELEO TANZANIA

STATEMENT OF THE GOVERNING COUNCIL'S RESPONSIBILITIES

The members of the governing council are responsible for the preparation of the financial statements that give a true and fair view of BRAC Tanzania Finance Limited comprising the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity 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, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the annual financial statements give true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of BRAC Maendeleo Tanzania, as identified in the first paragraph, were approved by the members of the Governing

Council on 31 March 2016 and signed by:



.....
Mr. Shib Narayan Kairy

Member



KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
PO Box 1160
Dar es Salaam

Telephone	+255 22 2118866
Fax	+255 22 2113343
Email	info@kpmg.co.tz
Internet	www.kpmg.com.tz

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOVERNING COUNCIL OF BRAC MAENDELEO TANZANIA

Report on the financial statements

We have audited the accompanying financial statements of BRAC Maendeleo Tanzania ("the Organisation"), which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 32. The memorandum ("Memo") columns representing amounts in United States Dollars (USD) do not form part of the audited financial statements and accordingly, we do not express an opinion on them.

Members of the Governing Council's responsibility for the financial statements

The members of Governing Council are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, and for such internal control as the members of Governing Council 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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Maendeleo Tanzania as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

KPMG is the Tanzanian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG international cooperative ("KPMG International"), a Swiss entity)

Partners

M S. Bashir
K. Shah



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GOVERNING COUNCIL OF BRAC MAENDELEO TANZANIA**

Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by BRAC Maendeleo Tanzania;
- the individual accounts are in agreement with the accounting records of the Organisation; and
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**KPMG
Certified Public Accountants (T)**


.....
Signed by: M Salim Bashir
Dar es Salaam


.....**2016**

BRAC MAENDELEO TANZANIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

			Memo		Memo
	Notes	2015 TZS '000	2015 USD	2014 TZS '000	2014 USD
Income					
Grant income utilised	6(b)	8,361,619	4,121,985	5,855,822	3,531,582
BRAC contribution	7	-	-	236,648	142,720
Other income	8	192,415	94,854	167,784	101,190
Total operating income		8,554,034	4,216,839	6,260,254	3,775,492
Staff costs	9	(2,648,808)	(1,305,770)	(2,253,248)	(1,358,909)
Travelling and transportation expenses		(709,357)	(349,687)	(504,119)	(304,029)
Training, workshop and seminar expenses		(2,429,155)	(1,197,488)	(1,610,904)	(971,519)
Occupancy expenses	10	(359,702)	(177,321)	(296,037)	(178,537)
Other operating expenses	11	(2,389,904)	(1,178,139)	(1,566,762)	(944,897)
Depreciation charge	15	(142,872)	(70,431)	(141,771)	(85,501)
Amortisation of capital grants	6(d)	125,764	61,997	112,587	67,900
Total expenditure		(8,554,034)	(4,216,839)	(6,260,254)	(3,775,492)
Deficit before taxation		-	-	-	-
Tax credit/ (charge)	12	(7,332)	(3,615)	1,493	900
Deficit / surplus for the year		(7,332)	(3,615)	1,493	900
Other comprehensive income					
Foreign currency translation reserve		-	176	-	6,891
Total comprehensive loss for the year		(7,332)	(3,439)	1,493	7,791

The notes form an integral part of these financial statements.

BRAC MAENDELEO TANZANIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

			Memo		Memo	
	Notes	2015 TZS '000	2015 USD	2014 TZS '000	2014 USD	
ASSETS						
Cash and bank balances	13	3,995,641	1,873,689	3,199,598	1,871,110	
Other assets	14	1,355,121	635,461	857,053	501,201	
Due from related party	18(a)	-	-	673,438	393,823	
Property and equipment	15	491,814	230,629	495,931	290,018	
Deferred tax asset	16	6,230	2,921	-	-	
Total assets		5,848,806	2,742,700	5,226,020	3,056,152	
LIABILITIES AND CAPITAL FUND						
Liabilities						
Deferred tax liability	16	-	-	486	284	
Other liabilities	17	135,139	63,371	149,023	87,147	
Due to related parties	18(b)	577,098	270,621	727,667	425,537	
Deferred grants	6 (a)	5,254,625	2,464,068	4,473,617	2,616,151	
Corporate tax payable		19,058	8,937	5,009	2,929	
Total liabilities		5,985,920	2,806,997	5,355,802	3,132,048	
Capital deficit						
Accumulated losses		(137,114)	(79,511)	(129,782)	(82,090)	
Foreign currency translation reserve		-	15,214	-	6,194	
Total capital deficit		(137,114)	(64,297)	(129,782)	(75,896)	
Total liabilities and capital deficit		5,848,806	2,742,700	5,226,020	3,056,152	

The financial statements were approved for issue by the members of Governing Council on 31 March 2016 and signed on its behalf by:



Mr. Shib Narayan Kairy
Member

The notes form an integral part of these financial statements.

BRAC MAENDELEO TANZANIA

STATEMENT OF CAPITAL DEFICIT FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated losses TZS '000	Memo Total USD
Balance at 1 January 2014	(131,275)	(82,990)
Surplus for the year	1,493	900
Foreign exchange translation reserve	-	6,194
Balance as at 31 December 2014	(129,782)	(75,896)
Balance at 1 January 2015	(129,782)	(75,896)
Deficit for the year	(7,332)	(3,615)
Foreign exchange translation reserve	-	15,214
Balance as at 31 December 2015	(137,114)	(64,297)

The notes form an integral part of these financial statements.

BRAC MAENDELEO TANZANIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

			Memo		Memo
	Notes	2015 TZS '000	2015 USD	2014 TZS '000	2014 USD
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit for the year		(7,332)	(3,615)	-	-
Adjustment for non-cash items:					
Depreciation charge		142,872	70,431	141,771	85,501
Amortisation of capital grants		(125,764)	(61,997)	(112,587)	(67,900)
Loss / (Gain) on disposal		13,578	6,693	(6,261)	(3,776)
		23,354	11,512	22,923	13,825
Changes in:					
- Other assets		168,655	79,088	718,733	494,971
- Other liabilities		164	77	(266,963)	(175,830)
- Related parties payables		(150,569)	(70,607)	(246,428)	(158,353)
		41,604	20,070	228,265	174,613
Tax paid for the year		-	-	(35,166)	(21,208)
Cash generated/(used in) from operating activities		41,604	20,070	193,099	153,405
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		-	-	51,669	31,161
Acquisition of fixed assets		(152,332)	(71,434)	(102,459)	(61,792)
		(152,332)	(71,434)	(50,790)	(30,631)
CASH FLOWS FROM FINANCING ACTIVITIES					
Movement in deferred grants		906,771	425,215	3,057,289	1,717,508
		906,771	425,215	3,057,289	1,717,508
Net increase/(decrease) in cash and cash equivalents		796,043	373,852	3,199,598	1,840,282
Cash and cash equivalents at the beginning of the year		3,199,598	1,871,110	-	-
Foreign exchange translation reserve		-	(371,272)	-	30,828
Cash and cash equivalents at the end of the year	13	3,995,641	1,873,689	3,199,598	1,871,110

The notes form an integral part of these financial statements.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

BRAC Maendeleo Tanzania ("the Organisation") was incorporated as a Organisation limited by guarantee on 13 December 2011. The Organization obtained the status of Non-Governmental Organisation (NGO) on 13 November 2013.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented the Memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements. The exchange rates used to translate the TZS figures to USD Memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2015 which of TZS 2,132.50 (2014: TZS 1,710) to USD 1 except for additions to property, plant and equipment were translated at an average rate for the period of TZS 2,028.54 (2014: TZS 1,658.13);
- Income and expenses were translated using an average exchange rate for the period of TZS 2,028.54 (2014: TZS 1,658.13);
- Equity is not translated; and
- All resulting exchange differences are being recognised in other comprehensive income.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 ongoing 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot 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. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Grants

(i) Deferred grants

All grants received are initially recognised as deferred revenue grants at fair value and recorded as liabilities in the Grant Received in Advance for the period.

The portion of the grants that are utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently release to income to match the depreciation for the period and amortisation of the fixed assets as charged to statement of profit or loss and other comprehensive income.

Grants utilised to reimburse program related expenditure are recognised as grant income for the year.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when the Organisation may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

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

For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting is recognised as revenue grants receivable.

For expenditure incurred on projects yet to be funded and no funding has been agreed are reported as Brac contribution from Brac International.

(ii) Grant income

Grant income is recognised on a cash basis to the extent that the Organisation fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognised as income in the statement of profit or loss and other comprehensive income. A substantial portion of the Organisation's donor grants are for funding of 'Not-for-Profit' projects and programs, and for these grant, income recognised is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement of fixed assets, the grant income is recognised as the amount equivalent to depreciation expenses charged on the fixed assets.

(c) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(d) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial assets and liabilities

(i) Recognition

The Organisation initially recognises loans and advances, deposits, debt securities issued and liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Organisation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Organisation becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

The Organisation classifies its financial assets and liabilities into the following categories: loans and receivables; cash and cash equivalent and accounts payables. Management determines the classification of its investments at initial recognition.

Cash and cash equivalent

Cash and cash equivalents include notes and coins on hand, balance in banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Organisation in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Loan and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise other receivables/asset and amount due from related parties.

Trade and other payables

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Trade and other payables comprises other liabilities, due from related parties and deferred grant income.

(iii) De-recognition

The Organisation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Organisation is recognised as a separate asset or liability. The Organisation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Organisation enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial assets and liabilities (Continued)

(iii) De-recognition(continued)

In transactions in which the Organisation neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, Organisation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the organisation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the BRAC Maendeleo Tanzania's trading activity.

(v) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, Organisation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Organisation establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Organisation where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the BRAC Maendeleo Tanzania believes a third-party market participant would take them into account in pricing a transaction.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property and equipment

(i) *Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

(ii) *Subsequent costs*

The cost of replacing part of an item of property or 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 and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in statement of profit or loss and other comprehensive income as incurred.

(iii) *Depreciation*

Depreciation is recognised in statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives are as stated:

Furniture & fixtures	10%
Equipment	25%
Vehicles	20%
Bicycles	20%
Motor cycles	20%

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

For assets purchased using grants, depreciation is amortised from deferred income to statement of comprehensive income.

(g) Impairment of non-financial assets

The carrying amounts of the Organisation's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Provisions

A provision is recognised if, as a result of a past event, the Organisation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in statement of profit or loss and other comprehensive income when they are due.

(ii) Short-term benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Organisation 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.

(j) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015

At the date of authorisation of the financial statements for the year ended 31 December 2015, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2016

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41)

Effective for the financial year commencing 1 January 2018

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

Effective for the financial year commencing 1 January 2019

- IFRS 16 Leases

All Standards and Interpretations will be adopted at their effective date except for those Standards and Interpretations that are not applicable to the entity. The directors are in the process of assessing the impact of these new standards some of which may have significant impact on the Organisation.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015(continued)

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

As a first-time adopter of IFRS the Organisation will continue to use its previous IFRS framework to account for the regulatory deferral account balances.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption permitted.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

(j) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015 (continued)

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments, the Bank will amend its accounting policy with effect from 1 January 2016 for acquisitions of interests in a joint operation.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Organisation currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Bank cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Bank has assessed that the straight-line method is the most appropriate method and has early adopted these amendments for the current year ending 31 December 2015.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015 (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015 (continued)

IFRS 15 Revenue from contracts with customers (continued)

This new standard will most likely have a significant impact on the Organisation, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Organisation is currently in the process of performing a more detailed assessment of the impact of this standard on the Organisation and will provide more information in the year ending 31 December 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Organisation, which will include changes in the measurement bases of the Organisation's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Organisation.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Organisation is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

BRAC Maendeleo Tanzania has exposure to the following risks from its use of financial instruments:

- (a) Credit risk;
- (b) Liquidity risk; and
- (c) Market risk.
- (d) Operational risk

This Note presents information about the Organisation's exposure to each of the above risks, its objectives, policies and processes for measuring and managing the risks.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Credit risk

Credit risk is the risk of financial loss to Organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Organisation's loans and advances to customers.

During the year the Organisation did not issue loans to customers hence no credit risks that affect the Organisation's operations.

(b) Liquidity risk

Liquidity risk is the risk that the Organisation will encounter difficulty in meeting obligations from its financial liabilities.

(b) Liquidity risk (continued)

Management of liquidity risk

The Organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organisation's reputation.

Residual contractual maturities of financial liabilities.

	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000
31 December 2015			
Other current liabilities	135,139	135,139	135,139
Due to related parties	577,098	577,098	577,098
Deferred grants	5,254,625	5,254,625	5,254,625
Total Liabilities	5,966,862	5,966,862	5,966,862
31 December 2014			
Other current liabilities	149,023	149,023	149,023
Due to related parties	727,667	727,667	727,667
Deferred grants	4,473,617	4,473,617	4,473,617
Total Liabilities	5,350,307	5,350,307	5,350,307

The previous table shows the undiscounted cash flows on the Organisation's financial liabilities and on the basis of their earliest possible contractual maturity.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc will affect Organisation'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 optimising the return.

(i) Currency risk

The Organisation is exposed to currency risk on payments that are denominated in a currency other than the respective functional currency of Organisation, the Tanzanian Shilling (TZS). The currencies in which these transactions primarily are denominated are Tanzanian Shilling (TZS) and US Dollars (USD).

The Organisation's strategy for managing its foreign currency exposure is through transacting mainly using its functional currency

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

(k) Classes of financial instruments

The Company classifies the financial instruments into classes that reflects nature of information and take into account the characteristics of those financial instruments:

Items on the statement of financial position	Class
Cash and cash equivalents	Loans and receivables
Other assets	Loans and receivables

(c) Market risk (continued)

(i) Currency risk (continued)

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2015. Assets and liabilities are categorised by currency. (Amounts in TZS '000)

31 December 2015

	TZS	USD	Total
Financial assets			
Cash and bank balance	5,740	3,989,901	3,995,641
Other assets	1,355,121	-	1,355,121
Total assets	1,360,861	3,989,901	5,350,762
Financial liabilities			
Other liabilities	135,139	-	135,139
Due to related parties	577,098	-	577,098
Deferred grants	-	5,254,625	5,254,625
Total liabilities	712,237	5,254,625	5,966,862
Net on balance sheet position	648,624	(1,264,724)	(616,100)

31 December 2014

	TZS	USD	Total
Financial assets			
Cash and bank balance	40,205	3,159,393	3,199,598
Due from related Party	673,438	-	673,438
Other assets	857,053	-	857,053
Total assets	1,570,696	3,159,393	4,730,089
Financial liabilities			
Other liabilities	149,023	-	149,023
Due to related parties	727,667	-	727,667
Deferred grants	-	4,473,617	4,473,617
Total liabilities	876,690	4,473,617	5,350,307
Net on balance sheet position	694,006	(1,314,224)	(620,218)

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

(d) Operational risk

The Organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Organisation standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- training and professional development;
- risk mitigation, including insurance where this is effective;
- development of contingency plans and
- compliance with regulatory and other legal requirements;

Compliance with Organisation standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the management of the business unit to which they relate and Country Representative.

5. USE OF ESTIMATES AND JUDGEMENTS

Management discussed the development, selection and disclosure of the Organisation's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see Note 4).

Key sources of estimation uncertainty

(a) Fair values of financial instruments

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF ESTIMATES AND JUDGEMENTS

(a) Fair values of financial instruments (Continued)

Microfinance

31 December 2015

	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Carrying Value TZS'000	Fair Values TZS'000
ASSETS					
Cash and bank balances	-	3,995,641	-	3,995,641	3,995,641
Due from related party	-	-	-	-	-
Other assets	-	-	1,355,121	1,355,121	1,355,121
Total assets	-	3,995,641	1,355,121	5,350,762	5,350,762
LIABILITIES					
Other liabilities	-	-	135,139	135,139	135,139
Due to related parties	-	-	577,098	577,098	577,098
Deferred revenue grants	-	-	5,254,625	5,254,625	5,254,625
Total liabilities	-	-	5,966,862	5,966,862	5,966,862

31 December 2014

	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Carrying Value TZS'000	Fair Values TZS'000
ASSETS					
Cash and bank balances	-	3,199,598	-	3,199,598	3,199,598
Loans to customers	-	-	673,438	673,438	673,438
Other assets	-	-	857,053	857,053	857,053
Total assets	-	3,199,598	1,530,491	4,730,089	4,730,089
LIABILITIES					
Other liabilities	-	-	149,023	149,023	149,023
Due to related parties	-	-	727,667	727,667	727,667
Deferred revenue grants	-	-	4,473,617	4,473,617	4,473,617
Total liabilities	-	-	5,350,307	5,350,307	5,350,307

(b) Property and equipment, leased premises and intangible assets

Critical estimates are made by the The members of the Governing Council in determining the useful lives of property and equipment, leased premises refurbishment and intangible assets as well as their residual values.

(c) Taxes

The Organisation is subjected to several taxes and levies by the government and quasi-government regulatory bodies. As a rule of thumb, the Organisation recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. DEFERRED GRANTS

(a) Composition of deferred grants is as follows:

	2015 TZS '000	Memo 2015 USD	2014 TZS '000	Memo 2014 USD
Deferred revenue grants [Note 6(b)]	4,946,206	2,319,440	4,039,434	2,362,243
Deferred capital grants [Note 6(d)]	308,419	144,628	434,183	253,908

	5,254,625	2,464,068	4,473,617	2,616,151
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(b) Deferred revenue grants

Balance as at 1 January 2015	4,039,435	2,362,242	987,847	624,492
Grant received during the year [Note 6(c)]	11,809,550	5,821,695	10,238,531	5,987,445
Transfer to BRAC Tanzania Finance limited	(2,354,545)	(1,160,708)	(1,216,775)	(733,824)
Transfer to BRAC (formerly BRAC Zanzibar)	(186,615)	(91,995)	(108,645)	(65,522)
Transfer to deferred capital grants	-	-	(5,702)	(3,439)
Grant income utilised during the year	(8,361,619)	(4,121,985)	(5,855,822)	(3,531,582)
Foreign exchange translation reserve	-	(489,809)	-	84,673

Balance as at 31 December	4,946,206	2,319,440	4,039,434	2,362,243
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(c) Grant received during the year

Name of the donor

Norwegian Government-NORAD	198,059	97,636	-	-
	-	-	-	-
Stichting BRAC International	-	-	131,583	76,950
BRAC USA – NOVO Foundation	-	-	265,695	155,377
Department for International Development (DFID)	11,611,491	5,724,059	9,841,253	5,755,118
	11,809,550	5,821,695	10,238,531	5,987,445

(d) Deferred capital grants

Balance as at 1 January 2015	434,183	253,908	541,068	342,050
Amortisation during the year	(125,764)	(61,997)	(112,587)	(67,900)
Receipts from revenue grants	-	-	5,702	3,439
Foreign exchange translation reserve	-	(47,283)	-	(23,681)

Balance as at 31 December	308,418	144,628	434,183	253,908
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7. BRAC CONTRIBUTION

BRAC Contribution (Bangladesh)	-	-	236,648	142,720
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8. OTHER INCOME

Gain on disposal of assets	-	-	6,261	3,778
Bank Interest on fixed deposit	-	-	127	77
Other income	2,212	1,091	-	-
Training	190,203	93,763	161,396	97,335
	192,415	94,854	167,784	101,190

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		Memo		Memo
	2015	2015	2014	2014
	TZS '000	USD	TZS '000	USD
9. STAFF COSTS				
Salaries	2,272,801	1,120,411	1,933,392	1,166,008
Bonus	35,087	17,297	29,847	18,001
Social security Fund contribution (NSSF)	227,280	112,041	193,339	116,601
Skills Development Levy (SDL)	113,640	56,021	96,670	58,300
Total	2,648,808	1,305,770	2,253,248	1,358,909
Staff costs include staff salaries, bonus provision, National Social Security- contribution and other staff costs.				
10. OCCUPANCY EXPENSES				
Rent	352,691	173,864	296,037	178,537
Utilities	7,011	3,456	-	-
	359,702	177,321	296,037	178,537
11. OTHER OPERATING EXPENSES				
Maintenance and general expenses	1,734,138	854,869	322,481	194,484
Program supplies	463,792	228,634	751,549	453,252
HO logistics and management expenses	191,974	94,636	492,732	297,161
	2,389,904	1,178,139	1,566,762	944,897
12. TAX EXPENSE				
Current income tax charge	14,048	6,925	2,234	1,347
Deferred tax credit	(6,716)	(3,311)	(3,727)	(2,247)
	7,332	3,615	(1,493)	(900)
13. CASH AND BANK BALANCES				
Cash in hand	-	-	504	295
Cash at bank	3,995,641	1,873,689	3,199,094	1,870,815
	3,995,641	1,873,689	3,199,598	1,871,110
14. OTHER ASSETS				
Advances and prepayments	34,064	15,974	7,606	4,448
Current account in transit	1,321,057	619,487	849,447	496,753
	1,355,121	635,461	857,053	501,201

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PROPERTY AND EQUIPMENT

	Furniture & fixtures TZS '000	Equipment TZS '000	Motor vehicle TZS '000	Bicycle TZS '000	Motor Cycle TZS '000	Total TZS '000	Total USD
Cost							
At 1 January 2014	413,395	121,590	254,982	14,385	46,136	850,488	537,657
Additions	46,632	50,128	-	-	5,699	102,459	61,792
Disposal	-	-	(59,228)	-	(59,228)	(35,720)	-
Translation reserve	-	-	-	-	-	-	-
	-	-	-	-	-	-	(41,086)
At 31 December 2014	460,027	171,718	195,754	14,385	51,835	893,719	522,643
At 1 January 2015	460,027	171,718	195,754	14,385	51,835	893,719	522,643
Additions	88,660	26,951	32,320	2	4,400	152,333	75,094
Disposal	-	(2)	-	(6,641)	(7,453)	(14,096)	(6,948)
Translation reserve	-	-	-	-	-	-	(106,871)
At 31 December 2015	548,687	198,667	228,074	7,746	48,782	1,031,956	483,918
Accumulated depreciation							
At 1 January 2014	142,469	39,609	62,390	5,316	20,053	269,837	170,584
Charge for the year	54,037	40,564	36,350	2,430	8,390	141,771	85,501
Disposal	-	-	(13,820)	-	-	(13,820)	(8,335)
Translation reserve	-	-	-	-	-	-	(15,125)
At 31 December 2014	196,506	80,173	84,920	7,746	28,443	397,788	232,625
At 1 January 2015	196,506	80,173	84,920	7,746	28,443	397,788	232,625
Charge for the year	43,956	48,422	43,522	-	6,972	142,872	70,431
Disposal	-	-	-	-	(518)	(518)	(243)
Translation reserve	-	-	-	-	-	-	-
							(49,522)
At 31 December 2015	240,462	128,595	128,442	7,746	34,897	540,142	253,291
Net book value							
At 31 December 2015	308,225	70,072	99,632	-	13,885	491,814	230,629
At 31 December 2014	263,521	91,545	110,834	6,639	23,390	495,931	290,018

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2015 TZS '000	Memo 2015 USD	2014 TZS '000	Memo 2014 USD
16. DEFERRED TAX (ASSET)/LIABILITY				
The movement in the deferred tax asset during the year is as follows:				
At 1 January	486	284	4,213	2,663
Charge in respect of prior year	-	-	-	-
Credit for the year	(6,716)	(3,311)	(3,727)	(2,248)
Foreign exchange translation	-	105	-	(131)
At 31 December	(6,230)	(2,921)	486	284
Deferred tax asset arises from temporary-differences on the following items:				
Capital allowances	6,223	2,918	502	236

The members of the Governing Council believes that the Organisation provides charitable and welfare activities on a non-profit basis hence any surplus generated is not subject to corporation tax. However, the Organisation has not yet obtained the corporation tax exemption status from the Tanzania Revenue Authority

17. OTHER LIABILITIES

Accrued expenses	47,409	22,232	62,419	36,502
Other payables	6	3	(21)	(13)
Revolving fund	87,724	41,136	86,625	50,658
	135,139	63,371	149,023	87,147

18. RELATED PARTY TRANSACTIONS

(a) Due from related parties				
BRAC Tanzania Finance Limited	-	-	673,438	393,823
	-	-	673,438	393,823
(b) Due to related parties				
Stichting BRAC International- HO Logistics	403,800	189,355	367,027	214,636
BRAC International – Expatriate staff cost	-	-	-	-
	-	-	222,691	130,229
Payable to Tanzania MF Ltd	20,728	9,720	-	-
BRAC – GPAF funds	152,570	71,546	137,949	80,672
	577,098	270,621	727,667	425,537

(c) The following expenses were incurred by Stichting BRAC International on behalf of the Organisation.

	2015 TSZ'000	Memo 2015 USD	Memo 2014 TSZ'000	2014 USD
Head office logistics and management	191,974	94,636	492,732	297,161

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. CONTINGENT LIABILITIES

The members of Governing Council are not aware of any other contingent liabilities against the Organisation as at the date of this report.

20. POST BALANCE SHEET EVENTS

At the time of signing these accounts the members of Governing Council are not aware of any post balance sheet events.

BRAC MAENDELEO TANZANIA

APPENDICES - SEGMENTAL INFORMATION

Appendix I- Statement of profit or loss and other comprehensive income For the year ended 31 December 2015

	Agriculture, poultry & livestock		Empowerment and livelihood for adolescents (ELA)					Pre Primary School	Training	ALPG-NORAD	Total
	BRAC	LEAD	GPAF	NIKE-ADP	NOVO-ELA	GEC					
Income											
Grant income	-	5,150,422	214,306	214,400	274,370	2,448,771	5,916	-	53,434	8,361,619	
Other income/ (expenses)	-	56	3	2,093	3,816	35	2,698	183,714	-	192,415	
Total income											
Expenditure											
		5,150,478	214,309	216,493	278,186	2,448,806	8,614	183,714	53,434	8,554,034	
Staff costs and other benefits	-	(1,454,084)	(101,571)	(122,134)	(175,224)	(734,880)	(1,090)	(54,847)	(4,978)	(2,648,808)	
Travelling and transportation expenses	-	(497,952)	(7,523)	(13,287)	(29,264)	(153,371)	(28)	(5,409)	(2,521)	(709,355)	
Training, workshop and seminar expenses	-	(1,703,649)	(87,422)	(5,126)	(4,542)	(589,352)	(3,905)	(2,287)	(22,327)	(2,418,610)	
Occupancy expenses	-	(199,142)	(6,235)	(13,031)	(11,239)	(84,048)	(1,232)	(31,525)	(13,250)	(359,702)	
Other general and administration expenses	-	(1,295,651)	(11,558)	(60,437)	(56,142)	(877,063)	(2,359)	(87,445)	(9,799)	(2,400,453)	
Depreciation charge	-	(125,764)	-	(2,478)	(1,775)	(10,092)	-	(2,201)	(559)	(142,869)	
Amortisation of Capital grants	-	125,764	-	-	-	-	-	-	125,764		
Total expenditure	-	(5,150,478)	(214,309)	(216,493)	(278,186)	(2,448,806)	(8,614)	(183,714)	(53,434)	(8,554,034)	
Surplus for the year	-	-	-	-	-	-	-	-	-	-	
Tax charge	(7,332)	-	-	-	-	-	-	-	-	(7,332)	
	(7,332)	-	-	-	-	-	-	-	-	(7,332)	

BRAC MAENDELEO TANZANIA

APPENDICES - SEGMENTAL INFORMATION

Appendix II - Statement of profit and loss and other comprehensive income as at 31 December 2014

	Agriculture, poultry & livestock		Empowerment and livelihood for adolescents (ELA)						
	BRAC	LEAD	GPAF	NIKE	NOVO		GEC	Pre-Primary Schools	Total
INCOME	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000		TZS'000	TZS'000	TZS'000
Grant income	-	3,629,520	585,925	163,793	186,622		1,262,621	27,341	5,855,822
BRAC contribution		-	191,171	-	-		-	-	236,648
Other income/ (expenses)	-	6,261	127	-	-		-	-	167,784
Total income		3,635,781	777,223	163,793	186,622		1,262,621	27,341	6,260,254
Expenditure									
(48,947)									
Travelling and transportation expenses	(2,253,248)	-	(344,829)	(16,028)	(5,253)		(91,127)	(125)	(504,119)
Training, workshop and seminar expenses	-	(1,338,813)	(73,772)	(1,471)	(36,683)		(156,222)	-	(1,610,904)
Occupancy expenses	-	(162,388)	(32,722)	(4,321)	(10,631)		(57,266)	-	(296,037)
Other general and administration expenses	-	(683,649)	(192,262)	(15,450)	(19,293)		(511,264)	(27,216)	(1,566,762)
Depreciation charge	-	(112,587)	(17,000)	(2,477)	(1,776)		(6,398)	-	(141,771)
Amortisation of Capital grants	-	112,587	-	-	-		-	-	112,587
Total expenditure	-	(3,635,781)	(777,223)	(163,793)	(186,622)		(1,262,621)	(27,341)	(6,260,254)
Surplus for the year	-	-	-	-	-		-	-	-
Tax charge	1,493	-	-	-	-		-	-	1,493
	1,493	-	-	-	-		-	-	1,493

BRAC MAENDELEO TANZANIA

APPENDICES - SEGMENTAL INFORMATION

Appendix I- Statement of financial position
For the year ended 31 December 2014

Assets	Agriculture, poultry & livestock			Empowerment and livelihood for adolescents (ELA)			Pre Primary School		Training	ALPG-NORAD	Total
	BRAC	LEAD	GPAF	NIKE-ADP	NOVO-ELA	GEC	TZS'000	TZS'000			
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cash and cash equivalent	3,995,611	-	-	30	-	-	-	-	-	-	3,995,641
Other assets	(4,026,951)	4,659,893	177,578	(149,546)	(119,155)	549,550	98,661	98,661	52,900	112,191	1,355,121
Property and equipment	17,936	393,057	-	1,791	1,063	41,447	-	-	4,086	32,434	491,81
Deferred tax asset	6,230	-	-	-	-	-	-	-	-	-	6,230
Total assets	(7,174)	5,052,950	177,578	(147,755)	(118,092)	590,997	98,661	98,661	56,986	144,625	5,848,806
LIABILITIES AND CAPITAL FUND											
Liabilities											
Other liabilities	133,889	(4,614)	5,885	2,152	(2,444)	20	251	251	-	-	135,139
Due to related parties	-	44,433	152,570	50,975	16,332	278,811	-	-	33,977	-	577,098
Deferred grants	-	5,013,131	19,124	(200,850)	(131,981)	312,166	98,410	98,410	-	144,625	5,254,625
Corporate tax payable	19,057	-	-	-	-	-	-	-	-	-	19,057
	-	-	-	-	-	19,057	-	-	-	-	-
Total liabilities	152,946	5,052,950	177,579	(147,723)	(118,093)	590,997	98,661	98,661	33,977	144,625	5,985,919
Capital fund/(deficit)											
Accumulated losses	(160,121)	-	-	-	-	-	-	-	23,008	-	(137,113)
Total liabilities and capital fund	(7,175)	5,070,950	177,579	(147,723)	(118,093)	590,997	98,661	98,661	56,985	144,625	5,848,806

BRAC MAENDELEO TANZANIA

APPENDICES - SEGMENTAL INFORMATION

Appendix II - Statement of Financial Position as at 31 December 2014

	Agriculture, poultry & livestock		Empowerment and livelihood for adolescents (ELA)			Pre-primary school TZS'000	Training TZS'000	Total TZS'000
	BRAC TZS'000	LEAD TZS'000	GPAF TZS'000	NIKE ADP TZS'000	NOVO-ELA TZS'000			
ASSETS								
Cash and cash equivalent	3,199,356	-	-	121	-	-	100	3,199,598
Other assets	(3,217,518)	3,355,229	(499,789)	47,346	146,672	104,325	34,794	857,053
Due from related Party	-	-	673,438	-	-	-	-	673,438
Property and equipment	17,935	431,002	-	4,269	2,839	-	6,158	495,931
Total assets	(227)	3,786,231	173,649	51,736	149,511	104,325	41,052	5,226,020
LIABILITIES AND CAPITAL FUND								
Liabilities								
Deferred tax liability	486	-	-	-	-	-	-	486
Other liabilities	147,067	1,977	3,495	-	(3,134)	-	62	149,023
Due to related parties	-	331,820	133,008	40,835	10,256	-	18,107	727,667
Deferred grants	-	3,452,434	37,146	10,901	142,389	104,325	-	4,473,617
Corporate tax payable	5,010	-	-	-	-	-	-	5,010
Total liabilities	152,563	3,786,231	173,649	51,736	149,511	104,325	18,045	5,355,803
Capital fund/(deficit)								
Accumulated losses	(152,790)	-	-	-	-	-	23,007	(129,783)
Total liabilities and capital fund	(227)	3,786,231	173,649	51,736	149,511	104,325	41,052	5,226,020

BRAC TANZANIA FINANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

BRAC TANZANIA FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

GENERAL INFORMATION

Directors

Name	Position	Nationality
Dr. A. M. R. Chowdhury	Chairperson	Bangladeshi
Mr. Faruque Ahmed	Member	Bangladeshi
Mr. Shib Narayan Kairy	Member	Bangladeshi (Appointed on 1st November 2015)
Mr. Shameran Bahar Abed	Member	Bangladeshi
Mr. Tanwir Rahman	Member	Bangladeshi (Resigned on 1st November 2015)

Administrator

Rakibul Bari Khan	Country Representative
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Principal place of business:

Plot 2329, Block H, Mbezi Beach
P O Box 105213
Dar es Salaam, Tanzania

Registered office

Plot 2329, Block H, Mbezi Beach
P. O. Box 105213
Dar es Salaam, Tanzania

Auditors

KPMG
Certified Public Accountants
11th floor, PPF Tower
Ohio Street/Garden Avenue
P. O. Box 1160
Dar es Salaam, Tanzania

Bankers

NBC Limited
Sokoine Drive & Azikiwe Street
P. O. Box 1863
Dar es Salaam
Tanzania

Bank of Africa (Tanzania) Limited
NDC Development House
Ohio Street/Kivukoni Front
P.O. Box 3054
Dar es Salaam, Tanzania

Standard Chartered Bank (Tanzania) Limited
1st Floor, International House
Shaaban Robert Street/Garden Avenue
P.O. Box 9011
Dar es Salaam, Tanzania

NMB Plc.
NMB House
Azikiwe/Jamhuri Street
P.O. Box 9213
Dar es Salaam, Tanzania

CRDB Bank Plc.
P. O. Box 268
Dar es Salaam, Tanzania

EXIM Bank (T) Limited
P. O. Box 1431
Dar es Salaam, Tanzania

Bank M Tanzania Limited
8 Obama Drive
P.O. Box 96
Dar es Salaam, Tanzania

BRAC TANZANIA FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

- 1 The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of BRAC Tanzania Finance Limited ("the Company") as at that date in accordance with Companies Act, 2002.

2 REGISTRATION

BRAC Tanzania Finance Limited was incorporated as a company limited by guarantee on 9 September 2008.

3 VISION

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

4 MISSION

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

5 OUR VALUES

Innovation- the Organisation has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

Integrity- the Organisation values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Organisation holds these to be the most essential elements of our work ethic.

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

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

6 PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of microfinance activities to improve the livelihood of poor people in over 18 districts through 120 branch offices in Tanzania including extending loan facilities.

7 FINANCIAL PERFORMANCE

The Company's performance during the year ended 31 December 2015 is as follows:

- Total revenue increased by 40% from TZS 20,609 million in 2014 to TZS 28,866 million in 2015.
- Loans to customers (Gross) increased by 33% from TZS 40,397 million in 2014 to TZS 53,589 million in 2015.
- Operating expenses increased by 19% from TZS 12,971 million in 2014 to TZS 15,495 million in 2015.
- Finance costs have increased by 14% from TZS 2,380 million in 2014 to TZS 2,705 million in 2015

During the year, the Company had an attributable profit of TZS 6.3 billion (TZS 2.97 billion in 2014). The statement of financial position as at 31 December 2015 is set out on page 11.

8 RESULTS FROM OPERATIONS

The result for the Company's operations for the year ended 31 December 2015 is set out on page 10.

9 COMPOSITION OF DIRECTORS

The directors, who served during the year and up to the date of this report unless as otherwise stated, are set out on page 1.

BRAC TANZANIA FINANCE LIMITED

DIRECTORS' REPORT (Continued)

10 DIRECTORS BENEFITS

No director has received or become entitled to receive any benefits during the financial year.

11 CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorised auditors, as well as recruitment and development of key personnel.

12 RISK MANAGEMENT

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

13 MANAGEMENT STRUCTURE

The Company is under the supervision of the Board of Directors and the day-to-day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organisation structure of the Company comprises of the following divisions:

- Micro finance program;
- Social enterprise program;
- Agri finance
- Accounts & finance;
- Internal audit;
- Monitoring;
- Loan review;
- IT and MIS;
- Human resources;
- Training; and
- Procurement, logistics and transportation.

BRAC TANZANIA FINANCE LIMITED

DIRECTORS' REPORT (Continued)

14 RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 24 to the financial statements.

15 FUTURE DEVELOPMENT PLANS

In 2016 the Company will extend its programs to remote rural areas in order to reach the poorer section of the population. The Company is planning to target 148,139 borrowers aiming to disburse USD 65.3 million under micro loans and SEP.

Training is integral to improve efficiency in management and program delivery. Rigorous staff training in aspect of occupational and functional skills and techniques of community participation and development management will be organised to improve and maintain quality.

Staff drop out is being addressed through regular recruitment of qualified personnel. Capacity building of staff will continue through ongoing training. Staff morale will be raised by highlighting their contribution through appreciation and recognition.

16 KEY ACHIEVEMENTS IN 2015

The following are the Company's key achievements for the year:

- The number of borrowers has increased significantly and the amount disbursed has increased by 36% from TZS 89 billion in 2014 to TZS 121 billion in 2015.
- Portfolio quality has improved significantly and this has resulted into decrease in write off amount from TZS 725 million in 2014 to TZS 528 million in 2015.
- Start-up of investment fund product for extending production as well as opportunities to entrepreneurs who want to expand their business operations and producing quality inputs for the growers/ producers of rural areas but those who lack funds.
- Strengthening of supporting services such as audit, procurement and finance which has brought positive impact in the financial performance during the year.
- Development of business relationship with other stakeholders have strengthened hence brand awareness has increased.

17 SOLVENCY

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

18 EMPLOYEES' WELFARE

Management/employee relationship

There were continued good relation between employees and management for the year. There were no unresolved complaints received by management from the employees during the year.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the Company. During the year, all the Branch Accountants received hands-on training on their day to day responsibilities. Selected staffs from other programs received training as prescheduled. The Company will continue to train, re-train and develop its staff in order to improve service delivery and innovation

During the year 2015, the Company spent a sum of TZS 127 million for staff training in order to improve employees' technical skills and hence effectiveness (2014: TZS 83 million).

BRAC TANZANIA FINANCE LIMITED

DIRECTORS' REPORT (Continued)

18 EMPLOYEES' WELFARE (Continued)

Medical assistance

The Company reimburses medical expenses incurred by employees for medical treatment on a case to case basis.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Workmen's Compensation

BRAC is contributing 1% of gross salaries of all employees to a newly established worker's compensation fund regulated by the Government to cover all employees' injury or permanent disability which occur at working environment. During the year BRAC contributed TZS 66.4 million

Retirement benefits

All eligible employees are members of the National Social Security Fund (NSSF)/ Parastatal Pensions Fund (PPF) which are approved pension funds. The Company's contribution to the Pension Funds is limited at 10% of the employee gross salary.

NSSF/PPF are defined contribution schemes with BRAC Tanzania Finance Limited having no legal or constructive obligation to pay further top-up contributions.

19. GENDER PARITY

The Company had 1,652 employees in 2015 out of them 400 males and 1,252 females. In 2014 total employees were 1,116 with 251 males and 865 females.

20. AUDITORS

The Company's auditors, KPMG have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to reappoint KPMG as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



.....
Mr. Shib Narayan Kairy
Director

31 March 2016
.....

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation of the financial statements that give a true and fair view of BRAC Tanzania Finance Limited comprising the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity 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, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the annual financial statements give true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of BRAC Tanzania Finance Limited, as identified in the first paragraph, were approved by the board of directors on 21 March 2016 and signed by:



.....
Mr. Shih Narayan Kairy
Director



KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
PO Box 1160
Dar es Salaam

Telephone +255 22 2118866
Fax +255 22 2113343
Email info@kpmg.co.tz
Internet www.kpmg.com.tz

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRAC TANZANIA FINANCE LIMITED**

Report on the financial statements

We have audited the financial statements of BRAC Tanzania Finance Limited ("the Company"), which comprise the statement of financial position at 31 December 2015, and the statements of profit or loss and other comprehensive income, statement of changes in equity 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 14 to 41. The memorandum ("memo") columns representing amounts in United States Dollars (USD) do not form part of the audited financial statements and accordingly, we do not express an opinion on them.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Tanzania Finance Limited at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by BRAC Tanzania Finance Limited;
- the individual accounts are in agreement with the accounting records of the company; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KPMG
Certified Public Accountants (T)


Signed by: M Salim Bashir
Dar es Salaam

 2016

KPMG is the Tanzanian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG international cooperative ("KPMG International"), a Swiss entity)

Partners

M.S. Bashir
K. Shah

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

			Memo		Memo
	Notes	2015 TZS '000	2015 USD	2014 TZS '000	2014 USD
Income					
Interest income	6	25,135,317	12,390,831	18,812,367	11,345,532
Interest expense	7	(3,016,870)	(1,487,211)	(2,380,172)	(1,536,455)
Net interest income		22,118,447	10,903,620	16,432,195	9,910,077
Fee and commission income	8	1,426,184	703,059	1,057,581	637,816
Other income	9	1,604,570	790,997	526,888	317,760
Grant income utilised	23	252,631	124,538	74,037	44,651
Foreign exchange gain		447,260	220,483	138,214	83,355
Total operating income		25,849,092	12,742,697	18,228,915	10,993,659
Impairment charge on loans to customers	15(a)	(1,233,764)	(608,202)	(842,572)	(508,146)
Operating income after impairment charge on loans to customers		24,615,328	12,134,495	17,386,343	10,485,513
Staff costs and other benefits	10	(9,338,453)	(4,603,530)	(8,114,889)	(4,894,000)
Travelling and transportation costs		(1,571,279)	(774,585)	(1,346,478)	(812,046)
Training, workshop and seminars costs		(126,678)	(62,448)	(83,191)	(50,171)
Occupancy expenses	11	(501,302)	(247,125)	(528,650)	(318,823)
Other operating expenses	12	(3,457,003)	(1,704,181)	(2,707,670)	(1,632,968)
Depreciation and amortisation expense	17 & 18	(189,696)	(93,513)	(89,121)	(53,748)
Profit before taxation		9,430,917	4,649,113	4,516,344	2,723,757
Tax expense	13	(3,136,437)	(1,546,154)	(1,546,369)	(932,598)
Profit for the year		6,294,480	3,102,958	2,969,975	1,791,159
Other comprehensive income					
Foreign currency translation loss		-	(151,062)	-	(667,598)
Total comprehensive income for the year		6,294,480	2,951,896	2,969,975	1,123,561

The notes form an integral part of these financial statements.

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

			Memo		Memo
	Notes	2015 TZS '000	2015 USD	2014 TZS '000	2014 USD
ASSETS					
Cash and bank balances	14	3,475,803	1,629,920	2,180,095	1,274,909
Fixed deposits		5,467,832	2,564,048	1,159,047	677,806
Loans to customers	15	51,474,104	24,137,915	38,988,127	22,800,074
Other assets	16	960,531	450,425	801,147	468,508
Property and equipment	17	183,489	86,044	225,862	132,083
Intangible assets	18	323,078	151,502	420,001	245,615
Deferred tax asset	19	672,936	315,562	591,614	345,973
Corporation tax recoverable		493,129	231,245	224,388	131,221
Total assets		63,050,902	29,566,660	44,590,281	26,076,189
LIABILITIES AND EQUITY					
Long term liabilities					
Long term portion of term loans	22	14,871,299	6,973,646	13,776,909	8,056,672
Total long term liabilities		14,871,299	6,973,646	13,776,909	8,056,672
Current liabilities					
Other liabilities	20	4,116,818	1,930,513	3,645,704	2,131,989
Loan security fund	21	10,379,434	4,867,261	7,835,648	4,582,250
Current portion of term loans	22	7,398,181	3,469,253	1,071,002	626,317
Deferred revenue grants	23	3,557,278	1,668,125	1,825,352	1,067,457
Total current liabilities		25,451,711	11,935,152	14,377,706	8,408,013
Equity					
Allocated capital		8,039,570	3,482,717	8,039,570	5,059,277
Retained earnings		14,688,322	7,240,828	8,396,096	5,221,417
Translation reserve		-	(65,683)	-	(669,190)
Total equity		22,727,892	10,657,862	16,435,666	9,611,504
Total equity and liabilities		63,050,902	29,566,660	44,590,281	26,076,189

The financial statements on pages 10 to 41 were approved for issue by the Board of Directors on 31 March 2016 and signed on its behalf by;

Mr. Shib Narayan Kairy
Director

The notes form an integral part of these financial statements.

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Allocated capital TZS '000	Retained earnings USD	Total TZS '000	Memo Total USD
Balance at 1 January 2014	7,253,174	5,426,121	12,679,295	8,015,535
Profit for the year	-	2,969,975	2,969,975	1,791,159
Other comprehensive income, net of income tax:				
Transactions with others, recorded directly in equity*	786,396	-	786,396	474,000
Foreign currency translation loss				
Balance as at 31 December 2014	8,039,570	8,396,096	16,435,666	9,611,504
Balance at 1 January 2015	8,039,570	8,396,096	16,435,666	9,611,504
Profit for the year	-	6,294,480	6,294,480	3,102,958
Other comprehensive income, net of income tax:				
Foreign currency translation loss	-	-	-	(2,056,596)
Balance as at 31 December 2015	8,039,570	14,688,322	22,727,892	10,657,862

*The Company received grant amounting to USD 496,065 in 2012 from BRAC USA to support microfinance lending. As at 31 December 2014, the funds were fully disbursed as microloans to targeted borrowers and upon confirmation from BRAC USA, the balance has been reclassified from loan revolving fund to equity.

The notes form an integral part of these financial statements.

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		Memo		Memo
	2015	2015	2014	2014
	TZS '000	USD	TZS '000	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	9,430,917	4,649,113	4,516,344	2,723,757
Adjustment for non-cash items				
Depreciation charge and amortisation	189,696	93,513	89,121	53,748
Amortisation of capital grants	(252,098)	(124,276)	(74,037)	(44,651)
Loans written off	(528,470)	(247,817)	(725,483)	(437,531)
Impairment charge on loans to customers	1,233,764	608,202	842,572	508,146
	10,073,809	4,978,735	4,648,517	2,803,469
Changes in:				
- Other assets	(428,123)	(200,762)	(15,724)	28,017
- Fixed deposit maturing after 3 months	(4,308,785)	(2,020,532)	567,408	413,616
- Other liabilities	(839,686)	(393,757)	66,926	(130,427)
- Loans to customers	(13,346,220)	(6,258,485)	(7,983,621)	(3,196,389)
- Loan revolving funds	-	-	(786,396)	(497,140)
	(8,849,005)	(3,894,801)	(3,502,890)	(578,854)
Tax paid	(1,909,215)	(941,176)	(958,221)	(577,893)
Net cash used in operating activities	(10,758,220)	(4,835,977)	(4,461,111)	(1,156,747)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	(101,785)	(50,176)	(192,550)	(116,125)
Acquisition of intangible asset	-	-	(484,617)	(292,267)
Net cash used in from investing activities	(101,785)	(50,176)	(677,167)	408,392
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition of property and equipment	(101,785)	(50,176)	(192,550)	(116,125)
Acquisition of intangible asset	-	-	(484,617)	(292,267)
Net cash used in from investing activities	(101,785)	(50,176)	(677,167)	(408,392)
CASH FLOWS FROM FINANCING ACTIVITIES				
Term loans acquired during the year	9,705,256	4,551,116	-	-
Repayment of the term loans	(2,283,686)	(1,125,777)	(1,115,450)	(1,408,652)
Funds transferred to equity	-	-	786,396	474,000
Loan security funds received during the year	2,543,787	1,192,866	1,471,903	559,248
Grants received for investment in loans from BRAC Maendeleo Tanzania	1,636,755	767,529	1,216,775	711,564
Grants received during the year	553,602	259,603	596,919	359,995
Net cash generated from financing activities	12,155,714	5,645,337	2,956,543	696,155
Net increase /(decrease) in cash and cash equivalents	1,295,708	759,183	(2,181,735)	(868,984)
Cash and cash equivalents at the beginning of the year	2,180,095	1,274,910	4,361,830	2,757,440
Foreign exchange translation reserve	-	(404,173)	-	(613,547)
Cash and cash equivalents at the end of the year	3,475,803	1,629,920	2,180,095	1,274,909

The notes form an integral part of these financial statements.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

BRAC Tanzania Finance Limited was incorporated as a company limited by guarantee on 9 September 2008. The Company remained dormant since incorporation until 1 January 2012 when it took over the Micro finance division of BRAC Tanzania. The Company is situated at Plot 2329, Block H, Mbezi Beach, Dar es salaam, Tanzania.

2. BASIS OF PREPARATION

a. Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2002.

b. Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

c. Functional and presentation currency

The financial statements are presented in thousands of Tanzanian Shillings (TZS'000), which is the Company's functional currency.

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements. The exchange rates used to translate the TZS figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2015 which of TZS 2,132.50 (2014: TZS 1,710) to USD 1 except for additions to property, plant and equipment were translated at an average rate for the period of TZS 2,028.54 (2014: TZS 1,658.13);
- Income and expenses were translated using an average exchange rate for the period of TZS 2,028.54 (2014: TZS 1,658.13);
- Equity is not translated; and
- All resulting exchange differences are being recognised in other comprehensive income.

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 ongoing 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 5.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot 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. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity..

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The recognition ceases when a loan is transferred to Non-Interest Bearing Loan (NIBL) as described in note 4(a) thereafter interest income is recognised only when it is received.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of profit or loss and other comprehensive income is resulting from Interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

c. Fee and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

d. Grants

(i) *Deferred grants*

All grants received are initially recognised as deferred revenue grants at fair value and recorded as liabilities.

The portion of the grants that are utilised to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently release to income to match the depreciation for the period and amortisation of the fixed assets as charged to Profit or Loss.

Grants utilised to reimburse program related expenditure are recognized as grant income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when the Company may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

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

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

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Grants (Continued)

(ii) Grant income

Grant income is recognised on a cash basis to the extent that the Company fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognized as income in the profit or loss. A substantial portion of the Company's donor grants are for funding of not-for-profit projects and programs, and for these grant, income recognised is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement of fixed assets, the grant income is recognised as the amount equivalent to depreciation expenses charged on the fixed assets.

e. Interest from deposits with banks

Interest income on the Company's deposits with banks is earned on an accruals basis at the agreed interest rate with the respective financial institutions.

f. Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

g. Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

h. Financial assets and liabilities

(i) Recognition

The Company initially recognises loans and advances, deposits, debt securities issued and liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Company commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Interest from deposits with banks (Continued)

(ii) Classification

Refer to accounting policies on Note (3i and 3j).

(iii) De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company writes off certain loans when they are determined to be uncollectible (see Note 4a).

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the organisation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the BRAC Tanzania's trading activity

(v) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Interest from deposits with banks (Continued)

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the BRAC Tanzania Finance Limited believes a third-party market participant would take them into account in pricing a transaction.

(vi) Identification and measurement of impairment

At each statement of financial position date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Company considers evidence of impairment for loans and advances at both a specific asset and collective level. All individually significant loans and advances securities are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

j. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that Company does not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

k. Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

(ii) Subsequent costs

The cost of replacing part of an item of property or 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in statement of profit or loss and other comprehensive income.

(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 and equipment.

The estimated useful lives are as stated:

Furniture & fixtures	10%
Equipment	25%
Vehicles	20%
Bicycles	20%
Motor cycles	20%
Intangibles	20%

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

l. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Impairment of non-financial assets (continued)

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m. Intangible assets

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on straight-line basis over the estimated useful life of the software, from the date that is available for use. The estimated useful life of software is 5 years.

n. Security deposits from customers and term loans

The company classifies capital instruments, i.e, security deposits and term loans as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Security deposits from customers and term loans from lenders are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the organisation chooses to carry the liabilities at fair value through profit or loss. BRAC Tanzania Finance Limited utilises the term loan as source of funding.

o. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

p. Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in statement of profit or loss and other comprehensive income when they are due.

(ii) Short-term benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus 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.

(q) Classes of financial instruments

The Company classifies the financial instruments into classes that reflects nature of information and take into account the characteristics of those financial instruments:

Items on the statement of financial position	Class
Cash and cash equivalents	Loans and receivables
Other assets	Loans and receivables

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2014

At the date of authorisation of the financial statements for the year ended 31 December 2015, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2016

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41)

Effective for the financial year commencing 1 January 2018

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

Effective for the financial year commencing 1 January 2019

- IFRS 16 Leases

All Standards and Interpretations will be adopted at their effective date except for those Standards and Interpretations that are not applicable to the entity. The directors are in the process of assessing the impact of these new standards some of which may have significant impact on the Company.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

As a first-time adopter of IFRS the Company will continue to use its previous IFRS framework to account for the regulatory deferral account balances. The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption permitted.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments, the Company will amend its accounting policy with effect from 1 January 2016 for acquisitions of interests in a joint operation.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015 (continued)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Company currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Company cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Company has assessed that the straight-line method is the most appropriate method and has early adopted these amendments for the current year ending 31 December 2015.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

IFRS 9 Financial Instruments (continued)

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Company is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

BRAC Tanzania Finance Limited has exposure to the following risks from its use of financial instruments:

- (a) Credit risk;
- (b) Liquidity risk; and
- (c) Market risks
- (d) Operational risk

This Note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing the risks, and its management of capital.

(a) Credit risk

Credit risk is the risk of financial loss to Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers.

Management of credit risk

For risk management reporting purposes, the Company measures, monitors and manage proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Company does not have any significant exposure to any individual customer or counterparty.

The model that the Company uses to mitigate this risk is arrangement with the respective members of the group. The group members are required to contribute for a customer who has defaulted the weekly loan repayment. This model is used exclusively by the Company.

As set out above, the main activity of the Company is the provision of unsecured loans to group members. The Board of Directors has delegated responsibility for the oversight of credit risk to the Country Representative who works with the assistance of Program manager and the Monitoring department. However, this must be viewed in light of the overall framework of the exclusive use of "group guaranteed" loan repayment mechanism.

Impaired loans

Impaired loans are loans for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans, where contractual interest or principal payments are past due but the Company believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Company.

Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for company's of homogeneous assets in respect of losses that have been incurred but have not been identified.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

The table below provides details of exposure to credit risk

Loans to customers

Carrying amount	2015 TZS'000	2014 TZS'000
Standard	52,226,336	39,268,258
Watch List	525,859	425,396
Substandard	410,756	153,393
Doubtful	82,861	88,797
Loss	342,990	461,686
	53,588,802	40,397,532
Allowance for impairment	(2,114,698)	(1,409,405)
Net loans	51,474,104	38,988,127
Balance at 1 January	1,409,404	1,292,316
Impairment charge on loans to customers during the year	1,233,764	842,572
Loans written off during the year	(528,470)	(725,484)
Balance at 31 December	2,114,698	1,409,404

Write-off policy

Loans within the maturity period are considered as "Current Loans". Loans which remain outstanding after the expiry of their maturity period are considered as "Late loans". Late loans which remain unpaid after one year of being classified as "Late" 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 assesses that it is not realisable 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 profit or loss and other comprehensive income.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(b) Liquidity risk (continued)

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years
31 December 2015	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Loan security fund	10,379,434	10,379,434	10,379,434	-	-
Term loans	22,269,480	22,269,480	7,398,181	13,778,799	1,092,500
Deferred revenue grants	3,557,278	3,557,278	3,557,278	-	-
Other current liabilities	4,116,818	4,116,818	4,116,818	-	-
	40,323,011	40,323,011	25,451,711	13,778,799	1,092,500
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 Years
31 December 2014	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Loan security fund	7,835,648	7,835,648	7,835,648	-	-
Term loans	14,847,911	14,847,911	1,071,002	847,374	12,929,535
Deferred revenue grants	1,825,352	1,825,352	1,825,352	-	-
Other current liabilities	3,645,704	3,645,704	3,645,704	-	-
	28,154,615	28,154,615	14,377,706	847,374	12,929,535

The previous table shows the undiscounted cash flows on the Company's financial liabilities and on the basis of their earliest possible contractual maturity.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc will affect Company'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 optimising the return.

(i) Currency risk

The Company is exposed to currency risk on payments that are denominated in a currency other than the respective functional currency of Company, the Tanzanian Shilling (TZS). The currencies in which these transactions primarily are denominated are Tanzanian Shilling (TZS) and US Dollars (USD).

The Company's strategy for managing its foreign currency exposure is through transacting mainly using its functional currency.

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2015. Assets and liabilities are categorised by currency. (Amounts in TZS'000)

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

c) Market risk (Continued)

(i) Currency risk (Continued)

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2014. Assets and liabilities are categorised by currency.(Amounts in TZS'000)

31 December 2015	TZS	USD	Total
Financial assets			
Cash and bank balance	3,321,082	154,721	3,475,803
Fixed deposit	5,467,832	-	5,467,832
Loans to customers	51,474,104	-	51,474,104
Other assets	960,531	-	960,531
Total assets	61,223,549	154,721	61,378,270
Financial liabilities			
Term loans	21,176,980	1,092,500	22,269,480
Other liabilities	4,116,818	-	4,116,818
Loan security fund	10,379,434	-	10,379,434
Deferred grants	-	3,557,278	3,557,278
Total liabilities	35,673,232	4,649,778	40,323,010
Net on balance sheet position	25,550,317	(4,495,057)	21,055,260
31 December 2014	TZS	USD	Total
Financial assets			
Cash and bank balance	1,558,161	621,934	2,180,095
Fixed deposit	1,159,047	-	1,159,047
Loans to customers	38,988,127	-	38,988,127
Other assets	801,147	-	801,147
Total assets	42,506,482	621,934	43,128,416
Financial liabilities			
Term loans	14,847,911	-	14,847,911
Other liabilities	3,645,704	-	3,645,704
Loan security fund	7,835,648	-	7,835,648
Deferred grants	-	1,825,352	1,825,352
Total liabilities	26,329,263	1,825,352	28,154,615
Net on balance sheet position	16,177,129	(1,203,418)	14,973,801

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

c) Market risk (Continued)

(ii) Interest rate risk

The Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates and the fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

31 December 2015	Up to 1 month TZS'000	From 1 to 12 months TZS'000	From 1 years to 2 years TZS'000	From 2 years and above TZS'000	Non interest bearing TZS'000	total TZS'000
ASSETS						
Cash and bank balances	-	-	-	-	3,475,803	3,475,803
Fixed deposits	-	5,467,832	-	-	-	5,467,832
Loans to customers	1,118,983	50,355,121	-	-	-	51,474,104
Other assets	-	-	-	-	960,531	960,531
Total assets	1,118,983	55,822,953	-	-	4,436,334	61,378,270
LIABILITIES						
Other liabilities	-	-	-	-	4,116,818	4,116,818
Loan security fund	-	-	-	-	10,379,434	10,379,434
Term loans	-	7,398,181	13,778,799	1,092,500	-	22,269,480
Deferred revenue grants	-	-	-	-	3,557,278	3,557,278
Total liabilities	-	7,398,181	13,778,799	1,092,500	18,053,530	40,323,010
Net assets/(liabilities)	1,118,983	48,424,772	(13,778,799)	(1,092,500)	(13,617,196)	21,055,260
31 December 2014						
	Up to 1 month TZS'000	From 1 to 12 months TZS'000	From 1 years to 2 years TZS'000	From 2 years and above TZS'000	Non interest bearing TZS'000	Total TZS'000
ASSETS						
Cash and bank balances	-	-	-	-	2,180,095	2,180,095
Fixed deposits	-	1,159,047	-	-	-	1,159,047
Loans to customers	3,898,813	35,089,314	-	-	-	38,988,127
Other assets	-	-	-	-	801,147	801,147
Total assets	3,898,813	36,248,361	-	-	2,981,242	43,128,416
LIABILITIES						
Other liabilities	-	-	-	-	3,645,704	3,645,704
Loan security fund	-	-	-	-	7,835,648	7,835,648
Term loans	-	1,071,002	3,511,022	10,265,887	-	14,847,911
Deferred revenue grants	-	-	-	-	1,825,352	1,825,352
Total liabilities	-	1,071,002	3,511,022	10,265,887	13,306,704	28,154,615
Net assets/(liabilities)	3,898,813	35,177,359	(3,511,022)	(10,265,887)	(10,325,462)	14,973,801

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- training and professional development;
- risk mitigation, including insurance where this is effective;
- development of contingency plans; and
- compliance with regulatory and other legal requirements.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the management of the business unit to which they relate and Country Representative.

5. USE OF ESTIMATES AND JUDGEMENTS

Management discussed the development, selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see Note 4).

Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(h)(vii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financials where each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

specific counterparty allowances and the model assumption and parameters used in determining collective allowances.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(ii) Fair values of financial instruments

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2015	Level 1 TZS'000	Level 2 TZS'000	Carrying Level 3 TZS'000	Fair Value TZS'000	Values TZS'000
ASSETS					
Cash and bank balances	-	3,475,803	-	3,475,803	3,475,803
Fixed deposits	-	5,467,832	-	5,467,832	5,467,832
Loans to customers	-	-	51,474,104	51,474,104	51,474,104
Other assets	-	-	960,531	960,531	960,531
Total assets	-	8,943,635	52,434,635	61,378,270	61,378,270
LIABILITIES					
Other liabilities	-	4,116,818	4,116,818	4,116,818	4,116,818
Loan security fund	-	10,379,434	-	10,379,434	10,379,434
Term loans	-	22,269,480	-	22,269,480	22,269,480
Deferred revenue grants	-	-	3,557,278	3,557,278	3,557,278
Total liabilities	-	32,648,914	7,674,096	40,323,010	40,323,010

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(ii) Fair values of financial instruments (continued)

31 December 2014	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Carrying Value TZS'000	Fair Values TZS'000
ASSETS					
Cash and bank balances	-	2,180,095	-	2,180,095	2,180,095
Fixed deposits	-	1,159,047	-	1,159,047	1,159,047
Loans to customers	-	-	38,988,127	38,988,127	38,988,127
Other assets	-	-	801,147	801,147	801,147
Total assets	-	3,339,142	38,789,274	43,128,416	43,128,416
LIABILITIES					
Other liabilities	-	-	3,645,704	3,645,704	3,645,704
Loan security fund	-	7,835,648	-	7,835,648	7,835,648
Term loans	-	14,847,911	-	14,847,911	14,847,911
Deferred revenue grants	-	-	1,825,352	1,825,352	1,825,352
Total liabilities	-	22,683,559	5,471,056	28,154,615	28,154,615

(iii) Property and equipment, leased premises and intangible assets

Critical estimates are made by the Directors in determining the useful lives of property and equipment, leased premises refurbishment and intangible assets as well as their residual values.

(iv) Taxes

The Company is subjected to several taxes and levies by the government and quasi-government regulatory bodies. As a rule of thumb, the Company recognises liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

	2015 TZS '000	Memo 2015 USD	2013 TZS '000	Memo 2013 USD
6. INTEREST INCOME				
Interest on loans to group members:				
-Micro finance	20,795,049	10,251,231	16,254,189	9,802,723
-Small enterprise program	3,196,638	1,575,831	2,315,886	1,396,685
-Adolescent development program	193,977	95,624	111,369	67,165
-Empowerment and livelihood for adolescent program	128,820	63,504	66,056	39,838
-Agriculture	786,342	387,639	64,867	39,121
-Investment Fund	34,491	17,002	-	-
	25,135,317	12,390,831	18,812,367	11,345,532

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		Memo		Memo
	2015	2014	2014	2013
	TZS '000	USD	TZS '000	USD
7. INTEREST EXPENSE				
Interest expense on loans from:				
--BRAC Africa Micro Finance Limited	2,216,140	1,092,479	2,114,120	1,275,002
-Financial Sector Deepening Trust (FSDT)	155,236	76,526	266,052	160,453
-Bank of Africa	640,280	315,636	-	-
-responsAbility	5,214	2,570	-	-
	3,016,870	1,487,211	2,380,172	1,435,455
8. FEE AND COMMISSION INCOME				
Membership fee	201,231	99,200	160,410	96,742
Loan appraisal fee	1,212,121	597,533	891,231	537,492
Loan application fee	12,832	6,326	5,940	3,582
	1,426,184	703,059	1,057,581	637,816
9. OTHER INCOME				
Gain due to early repayment of loan	752	371	52,901	31,904
Interest income from bank deposit	390,184	192,347	328,794	198,292
Other income	1,213,634	598,279	145,193	87,564
	1,604,570	790,997	526,888	317,760
10. STAFF COSTS AND OTHER BENEFITS				
Salaries	7,942,404	3,915,327	6,901,756	4,162,373
Bonus	204,688	100,904	177,869	107,271
NSSF	794,241	391,533	690,176	416,238
SDL	397,120	195,766	345,088	208,119
	9,338,453	4,603,530	8,114,889	4,894,000
Staff costs include staff salaries, bonus provision, National Social Security- contribution and other staff costs				
11. OCCUPANCY EXPENSES				
Rent	425,251	209,634	433,092	261,193
Utilities	76,051	37,491	95,558	57,630
	501,302	247,125	528,650	318,823

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. OTHER OPERATING EXPENSES

	2015 TZS '000	Memo 2015 USD	2014 TZS '000	Memo 2014 USD
Maintenance and general expenses	991,982	489,012	745,861	449,821
Write off	33,864	16,694	(3,180)	(1,918)
Members death benefit expenses	76,410	37,667	53,483	32,255
Vehicle running expenses	60,941	30,042	41,943	25,295
Audit and other legal fees	337,403	166,328	276,911	167,002
Head Office logistics and management expenses	883,027	435,301	980,500	591,329
Stationery expenses	240,062	118,342	213,132	128,538
Other expenses	833,314	410,795	231,378	139,543
	3,457,003	1,704,181	2,540,028	1,531,865

13. TAX EXPENSE

Current income tax charge	3,098,811	1,527,606	1,077,170	649,629
Deferred tax (credit) /charge for the year	(81,322)	(40,089)	469,199	282,969
Prior year tax charge underprovided	118,948	58,637	-	-
	3,136,437	1,546,154	1,546,369	932,598

Tax rate reconciliation

	%	%
Standard rate of income tax	30.0	30.0
Tax effect of non-deductible expenses	0.6	0.9
Tax effect of prior year deferred tax asset under provision	0.0	3.3
Effective rate of income tax	30.6	34.2

14. CASH AND BANK BALANCES

	2015 TZS '000	Memo 2015 USD	2014 TZS '000	Memo 2014 USD
Cash in hand	77,832	36,498	93,073	54,429
Cash at bank	3,397,971	1,593,422	2,087,022	1,220,480
	3,475,803	1,629,920	2,180,095	1,274,909

15. LOANS TO CUSTOMERS

Loans to customers (gross)	53,588,802	25,129,567	40,397,532	26,482,453
Provision for impairment on loans to customers [Note-15(a)]	(2,114,698)	(991,652)	(1,409,405)	(824,213)
Foreign currency translation reserve	-	-	-	(2,858,166)
Balance at 31 December	51,474,104	24,137,915	38,988,127	22,800,074

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

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		Memo		Memo
	2015	2015	2014	2014
	TZS '000	USD	TZS '000	USD
(a) Impairment charge on loans to customers:				
Balance as at 1 January 2015	1,409,404	824,213	1,292,316	816,970
Impairment charge during the year	1,233,764	608,202	842,572	508,146
Loans written off during the year	(528,470)	(247,817)	(725,483)	(437,531)
Foreign currency translation reserve	-	(192,946)	-	(63,372)
Balance at 31 December	2,114,698	991,652	1,409,405	824,213

16. OTHER ASSETS

Advances and prepayments	349,799	164,032	343,202	200,704
Stock of consumables	77,607	36,393	30,445	17,804
Deposit (BRAC International Loan Facility reserve)	533,125	250,000	427,500	250,000
	960,531	450,425	801,147	468,508

BRAC MAENDELEO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY AND EQUIPMENT

							Memo
NBV/Cost	Furniture & fixtures TZS '000	Equipment TZS '000	Motor vehicle TZS '000	Bicycle TZS '000	Motor Cycle TZS '000	Total TZS '000	Total USD
At 1 January 2014	128,146	167,549	32,920	3,240	19,966	351,821	222,414
Additions	72,055	116,395	4,100	-	-	192,550	116,125
Foreign exchange translation difference	-	-	-	-	-	-	(20,193)
At 31 December 2014	<u>200,201</u>	<u>283,944</u>	<u>37,020</u>	<u>3,240</u>	<u>19,966</u>	<u>544,371</u>	<u>318,346</u>
At 1 January 2015	200,201	283,944	37,020	3,240	19,966	544,371	318,346
Additions	101,785	-	-	-	-	101,785	50,176
Disposal	-	(51,385)	-	-	-	(51,385)	(25,331)
Foreign exchange translation difference	-	-	-	-	-	-	(64,284)
At 31 December 2015	<u>301,986</u>	<u>232,559</u>	<u>37,020</u>	<u>3,240</u>	<u>19,966</u>	<u>594,771</u>	<u>278,908</u>
Accumulated depreciation							
At 1 January 2014	73,498	167,232	32,461	2,847	17,966	294,004	185,862
Charge during the year	20,020	1,967	458	65	1,995	24,505	14,779
Foreign exchange translation difference	-	-	-	-	-	-	(14,378)
At 31 December 2014	<u>93,518</u>	<u>169,199</u>	<u>32,919</u>	<u>2,912</u>	<u>19,961</u>	<u>318,509</u>	<u>186,263</u>
At 1 January 2015	93,518	169,199	32,919	2,912	19,961	318,509	186,263
Charge during the year	30,199	58,140	4,101	328	5	92,773	45,733
Foreign exchange translation difference	-	-	-	-	-	-	(39,132)
At 31 December 2015	<u>123,717</u>	<u>227,339</u>	<u>37,020</u>	<u>3,240</u>	<u>19,966</u>	<u>411,282</u>	<u>192,864</u>
Net book value							
At 31 December 2015	<u>178,269</u>	<u>5,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,489</u>	<u>86,044</u>
At 31 December 2014	<u>106,683</u>	<u>114,745</u>	<u>4,101</u>	<u>328</u>	<u>5</u>	<u>225,862</u>	<u>132,083</u>

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total TZS '000	Memo Total USD
18. INTANGIBLE ASSETS		
Cost		
At 1 January 2014	-	-
Additions	484,617	292,267
Foreign exchange translation difference	-	(8,865)
At 31 December 2014		
Accumulated amortization		
At 1 January 2014	-	-
Charge during the year	64,616	38,969
Foreign exchange translation difference	-	(1,182)
At 31 December 2014	64,616	37,787
Net book value		
At 31 December 2014	420,001	245,615
At 31 December 2015	-	-

	2015 TZS '000	Memo 2015 USD	2014 TZS '000	Memo 2014 USD
19. DEFERRED TAX ASSET				
The movement in the deferred tax asset during the year is as follows:				
Opening balance as at 1 January 2014	591,614	345,973	1,060,813	670,620
(Charge)/credit for the year	81,322	40,089	(469,199)	(282,969)
Foreign exchange translation difference	-	(70,500)	-	(41,678)
At 31 December	672,936	315,562	591,614	345,973
Deferred tax arises from temporary differences on the following items:				
Capital allowances	38,527	18,066	27,061	15,825
Impairment provision – general	634,409	297,496	422,821	247,264
Other provisions	-	-	141,732	82,884
	672,936	315,562	591,614	345,973

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		Memo		Memo
	2015	2015	2014	2014
	TZS '000	USD	TZS '000	USD
20. OTHER LIABILITIES				
Accrued expenses	543,401	254,818	249,110	145,678
Payable to Stitching BRAC International – Head office Logistics	933,177	437,597	1,033,249	604,239
Payable to BRAC Bangladesh	367,287	172,233	544,281	318,293
Payable to BRAC Maendeleo Tanzania	-	-	673,438	393,823
Current accounts in transit	869,132	407,565	(157,725)	(92,237)
Corporate tax payable	1,310,800	614,678	-	-
Provisions on withholding tax on transfer of capital allocated to BRAC Tanzania Finance Limited	-	-	472,439	276,280
Withholding tax on term loans payable	93,021	43,622	830,912	485,913
	4,116,818	1,930,513	3,645,704	2,131,989

21. LOAN SECURITY FUND

Balance as at 1 January 2015	7,835,648	4,582,250	6,363,745	4,023,002
Collection during the year	12,121,176	5,975,316	7,185,493	4,333,492
Withdrawals during the year	(9,577,390)	(4,721,318)	(5,713,590)	(3,445,803)
Foreign exchange translation reserve	-	(968,987)	-	(328,441)
Balance as at 31 December 2015	10,379,434	4,867,261	7,835,648	4,582,250

This represents deposits by customers which acts as collateral for the customers' loan obligations to the Company. This is computed at 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the deposit to the extent of the amount at risk.

		Memo		Memo
	2015	2015	2014	2014
	TZS '000	USD	TZS '000	USD
22. TERM LOANS				
Financial Sector Deepening Trust (FSDT)	847,374	397,363	1,977,206	1,156,261
BRAC Africa Microfinance Limited	12,602,474	5,909,719	12,597,260	7,366,819
Bank of Africa Tanzania Limited	6,906,931	3,238,889	-	-
Responsibility Investments AG	1,092,500	512,309	-	-
BRAC (Bangladesh)	820,201	384,619	273,445	159,909
	22,269,480	10,442,899	14,847,911	8,682,989
Long term portion of term loans	14,871,299	6,973,646	13,776,909	8,056,672
Current portion of term loans	7,398,181	3,469,253	1,071,002	626,317
	22,269,480	10,442,899	14,847,911	8,682,989

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. TERM LOANS (continued)

Further details about the term loans are as follows:

Financial Sector Deepening Trust

The loan carries an interest of 10%, is repaid in equal quarterly instalment of TZS 282,458,050 and shall be fully repaid by September 2016. There was no drawdown during the year.

BRAC Africa Micro Finance Limited

The loan agreement of USD 24.25 million was entered on 27 October 2008 for period of 7 years. Up to 1 January 2013 the Company had drawn USD 10.25 million. The loan was restructured on 17 June 2013 when the interest rate was increased from 12% to 14.85%. During the year, the Company has paid only the interest amounting to TZS 2 billion. The 20 % of principal will be repaid in 2016 and the rest in 2017.

Bank of Africa Tanzania Limited

BRAC Tanzania Finance Limited secured a loan from Bank of Africa Tanzania in April 2015 for the period of 36 months. The loan amounted to TZS 8.066 billion as term loan and TZS 2 billion overdraft. Both are quoted at the rate of 18% raised to 19.5% during the year. During the year TZS 1.159 billion was repaid. The overdraft facility has not been utilised. The loan was obtained to finance issue of micro finance.

Responsibility Investments AG

BRAC Tanzania Finance Limited secured a loan of USD 3 million from Responsibility Investments AG in July 2015 for the period of 36 months after drawdown @6.95%. As of December 2015 USD 3 million is drawn from that facility.

23. DEFERRED REVENUE GRANTS

		Memo		Memo
	2015	2015	2014	2014
	TZS '000	USD	TZS '000	USD
(a) Donor funds received in advance				
Opening balance	1,825,352	1,067,457	85,695	54,174
Grants received during the year [Note 23(b)]	2,343,453	1,155,239	1,813,694	1,093,819
Grants income utilised during the year	(611,527)	(301,461)	(74,037)	(44,651)
Foreign currency translation difference	-	(253,110)	-	(35,885)
Balance at 31 December	3,557,278	1,668,125	1,825,352	1,067,457
(b) Grant received during the year				
Whole Planet Foundation (WPF)	218,647	107,784	358,895	216,446
BRAC USA- Disaster, Environment and Climate Change (DECC)	99,765	49,181	80,550	48,579
Mwanza Intervention Trials Unit (MITU) Research Project	-	-	40,406	24,368
BRAC USA-Research	235,190	115,941	82,981	50,045
BRAC Maendeleo Tanzania*	1,789,851	882,333	1,250,862	754,381
	2,343,453	1,155,239	1,813,694	1,093,819

*On 1 April 2013, BRAC Maendeleo Tanzania entered into grant agreement amounting to GBP 8.2 million with Department for International Development (DFID). Part of this fund amounting to GBP 1.25 million was allocated for disbursement of loans relating to Agriculture and Livestock. The Loans were disbursed through BRAC Tanzania Finance Limited.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RELATED PARTY TRANSACTIONS

	2015 TZS '000	Memo 2015 USD	2014 TZS '000	Memo 2014 USD
(a) Due to related parties				
BRAC Africa Microfinance Limited (Loan payable)	12,650,886	5,932,420	12,597,260	7,366,819
BRAC Bangladesh (loan payable)	820,201	384,619	273,445	159,909
BRAC Bangladesh (Expatriate staff and travelling cost)	367,288	172,233	544,281	318,293
BRAC USA (Revolving fund)	-	-	-	-
BRAC USA (DECC)	99,765	49,181	80,550	48,579
BRAC USA (Deferred grant)	63,268	31,189	82,981	50,045
BRAC Maendeleo Tanzania	-	-	673,438	393,823
Stitching BRAC International (Head Office logistics and management expenses)	933,177	437,597	1,033,249	604,239
BRAC International Loan Fund (BILF)	533,125	250,000	427,500	250,000
	15,467,710	7,257,239	15,712,704	9,191,707
(c) Expenses incurred during the year by related parties on behalf of the Company:		Memo		Memo
	2015 TZS '000	2015 USD	2014 TZS '000	2014 USD
Head Office logistics and management expenses*	883,027	435,301	980,500	591,329
Expatriate staff and travelling cost*	2,052,171	962,331	986,016	576,617
(d) Interest expense on loans from a related party				
BRAC Africa Micro Finance Limited	2,000,053	985,956	2,114,120	1,275,002

*The expenses above are subsequently paid by the Company. Payable amount as at the end of the year has been included on the due to related party above.

25. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at the date of this report.

26. EVENTS AFTER BALANCE SHEET DATE

At the time of signing the financial statements, the directors are not aware of any events after the year end not otherwise dealt with in these financial statements.

BRAC

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

BRAC

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

GENERAL INFORMATION

Members of Governing Council

Name	Position	Nationality
Dr. A. M. R Chowdhury	Chairperson	Bangladeshi
Ms. Rahma Ali Khamis Abdallah	Member	Tanzanian
Mr. Faruque Ahmed	Member	Bangladeshi
Mr. Shib Narayan Kairiy	Member	Bangladeshi (Appointed on 1st November 2015)
Mr. Tanwir Rahman	Member	Bangladeshi (Resigned on 1st November 2015)

Administrator

Name	Position
Mr. Rakibul Bari Khan	Country Representative

Principal place of business

Plot No 52, Mbweni
P. O. Box 2635
Zanzibar

Registered office

Plot No 52, Mbweni
P. O. Box 2635
Zanzibar

Auditors

KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
P. O. Box 1160
Dar es Salaam, Tanzania

Bankers

NBC Limited
Zanzibar Branch
Zanzibar Business Centre
Kenyata Road
P.O. Box. 157
Zanzibar, Tanzania

BRAC

REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2015

- 1 The members of Governing Council have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of BRAC ("the Organisation") as at that date.

2 REGISTRATION

BRAC is a not-for-profit organisation registered under the Societies Act, 1995 of the Zanzibar Revolutionary Government.

3 VISION

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

4 MISSION

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

5 OUR VALUES

Innovation- the Organisation has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

Integrity- the Organisation values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Organisation holds these to be the most essential elements of our work ethic.

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

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

6 PRINCIPAL ACTIVITIES

The principal activity of the Organisation is the provision of micro finance service to micro and small-scale entrepreneur in the informal sector of the Zanzibar economy. BRAC has also been involved in partnership with people fighting poverty to improve their welfare in the various parts of Zanzibar.

7 FINANCIAL PERFORMANCE

The Organization's performance during the year ended 31 December 2015 is as follows:

- Total revenue increased by 27% from TZS 755 million in 2014 to TZS 961 million in 2015.
- Loans to customers increased by 33% from TZS 1,389 million in 2014 to TZS 1,854 million in 2015.
- Operating expenses decreased by 21% from TZS 877 million in 2014 to TZS 695 million in 2015.

During the year, the Organization had a profit of TZS 109 million (2014 – loss of TZS 91 million). The statement of financial position as at 31 December 2015 is set out on page 10.

8 RESULTS FROM OPERATIONS

The result for the Company's operations for the year ended 31 December 2015 is set out on page 10.

9 COMPOSITION OF MEMBERS OF THE GOVERNING COUNCIL

The members of the Governing Council, who served during the year and up to the date of this report unless as otherwise stated, are set out on page 1.

BRAC

REPORT OF THE GOVERNING COUNCIL (Continued.)

9 COMPOSITION OF MEMBERS OF THE GOVERNING COUNCIL

The members of the Governing Council, who served during the year and up to the date of this report, are set out on page 1.

10 CORPORATE GOVERNANCE

The members of the Governing Council believe that high standards of corporate governance directly influence the Organisation's stakeholder and investor confidence. The members also recognise the importance of integrity transparency and accountability.

11 RISK MANAGEMENT

The members of the Governing Council accept the final responsibility for the risk management and internal control system of the Organization. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Organization's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures.

There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organization's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

12 MANAGEMENT STRUCTURE

The Organisation is under the supervision of the members of the Governing Council and the day-to-day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units.

The Organisation structure of the Organisation comprises of the following divisions:

- Micro Finance Program (MF);
- Social Enterprise Program (SEP);
- Agriculture and livestock;
- Accounts and finance;
- Internal audit;
- Monitor;
- Loan review;
- Information Technology (IT) and Management Information System (MIS);
- Human resources;
- Training; and
- Procurement, logistics and transportation.

13 RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 21 to the financial statements.

14 FUTURE DEVELOPMENT PLANS

In 2016 the Organisation will extend its programs to remote rural areas in order to reach the poorer section of the population.

BRAC

REPORT OF THE GOVERNING COUNCIL (Continued.)

14. FUTURE DEVELOPMENT PLANS (continued)

In 2016 the Organisation will extend its programs to remote rural areas in order to reach the poorer section of the population. The Organisation is planning to target 9,000 borrowers aiming to disburse USD 3.0 million as micro loans. Additional 202 borrowers will be targeted for Small Enterprise Loan (SEP). It is expected that USD 0.28 million will be disbursed to the SEP borrowers.

Training is integral to improve efficiency in management and program delivery. Rigorous staff training in aspect of occupational and functional skills and techniques of community participation and development management will be organised to improve and maintain quality.

Staff drop-out is being addressed through regular recruitment of qualified personnel. Capacity building of staff will continue through ongoing training. Staff morale will be raised by highlighting their contribution through appreciation and recognition.

15 KEY ACHIEVEMENTS IN 2015

The following are the Organization's key achievements for the year:

- The number of borrowers has increased significantly and the amount disbursed has increased by 42% from TZS 3.1 billion in 2014 to TZS 4.4 billion in 2015.
- Portfolio quality has improved significantly and this has resulted into decrease in write off amount from TZS 7.9 million in 2014 to TZS 3.7 million in 2015.
- Start-up of investment Fund product for extending production as well as opportunities to entrepreneurs who want to expand their business operations and producing quality inputs for the growers/ producers of rural areas but those who lack funds.
- Strengthening of supporting services such as audit, procurement and finance which has brought positive impact in the financial performance during the year.
- Development of business relationship with other stakeholders have strengthened hence brand awareness has increased.
- This is the first year where BRAC has made a profit since its inception.

16 SOLVENCY

The members of Governing Council confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The members of Governing Council have reasonable expectation that the Organisation has adequate resources to continue in operational existence for the foreseeable future.

17 EMPLOYEES' WELFARE

Management/employee relationship

There were continued good relation between employees and management for the year 2015. There were no unresolved complaints received by management from the employees during the year.

The Organisation is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

BRAC

REPORT OF THE GOVERNING COUNCIL (Continued.)

Training

Training and development of staff capacity is one of the key priorities of the Organisation. During the year, all the Branch Accountants received hands-on training for Micro Finance and Small Enterprise programs. The Organisation will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

During the year 2015, the Organisation spent a sum of TZS 3.4 million for staff training in order to improve employees' technical skills and hence effectiveness (2014: TZS 1.7 million).

Medical facilities

The Organisation reimburses medical expenses incurred by employees for medical treatment on case to case basis.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Organisation continues and appropriate training is arranged. It is the policy of the Organisation that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Retirement benefits

All eligible employees are members of Zanzibar Social Security Fund (ZSSF) or the Parastatal Provident Fund (PPF) which are approved pension funds. The Organisation contributes 10% of the employees' gross monthly salary.

The ZSSF and PPF are a defined contribution schemes with BRAC having no legal or constructive obligation to pay further top up contributions.

18 GENDER PARITY

The Organisation had 66 employees in 2015 with 54 being females and 12 males, whilst in 2014 the Organisation, had 63 employees with 44 being females and 19 males.

19 AUDITORS

The Organisation's auditors, KPMG have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to reappoint KPMG as auditors will be put to the Annual General Meeting.

BY ORDER OF THE COUNCIL



.....
Mr. Shih Narayan Kairy
Member

31 March 2016

BRAC

REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2015

The members of the Governing Council are responsible for the preparation of financial statements that give a true and fair view of BRAC comprising the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity 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, in accordance with International Financial Reporting Standards and in the manner required by the Societies Act, 1995.

The members of the Governing Council are also responsible for such internal control as the members of the Governing Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The members of the Governing Council have made an assessment of the ability of the Organisation to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of BRAC, as identified in the first paragraph, were approved by the members of the Governing Council on 31 March 2016 and signed by:



Mr. Shib Narayan Kairy
Member



KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
PO Box 1160
Der es Salaam, Tanzania

Telephone	+255 22 2118866
Fax	+225 22 2113343
Email	info@kpmg.co.tz
Internet	www.kpmg.com.pk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOVERNING COUNCIL OF BRAC

Report on the financial statements

We have audited the accompanying financial statements of BRAC ("the Organisation"), which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 41. The memorandum ("Memo") columns representing amounts in United States Dollars (USD) do not form part of the audited financial statements and accordingly, we do not express an opinion on them.

Members of the Governing Council's responsibility for the financial statements

The members of Governing Council are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, and for such internal control as the members of Governing Council 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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Societies Act, 1995.



KPMG
Certified Public Accountants
11th Floor, PPF Tower
Ohio Street/Garden Avenue
PO Box 1160
Dar es Salaam, Tanzania

Telephone	+255 22 2118866
Fax	+225 22 2113343
Email	info@kpmg.co.tz
Internet	www.kpmg.com.pk


**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GOVERNING COUNCIL OF BRAC (Continued)**

Report on other legal and regulatory requirements

As required by the Societies Act, 1995 we report that:

- in our opinion, proper accounting records have been kept by BRAC;
- the individual accounts are in agreement with the accounting records of the Organisation; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KPMG
Certified Public Accountants (T)


Signed by: M Salim Bashir
Dar es Salaam


..... 2016

BRAC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Microfinance	Social Development	Total	Total	Memo	Memo
	Notes	2015 TZS '000	2015 TZS '000	2015 TZS '000	2014 TZS '000	Total 2015 USD	Total 2014 USD
Income							
Interest income	6	896,396	-	896,396	641,990	441,892	387,177
Interest expense		(95,560)	-	(95,560)	-	(47,108)	-
		800,836	-	800,836	641,990	394,784	387,177
Grant income utilised	20(c)	-	11,890	11,890	71,995	5,862	43,419
Other income	7	52,427	-	52,427	40,874	25,845	24,651
Total operating income		853,263	11,890	865,153	754,859	426,491	455,247
Impairment charge on loans to customers	8	(27,540)	-	(27,540)	(7,244)	(13,576)	(4,369)
Operating income after impairment (charge)/release on loans to customers		825,723	11,890	837,613	747,615	412,915	450,878
Operating expenses							
Staff costs	9	(408,041)	(2,514)	(410,555)	(493,042)	(202,390)	(297,348)
Travelling and transportation		(34,440)	-	(34,440)	(32,165)	(16,978)	(19,398)
Training, workshop and seminars		(3,590)	(8,316)	(11,906)	(9,569)	(5,869)	(5,772)
Occupancy expenses	10	(22,392)	(737)	(23,129)	(108,498)	(11,402)	(65,434)
Other operating expenses	11	(214,196)	(323)	(214,519)	(228,065)	(105,751)	(137,543)
Depreciation charge	16	(852)	-	(852)	(5,296)	(420)	(3,194)
Amortisation of capital grants	20(a)	-	-	-	-	-	-
Surplus/ (deficit) before taxation		142,212	-	142,212	(129,020)	70,105	(77,811)
Tax (expense) / credit	12	(32,700)	-	(32,700)	37,924	(16,120)	22,872
Surplus / (Deficit) for the year		109,512	-	109,512	(91,096)	53,985	(54,939)
Other comprehensive income:							
Foreign currency translation gain/(loss)		-	-	-	-	2	59,613
Total comprehensive (deficit)/ surplus for the year		109,512	-	109,512	(91,096)	53,987	4,674

The notes form an integral part of these financial statements.

BRAC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		Microfinance	Social Development	Total	Total	Memo	Memo
	Notes	2015	2015	2015	2014	Total	Total
		TZS '000	TZS '000	TZS '000	TZS '000	2015	2014
						USD	USD
ASSETS							
Cash and bank balances	13	125,131	-	125,131	58,008	58,678	33,923
Loans to customers	14	1,853,660	-	1,853,660	1,389,156	869,243	812,372
Other assets	15	14,657	-	14,657	150,561	6,873	88,047
Property and equipment	16	888	-	888	3,555	416	2,079
Deferred tax asset	17	164,502	-	164,502	193,361	77,141	113,077
Total assets		2,158,838	-	2,158,838	1,794,641	1,012,351	1,049,498
LIABILITIES AND CAPITAL FUND							
Liabilities							
Loan security fund	18	377,654	-	377,654	280,998	177,094	164,326
Other liabilities	19	966,519	106,818	1,073,337	1,078,141	503,323	630,491
Grants invested in loans	20(b)	211,375	-	211,375	36,650	99,121	21,433
Total liabilities		1,555,548	106,818	1,662,366	1,395,789	779,539	816,250
Capital fund/(deficit)							
Donor funds		814,454	(11,890)	802,564	814,454	376,349	514,878
Accumulated losses		(211,164)	(94,928)	(306,092)	(415,602)	(143,537)	(260,085)
Translation reserve		-	-	-	-	-	(21,545)
Total capital fund/(deficit)		603,290	(106,818)	496,472	398,852	232,812	233,248
Total liabilities and capital fund		2,158,838	-	2,158,838	1,794,641	1,012,351	1,049,498

The financial statements were approved for issue by the members of Governing Council on 31 March 2016 and signed on its behalf by;



Mr. Shib Narayan Kairy
Member

The notes form an integral part of these financial statements.

BRAC

STATEMENT OF CAPITAL FUND FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated deficit				Memo
	Donor funds			Total	Total
	Microfinance TZS '000	Microfinance TZS '000	Social Development TZS '000	TZS '000	USD
Balance as at 1 January 2014	814,454	(229,580)	(94,928)	489,946	309,732
Profit for the year	-	(91,096)	-	(91,096)	(54,939)
Foreign currency translation loss	-	-	-	-	(21,545)
Balance as at 31 December 2014	814,454	(320,676)	(94,928)	398,850	233,248
Balance as at 1 January 2015	814,454	(320,676)	(94,928)	398,850	233,248
Profit /(Deficit) for the year	-	109,512	-	109,512	53,985
Donor funds	-	-	(11,890)	(11,890)	(5,576)
Foreign currency translation loss	-	-	-	-	-(48,845)
Balance as at 31 December 2015	814,454	(211,164)	(106,818)	496,472	232,812

The notes form an integral part of these financial statements.

BRAC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		Social			Memo	Memo
	Microfinance	Development	Total	Total	Total	Total
Notes	2015	2015	2015	2014	2015	2014
	TZS '000	TZS '000	TZS '000	TZS '000	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES						
(Surplus /(Deficit) for the year	142,212	-	142,212	(129,020)	70,105	(77,811)
Adjustment for non-cash items:						
Depreciation charge	852	-	852	5,296	420	3,194
Amortisation of capital grants	-	-	-	-	-	-
Loans written off	(3,724)	-	(3,724)	(7,889)	(1,836)	(4,748)
Provision for impairment on loans and advances	27,540	-	27,540	7,244	13,576	4,369
	166,880	-	166,880	(124,369)	82,265	(74,996)
Changes in:						
- Other assets	(2,043)	-	(2,043)	(68,868)	(958)	(36,403)
- Other liabilities	64,619	-	64,619	616,029	(225,497)	340,459
- Loans to customers	(480,872)	-	(480,872)	(377,393)	31,856	(171,980)
- Loan security fund	96,656	-	96,656	62,079	45,325	25,931
- Balance due to related parties	54,906	-	54,906	(188,877)	25,747	(121,507)
	(99,854)	-	(99,853)	(81,399)	(41,262)	(2,093)
Tax paid	(2,123)	-	(2,123)	-	(1,047)	-
Cash used in from operating activities	(101,977)	-	(101,976)	(81,399)	(42,309)	(2,093)
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of equipment	(5,625)	-	(5,625)	(1,460)	(2,773)	(881)
CASH FLOWS FROM FINANCING ACTIVITIES						
Grants received for investment in loans during the year	174,725	-	174,725	36,650	82,071	21,433
Decrease in deferred income	-	(11,890)	(11,890)	-	(5,576)	-
Increase in grants received in advance	-	11,890	11,890	-	5,576	-
Net increase /(decrease) in cash and cash equivalents	67,123	-	67,123	(46,209)	36,989	18,459
Cash and cash equivalents at the beginning of the year	58,008	-	58,008	104,217	33,923	65,883
Foreign exchange translation reserve	-	-	-	-	(12,234)	(50,419)
Cash and cash equivalents at the end of the year						
13	125,131	-	125,131	58,008	58,678	33,923

The notes form an integral part of these financial statements.

BRAC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

BRAC is a not-for-profit organization registered under the Societies Act, 1995 of the Zanzibar Revolutionary Government. BRAC is situated at House No-KS/MJ/205E, Plot No.52, Mbweni, P O Box 2635, Zanzibar.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in thousands of Tanzanian Shillings (TZS'000), which is the Organisation's functional currency.

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements. The exchange rates used to translate the TZS figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2015 of TZS 2,132.50 (2014: TZS 1,710.00) to USD 1 except for additions to property and equipment which were translated at an average rate for the period of TZS 2,028.54 (2014: TZS 1,658.13) to USD 1;
- Income and expenses were translated using an average exchange rate for the period of TZS 2,028.54 (2014: TZS 1,658.13) to USD 1;
- Equity is not translated; and
- All resulting exchange differences are being recognised in other comprehensive income.

These financial statements are presented in Tanzanian Shillings, which is the BRAC's functional currency and presentation currency. Except as indicated, financial information presented in Tanzania shillings has been rounded to the nearest thousands (TZS'000).

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 ongoing 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Notes 5.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot 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. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

(b) Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of profit or loss and other comprehensive income is resulting from Interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

(c) Fees and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(d) Grants

(i) *Deferred grants*

All grants received are initially recognised as deferred revenue grants at fair value and recorded as liabilities.

The portion of the grants that are utilised to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently release to income to match the depreciation for the period and amortisation of the fixed assets as charged to Profit or Loss.

Grants utilized to reimburse program related expenditure are recognised as grant income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Grants (continued)

(i) *Deferred grants (continued)*

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

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

(ii) *Grant income*

Grant income is recognized on a cash basis to the extent that the Organisation fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognised as income in the statement of profit or loss.

A substantial portion of the Organisation's donor grants are for funding of 'Not-for-Profit' projects and programs, and for these grant, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period.

For donor grants restricted to funding procurement of fixed assets, the grant income is recognised as the amount equivalent to depreciation expenses charged on the fixed assets.

(e) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the statement of balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial assets and liabilities

(i) Recognition

The Organisation initially recognises loans and advances, deposits, debt securities issued and liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Organisation commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Organisation becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

The Organisation classifies its financial assets and liabilities into the following categories: loans and receivables; cash and cash equivalent and accounts payables. Management determines the classification of its investments at initial recognition.

Cash and cash equivalent

Cash and cash equivalents include notes and coins on hand, balance in banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Organisation in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Loan and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise loans and advances to customers, other receivables/asset and amount due from related parties.

Trade and other payables

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Trade and other payables comprises other liabilities, due from related parties and loan security fund.

(iii) De-recognition

The Organisation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Organisation is recognised as a separate asset or liability. The Organisation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Organisation enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial assets and liabilities (Continued)

(iii) De-recognition(continued)

If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Organisation neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, Organisation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Organisation writes off certain loans when they are determined to be uncollectible [see Note 4(a)].

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the organisation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the BRAC's trading activity.

(v) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Organisation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the organisation establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(vi) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Organisation where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the BRAC believes a third-party market participant would take them into account in pricing a transaction

(vii) Identification and measurement of impairment

At each statement of financial position date the Organisation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Organisation on terms that the Organisation would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Organisation considers evidence of impairment for loans and advances at both a specific asset and collective level. All individually significant loans and advances securities are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Organisation uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

(ii) Subsequent costs

The cost of replacing part of an item of property or 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 organisation and its cost can be measured reliably. The costs of the day-to-day servicing of property 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 and equipment.

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

Furniture & fixtures	10%
Equipment	25%
Vehicles	20%
Bicycles	20%
Motor cycles	20%

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

(i) Impairment of non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Security deposits from customers and term loans

The organisation classifies capital instruments i.e security deposits as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Security deposits from the customers are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the organisation chooses to carry the liabilities at fair value through profit or loss. BRAC utilise the term loan as source of funding.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Provisions

A provision is recognised if, as a result of a past event, the organisation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) Employee benefits

(i) *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) *Short-term benefits*

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the organisation 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.

(m) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015

At the date of authorisation of the financial statements for the year ended 31 December 2015, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2016

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41)

(m) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015 (continued)

Effective for the financial year commencing 1 January 2018

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

Effective for the financial year commencing 1 January 2019

- IFRS 16 Leases

All Standards and Interpretations will be adopted at their effective date except for those Standards and Interpretations that are not applicable to the entity. The directors are in the process of assessing the impact of these new standards some of which may have significant impact on the Organisation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****IFRS 14 Regulatory Deferral Accounts**

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

As a first-time adopter of IFRS the Organisation will continue to use its previous IFRS framework to account for the regulatory deferral account balances.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption permitted.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments, the Organisation will amend its accounting policy with effect from 1 January 2016 for acquisitions of interests in a joint operation.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Organisation currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Organisation cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Organisation has assessed that the straight-line method is the most appropriate method and has early adopted these amendments for the current year ending 31 December 2015.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

(m) Relevant new and amended standards in issue but not yet effective for the year ended 31 December 2015 (continued)**Equity Method in Separate Financial Statements (Amendments to IAS 27)**

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Disclosure Initiative (Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application are permitted.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Organisation, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Organisation is currently in the process of performing a more detailed assessment of the impact of this standard on the Organisation and will provide more information in the year ending 31 December 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Organisation, which will include changes in the measurement bases of the Organisation's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Organisation.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Organisation is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

(n) Classes of financial instruments

The Company classifies the financial instruments into classes that reflects nature of information and take into account the characteristics of those financial instruments:

Items on the statement of financial position	Class
Cash and cash equivalents	Loans and receivables
Other assets	Loans and receivables

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

Introduction and overview

BRAC has exposure to the following risks from its use of financial instruments:

- a) Credit risk;
- (b) Liquidity risk; and
- (c) Market risks.
- (d) Operational risk

This Note presents information about the organisation's exposure to each of the above risks, the organisation's objectives, policies and processes for measuring and managing risk.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

(a) Credit risk

Credit risk is the risk of financial loss to Organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the BRAC's loans and advances to customers.

Management of credit risk

For risk management reporting purposes, the BRAC considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Organisation does not have any significant exposure to any individual customer or counterparty.

The model that the Organisation uses to mitigate this risk is arrangement with the respective members of the group. The group members are required to contribute for a customer who has defaulted on the weekly loan repayment. This model is used exclusively by the Organisation.

As set out above, the main activity of the Organisation is the provision of unsecured loans to group members. The members of Governing Council have delegated responsibility for the oversight of credit risk to the Country Representative who works with the assistance of Program manager and the Monitoring department. However, this must be viewed in light of the overall framework of the exclusive use of "group guaranteed" loan repayment mechanism.

Impaired loans

Impaired loans and securities are loans and securities for which the organisation determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans, where contractual interest or principal payments are past due but the organisation believes that impairment is not appropriate on the basis of the level of security or the stage of collection of amounts owed to the Organisation.

Allowances for impairment

The Organisation establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for Organisation's of homogeneous assets in respect of losses that have been incurred but have not been identified.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(a) Credit risk (Continued)

The table provides details of exposure to credit risk:

Loans to customers

	2015 TZS'000	2014 TZS'000
Microfinance		
Carrying amount		
Standard	1,860,188	1,416,164
Watch List	27,461	1,027
Substandard	4,629	267
Doubtful	3,534	-
Loss	13,238	3,272
	1,909,050	1,420,730
Allowance for impairment	(55,390)	(31,574)
Net loans	1,853,660	1,389,156
Balance at 1 January	31,574	32,219
Provision made during the year	27,540	7,244
Loans written off during the year	(3,724)	(7,889)
	55,390	31,574

The previous table shows the undiscounted cash flows on the organisation's financial liabilities and on the basis of their earliest possible contractual maturity.

Write-off policy

BRAC writes off a loan balance (and any related allowances for impairment losses) when the organisation credit committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status.

(b) Liquidity risk

Liquidity risk is the risk that the Organisation will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the organisation's reputation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(b) Liquidity risk (Continued)

Residual contractual maturities of financial liabilities.

Consolidated 31 December	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000
Loan security fund	377,654	377,654	377,654
Other current liabilities	1,073,337	1,073,337	1,073,337
Total liabilities	1,450,991	1,450,991	1,450,991
31 December 2014			
Loan security fund	280,998	280,998	280,998
Other current liabilities	1,078,141	1,078,141	1,078,141
Total liabilities	1,359,139	1,359,139	1,359,139
Microfinance 31 December 2015			
Loan security fund	377,654	377,654	377,654
Other current liabilities	966,519	966,519	966,519
Total liabilities	1,344,173	1,344,173	1,344,173
31 December 2014			
Loan security fund	280,998	280,998	280,998
Other current liabilities	845,266	845,266	845,266
Total liabilities	1,126,264	1,126,264	1,126,264
Social development 31 December 2015	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000
Other current liabilities	106,818	106,818	106,818
31 December 2015			
Other current liabilities	232,875	232,875	232,875

The previous table shows the undiscounted cash flows on the organisation's financial liabilities and on the basis of their earliest possible contractual maturity.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc will affect BRAC'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 optimising the return.

(i) Currency risk

The Organisation is exposed to currency risk on payments that are denominated in a currency other than the respective functional currency of Organisation, the Tanzanian Shilling (TZS). The currencies in which these transactions primarily are denominated are Tanzanian Shilling (TZS) and US Dollars (USD).

The Organisation's strategy for managing its foreign currency exposure is through transacting mainly using its functional currency.

Exposure to currency risk for foreign denominated amounts in the following classes of financial instruments; disclosure around market risk also relates to sensitivity analysis of the type of market risk – currency risk, showing how the income profit or loss and equity would have been affected by reasonably possible changes in the relevant risk variable at the year- end date.

During the year the Organisation did not incur transactions in other foreign currencies.

(ii) Interest rate risk

The interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates and the fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

	Up to 1 month TZS '000	From 1 to 12 months TZS '000	From 1 years to 2 years TZS '000	From 2 years and above TZS '000	Non interest bearing TZS '000	Total TZS '000
31 December 2015						
ASSETS						
Cash and bank balances	-	-	-	-	125,131	125,131
Loans to customers*	20,354	1,833,306	-	-	-	1,853,660
Other assets	-	-	-	-	14,657	14,657
Total assets	20,354	1,833,306	-	-	139,788	1,993,448
LIABILITIES						
Loan security fund	-	-	-	-	(377,654)	(377,654)
Other liabilities	-	-	-	-	(1,073,337)	(1,073,337)
Deferred grants	-	-	-	-	-	-
Total liabilities	-	-	-	-	(1,450,991)	(1,450,991)
Net assets/(liabilities)	20,354	1,833,306	-	-	(1,311,203)	542,457

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(c) Market risk (Continued)

* Loans and advances to customers outstanding as at 31 December 2015, after impairment.

Consolidated 31 December 2014	Up to 1 month TZS '000	From 1 to 12 months TZS '000	From 1 years to 2 years TZS '000	From 2 years and above TZS '000	Non interest bearing TZS '000	Total TZS '000
ASSETS						
Cash and bank balances	-	-	-	-	58,008	58,008
Loans to customers	40,066	1,380,664	-	-	-	1,420,730
Other assets	-	-	-	-	150,561	150,561
Total assets	40,066	1,380,664	-	-	208,569	1,629,299
LIABILITIES						
Loan security fund	-	-	-	-	(280,998)	(280,998)
Other liabilities	-	-	-	-	(1,078,141)	(1,078,141)
Deferred grants	-	-	-	-	-	-
Total liabilities	-	-	-	-	(1,359,139)	(1,359,139)
Net assets/(liabilities)	40,066	1,380,664	-	-	(1,150,570)	270,160

Microfinance 31 December 2015	Up to 1 month TZS '000	From 1 to 12 months TZS '000	From 1 years to 2 years TZS '000	From 2 years and above TZS '000	Non interest bearing TZS '000	Total TZS '000
ASSETS						
Cash and bank balances	-	-	-	-	125,131	125,131
Loans to customers*	20,354	1,833,306	-	-	-	1,853,660
Other assets	-	-	-	-	14,657	14,657
Total assets	20,354	1,833,306	-	-	139,788	1,993,448
LIABILITIES						
Loan security fund	-	-	-	-	(377,654)	(377,654)
Other liabilities	-	-	-	-	(966,519)	(966,519)
Total liabilities	-	-	-	-	(1,344,173)	(1,344,173)
Net assets/(liabilities)	20,354	1,833,306	-	-	(1,204,385)	649,275

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

*Loans and advances to customers outstanding as at 31 December 2015, before impairment.

31 December 2014	Up to 1 month TZS '000	From 1 to 12 months TZS '000	From 1 years to 2 years TZS '000	From 2 years and above TZS '000	Non interest bearing TZS '000	Total TZS '000
ASSETS						
Cash and bank balances	-	-	-	-	58,008	58,008
Loans to customers	40,066	1,380,664	-	-	-	1,420,730
Other assets	-	-	-	-	150,561	150,561
Total assets	40,066	1,380,664	-	-	208,569	1,629,299
LIABILITIES						
Loan security fund	-	-	-	-	(280,998)	(280,998)
Other liabilities	-	-	-	-	(1,078,141)	(1,078,141)
Total liabilities	-	-	-	-	(1,359,139)	(1,359,139)
Net assets/(liabilities)	40,066	1,380,664	-	-	(1,150,570)	270,160
Social development						
31 December 2014						
Other ASSETS	-	-	-	-	-	-
LIABILITIES						
Other liabilities	-	-	-	-	(106,818)	(106,818)
Net assets/(liabilities)	-	-	-	-	(106,818)	(106,818)
31 December 2015						
ASSETS						
Cash and bank balances	-	-	-	-	125,131	125,131
Loans to customers	20,354	1,833,306	-	-	-	1,853,660
Other assets	-	-	-	-	14,657	14,657
Total assets	20,354	1,833,306	-	-	139,788	1,993,448
LIABILITIES						
Other liabilities	-	-	-	-	(232,875)	(232,875)
Net assets/(liabilities)	-	-	-	-	(94,927)	(94,927)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organisation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Organisation's operations and are faced by all business entities.

The Organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(d) Operational risk (continued)

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Organisation standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- training and professional development;
- risk mitigation, including insurance where this is effective
- development of contingency plans; and
- compliance with regulatory and other legal requirements.

Compliance with Organisation standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the management of the business unit to which they relate and Country Representative.

5. USE OF ESTIMATES AND JUDGEMENTS

Management discussed the development, selection and disclosure of the organisation's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see Note 4)

Key sources of estimation uncertainty**(i) Allowances for credit losses (Continued)**

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(g)(vii).

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

(ii) Property and equipment, leased premises and intangible assets

Critical estimates are made by the The members of the Governing Council in determining the useful lives of property and equipment, leased premises refurbishment and intangible assets as well as their residual values.

(iii) Taxes

The Organisation is subjected to several taxes and levies by the government and quasi-government regulatory bodies. As a rule of thumb, the Organisation recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined

5. USE OF ESTIMATES AND JUDGEMENTS (Continued)**(iv) Fair values of financial instruments**

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(iv) Fair values of financial instruments (continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

Key sources of estimation uncertainty (Continued)

(iv) Fair values of financial instruments (Continued)

Microfinance

31 December 2015

ASSETS	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000	Carrying Value TZS '000	Fair Values TZS '000
Cash and bank balances	-	125,131	-	125,131	125,131
Loans to customers	-	-	1,853,660	1,853,660	1,853,660
Other assets	-	-	14,657	14,657	14,657
Total assets	-	125,131	1,868,317	1,993,448	1,993,448
LIABILITIES					
Other liabilities	-	-	966,519	966,519	966,519
Loan security fund	-	-	377,654	377,654	377,654
Deferred revenue grants	-	-	211,375	211,375	211,375
Total liabilities	-	-	1,555,548	1,555,548	1,555,548

Social development

31 December 2015

	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Carrying Value TZS'000	Fair Values TZS'000
ASSETS					
Cash and bank balances	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	-	-	-	-	-
LIABILITIES					
Other liabilities	-	-	106,818	106,818	106,818
Total liabilities	-	-	106,818	106,818	106,818

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(iv) Fair values of financial instruments (Continued)

Microfinance					
31 December 2014	Level 1	Level 2	Level 3	Carrying	Fair
	TZS '000	TZS '000	TZS '000	Value	Values
ASSETS				TZS '000	TZS '000
Cash and bank balances	-	58,008	-	58,008	58,008
Loans to customers	-	-	1,389,156	1,389,156	1,389,156
Other assets	-	-	12,613	12,613	12,613
Total assets	-	58,008	1,401,769	1,459,777	1,459,777
LIABILITIES					
Other liabilities	-	-	845,266	845,266	845,266
Loan security fund	-	-	280,998	280,998	280,998
Total liabilities	-	-	1,126,264	1,126,264	1,126,264
Social development					
31 December 2014	Level 1	Level 2	Level 3	Carrying	Fair
	TZS '000	TZS '000	TZS '000	Value	Values
ASSETS				TZS '000	TZS '000
Cash and bank balances	-	-	-	-	-
Other assets	-	-	137,948	137,948	137,948
Total assets	-	-	137,948	137,948	137,948
LIABILITIES					
Other liabilities	-	-	232,875	232,875	232,875
Total liabilities	-	-	232,875	232,875	232,875

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INTEREST INCOME

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
Microfinance				
Interest on loans to group members:				
- Micro finance	746,388	568,671	367,943	342,959
- Small enterprise program	116,808	71,840	57,582	43,326
-Investment Fund	1,256	-	619	
- Agri-finance	31,944	1,479	15,748	892
	896,396	641,990	441,892	387,177

7. OTHER INCOME

Microfinance				
Loan application fee	504	250	248	151
Loan appraisal fee	44,282	31,164	21,830	18,795
Gain due to early repayment of loan	2	1,660	1	1,001
Other income	6	1,448	3	873
Membership fees	7,633	6,352	3,763	3,831
	52,427	40,874	25,845	24,651

8. PROVISION FOR IMPAIRMENT- ON LOANS TO CUSTOMERS

Microfinance				
Balance at 1 January	31,574	32,219	20,359	20,386
Impairment charge/(release) on loans to customers	27,540	7,244	13,576	4,369
Loans written off during the year	(3,724)	(7,889)	(1,747)	(4,748)
Foreign currency translation reserve	-	-	(6,214)	352
Balance at 31 December	55,390	31,574	25,974	20,359

9. STAFF COSTS

Microfinance				
Salaries	347,346	387,147	171,229	233,484
Bonus	7,836	8,734	3,863	5,267
Social Security Fund contribution (ZSSF)	34,735	38,715	17,123	23,349
Skills Development Levy (SDL)	17,366	19,356	8,561	11,673
Staff Insurance	758	845	374	510
	408,041	454,797	201,150	274,283
Social development				
Salaries	2,186	33,255	1,078	20,056
Bonus	-	-	-	-
Social Security Fund contribution (ZSSF)	219	3,332	108	2,009
Skills Development Levy (SDL)	109	1,658	54	1,000
	2,514	38,245	1,239	23,065
Grand Total	410,555	493,042	202,389	297,348

Staff costs include staff salaries, bonus provision, National Social Security, contribution and other staff costs.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OCCUPANCY EXPENSES

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
Microfinance				
Rent	16,237	103,310	8,004	62,305
Utilities	6,155	2,948	3,034	1,778
	<u>22,392</u>	<u>106,258</u>	<u>11,038</u>	<u>64,083</u>
Social development				
Rent	737	2,240	364	1,351
	<u>23,129</u>	<u>108,498</u>	<u>11,402</u>	<u>65,434</u>

11. OTHER OPERATING EXPENSES

Maintenance and general expenses	41,729	30,278	20,571	18,260
Audit fees	40,284	25,386	19,858	15,310
Other legal and consultancy fees	17,147	14,860	8,453	8,962
Office stationery	5,218	4,739	2,572	2,858
Head Office logistics and management expenses	109,818	130,168	54,137	78,503
	<u>214,196</u>	<u>205,431</u>	<u>105,591</u>	<u>123,893</u>
Social development				
Program supplies, Maintenance and general expenses	323	22,487	160	13,561
Office stationery	-	147	-	89
	<u>323</u>	<u>22,634</u>	<u>160</u>	<u>13,650</u>
	<u>214,519</u>	<u>228,065</u>	<u>105,751</u>	<u>137,543</u>

12. TAX EXPENSE

Microfinance				
Tax charge for the year	3,842	-	1,894	-
Deferred tax credit/(charge)	28,858	37,924	14,226	22,872
	<u>32,700</u>	<u>37,924</u>	<u>16,120</u>	<u>22,872</u>

13. CASH AND BANK BALANCES

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
Microfinance				
Cash in hand	8,793	1,151	4,123	673
Mobile money – Vodacom account	769	13	361	8
Cash at bank	115,569	56,844	54,194	33,242
	<u>125,131</u>	<u>58,008</u>	<u>58,678</u>	<u>33,923</u>

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. LOANS TO CUSTOMERS

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
Microfinance				
Loans to customers (gross)	1,909,050	1,420,730	895,217	830,836
Provision for impairment on loans to customers (Note 8)	(55,390)	(31,574)	(25,974)	(20,359)
Foreign currency translation reserve	-	-	-	1,895
Balance at 31 December	1,853,660	1,389,156	869,243	812,372

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

15. OTHER ASSETS

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
Microfinance				
Advances and prepayments	14,908	11,709	6,993	6,847
Stock and stores	(251)	904	(120)	529
	14,657	12,613	6,873	7,376
Social development				
Receivable from BRAC Maendeleo Tanzania	-	137,948	-	80,671
	14,657	150,561	6,873	88,047

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PROPERTY AND EQUIPMENT	Furniture & fixtures TZS '000	Equipment TZS '000	Motor cycles TZS '000	Total TZS '000	Memo Total USD
Microfinance					
Cost					
At 1 January 2014	24,345	9,439	9,823	43,607	27,567
Additions during the year	1,460	-	-	1,460	881
Foreign currency translation reserve	-	-	-	-	(2,093)
Balance at 31 December 2014	25,805	9,439	9,823	45,067	26,355
At 1 January 2015	25,805	9,439	9,823	45,067	26,355
Additions during the year	660	4,965	-	5,625	2,773
Disposal	(2,135)	(5,864)	(7,650)	(15,649)	(7,715)
Foreign currency translation reserve	-	-	-	-	(4,981)
Balance at 31 December 2015	24,330	8,540	2,173	35,043	16,432
Accumulated depreciation					
At 1 January 2014	21,621	8,628	5,967	36,216	22,895
Charge for the year	2,581	750	1,965	5,296	3,194
Foreign currency translation reserve	-	-	-	-	(1,813)
Balance at 31 December 2014	24,202	9,378	7,932	41,512	24,276
At 1 January 2015	24,202	9,378	7,932	41,512	24,276
Charge for the year	128	727	-	852	420
Disposal	-	(2453)	(5,759)	(8,212)	(4,048)
Foreign currency translation reserve	-	-	-	-	(4,632)
Balance at 31 December 2015	24,330	7,652	2,173	34,155	16,016
Net book value					
At 31 December 2015	-	888	-	888	416
At 31 December 2014	1,603	61	1,891	3,555	2,079

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. DEFERRED TAX ASSET

	2015	2014	Memo	Memo
	TZS '000	TZS '000	2015	2014
			USD	USD
Microfinance				
The movement in the deferred tax asset during- the year is as follows:				
At 1 January	193,361	155,437	113,077	98,263
Credit/(charge) for the year	(28,859)	37,924	(14,226)	23,975
Foreign exchange translation	-	-	(21,710)	(9,161)
At 31 December	164,502	193,361	77,141	113,077
Deferred tax arises from temporary- differences on the following items:				
Property and equipment	2,831	4,267	1,328	2,496
Tax losses carried forward	144,698	179,266	67,854	5,747
Impairment provision - general	16,973	9,828	7,959	104,834
At 31 December	164,502	193,361	77,141	113,077
Tax rate reconciliation	%	%		
Standard rate of income tax	30	30		
Tax effect of prior year deferred tax (over)/under provision	0.70	(0.1)		
Tax effect of non deductible expenses	0.50	(0.5)		
Effective rate of income tax	32	29		

18. LOAN SECURITY FUND

Microfinance				
Balance at 1 January	280,998	218,919	164,326	138,395
Collection during the year	366,961	102,970	180,898	62,100
Withdrawals during the year	(270,305)	(40,891)	(133,251)	(24,661)
Foreign currency translation reserve	-	-	(34,879)	(11,508)
	377,654	280,998	177,094	164,326

This represents deposits by customers which act as collateral for loans advanced to them. It is computed as 10% of the customers' approved loan. When customers default on their loans, part or the whole of the deposit is utilized to make good the outstanding balances from the respective customers.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. OTHER LIABILITIES

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
Microfinance				
Current accounts in transit	828,865	727,865	385,552	425,652
Provisions	38,348	73,002	21,114	42,691
Due to related parties [Note 21(a)]	99,306	44,399	46,567	25,964
	966,519	845,266	453,233	494,307
Social development				
Liabilities for expenses – accruals	640	-	300	-
Current account in transit	106,808	232,865	50,086	136,178
Provisions	-	640	-	374
Revolving fund (Health)	-	-	-	-
Revolving fund (Livestock)	(630)	(630)	(296)	(368)
Revolving fund (Agriculture)	-	-	-	-
	106,818	232,875	50,090	136,184
	1,073,337	1,078,141	503,323	630,491

20. DEFERRED GRANTS

Microfinance

(a) Movement in deferred capital grants during the year is as follows:

At 1 January	-	-	-	-
Fund received for investment in loan from BRAC Maendeleo Tanzania during the year*	174,725	36,650	86,133	22,103
Transfer to Grants invested in Loans	(174,725)	(36,650)	(86,133)	(22,103)
Amortisation during the year	-	-	-	-
Foreign currency translation	-	-	-	-
	-	-	-	-

(b) Grants invested in Loans

Balance at 1 January	36,650	-	21,433	-
Transferred from grants received in advance*	174,725	36,650	86,133	22,103
Amount transferred to equity	-	-	-	-
Translation reserve	-	-	(8,445)	(670)
	211,375	36,650	99,121	21,433

(c) Social development (Appendix II)

Movement in deferred revenue grants during the year is as follows:

Balance at 1 January	-	-	-	-
Transfer from BRAC Maendeleo Tanzania	11,890	71,995	5,576	43,419
Grants income utilised during the year	(11,890)	(71,995)	(5,576)	(43,419)
Foreign currency translation	-	-	-	-
Balance at 31 December	-	-	-	-

**On 1 April 2013, BRAC Maendeleo Tanzania entered into grant agreement amounting to GBP 8.2 million with Department for International Development (DFID). Part of this fund amounting to GBP 1.25 million was allocated for disbursement of loans relating to Agriculture and Livestock. During the year, the Organisation issued loans amounting to TZS 36 million.

BRAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

	2015 TZS '000	2014 TZS '000	Memo 2015 USD	Memo 2014 USD
(a) Due to related parties:				
Microfinance				
Stichting BRAC International	99,305	44,399	46,567	25,964
BRAC Tanzania Finance Limited	-	-	-	-
	<u>99,305</u>	<u>44,399</u>	<u>46,567</u>	<u>25,964</u>
(b) Due from related parties:				
Social Development				
BRAC Maendeleo Tanzania	-	137,948	-	80,671
(c) Head Office logistics and management expenses- incurred on behalf:				
Microfinance				
Stichting BRAC International	99,305	44,399	46,567	25,964
BRAC Tanzania Finance Limited	-	-	-	-
	<u>99,305</u>	<u>44,399</u>	<u>46,567</u>	<u>25,964</u>

22. CONTINGENT LIABILITIES

The members of the Governing Council are not aware of any contingent liabilities as at the date of this report.

23. SUBSEQUENT EVENTS

At the time of signing these financial statements, the members of the Governing Council are not aware of any events after the year end not otherwise dealt with in these financial statements.

BRAC

APPENDICES - SEGMENTAL INFORMATION

BRAC and Global Poverty Alleviation Fund (GPAF)

Appendix I - Statement of profit or loss and other comprehensive income for the year ended 31 December 2015

Social development	Agriculture, poultry & livestock			Agriculture, poultry & livestock		
	BRAC TZS '000	GPAF TZS '000	Total TZS '000	BRAC USD	GPAF USD	Total USD
Income						
Grant income utilised	-	11,890	11,890	-	5,862	5,862
Operating expenses						
Staff costs	-	(2,514)	(2,514)	-	(1,239)	(1,239)
Travelling and transportation	-	-	-	-	-	-
Training, workshop and seminars	-	(8,316)	(8,316)	-	(4,099)	(4,099)
Occupancy expenses	-	(737)	(737)	-	(365)	(363)
Other operating expenses	-	(323)	(323)	-	(159)	(159)
Total operating expenses	-	(11,890)	(11,890)	-	(5,862)	(5,862)
Profit for the year	-	-	-	-	-	-

BRAC

APPENDICES - SEGMENTAL INFORMATION

BRAC and Global Poverty Alleviation Fund (GPAF)

Appendix II - Statement of financial position as at 31 December 2015

<i>Social development</i>	Agriculture, poultry & livestock			Agriculture, poultry & livestock		
	BRAC TZS '000	GPAF TZS '000	Total TZS '000	BRAC USD	GPAF USD	Total USD
ASSETS						
Other Assets	-	-	-	-	-	-
LIABILITIES AND CAPITAL DEFICIT						
Liabilities						
Other liabilities	-	106,818	106,818	-	50,090	50,090
Capital deficit						
Donor Funds	-	(11,890)	(11,890)	-	(5,575)	(5,575)
Accumulated deficit	(94,928)	-	(94,928)	(44,515)	-	(44,515)
Translation reserve	-	-	-	-	-	-
Total capital deficit	(94,928)	(11,890)	(106,818)	(44,515)	(5,575)	(50,090)
Total liabilities and capital deficit	-	(94,928)	-	-	44,515	-

BRAC

BRAC Centre
75 Mohakhali
Dhaka 1212
Bangladesh

T : +88 02 9881265
F : +88 02 8823542
E : info@brac.net
W : www.brac.net

BRAC International

Bezuidenhoutseweg
2, 2594 AV The Hague
The Netherlands

BRAC Tanzania

Plot 2329 Block H
Mbezi Beach, Dar es Salaam
PO Box: 105213

T : +255 22 264 7280
E : bractanzania@brac.net

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