

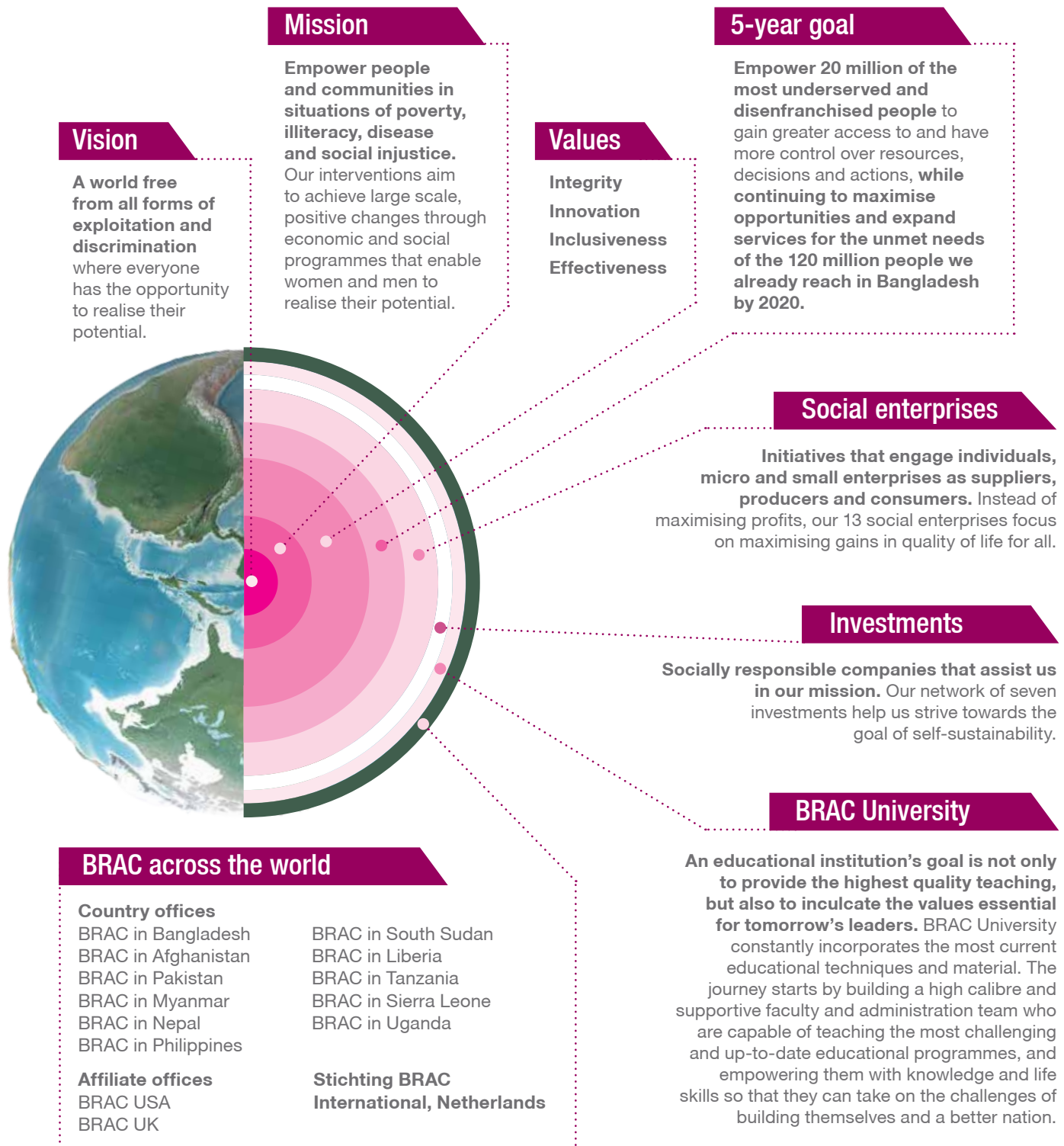


LIBERIA

2016
ANNUAL
REPORT

BUILDING A WORLD THAT WORKS FOR ALL OF US

We act as a catalyst, creating opportunities for people living in poverty to realise their potential. We specialise in piloting, perfecting and scaling innovation to impact the lives of millions. We were born in Bangladesh, are almost completely self-sustainable through our own network of social enterprises and investments, and operate in 11 countries across Asia and Africa.



If you were to describe this world to a child,
which one of the following would you pick?

It is home to magic, art, beauty, and tens of thousands of years of human talent.
Or would you say, even though it may be true,
that our world is where we live, but it is a place that doesn't work for everyone?

**Our world is our playground, a platform for the
creativity of all seven billion of us.**

Sometimes it's hard to believe that a world that works for all of us can be possible.
But the opportunities are all around us.

While we all hope for a better future for our world,
many of us are building it.
If you are a builder, we are betting on you.

The changemaker. The activist. The hero. The mentor.

45 years ago, we started building a world we all want to live in.
We started in Bangladesh.

We listened and learnt, failed and got up again.

We never stopped trying. And we never will.

We trust in people, and we take on the impossible, every day.
Fighting poverty, building platforms for tolerance, equality and inclusion,
saying no to violence against women and children.

We pilot, perfect and scale. Our DNA is to build.

As the sun rose this morning, hundreds of thousands of builders rose with it. **Teachers across eight countries** opened the colourful doors of the world's biggest secular private education system. **65,000 artisans** picked up their needles and started weaving traditional art into beautiful clothing. Credit officers in one of the world's largest microfinance institutions sat down with women in the **remotest corners of seven countries**.

Whoever you are, wherever you are,

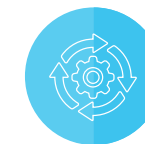
doing good is everyone's business.

We have never faced bigger challenges but we have never been more ready.

Here at BRAC, we are many things:



social enterprise



non-government
organisation



public forum



knowledge hub



social investors



policy advocates



university

and we bring together many different people:



changemakers



activists

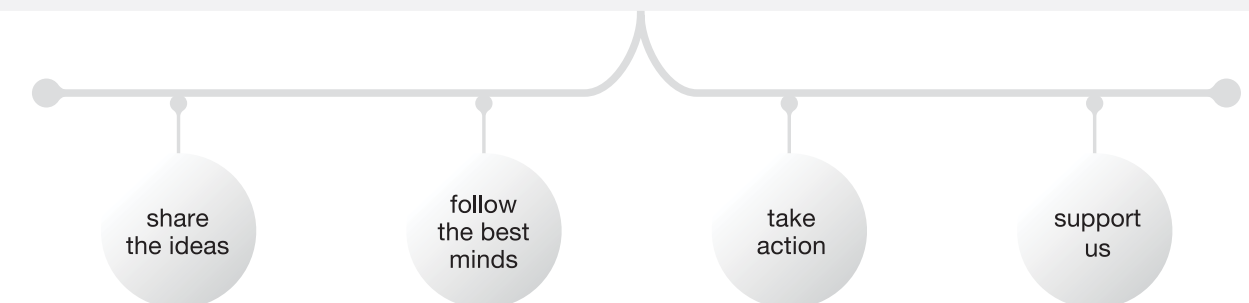


heroes



mentors

inspired by a single vision.
Building a world that works for all of us takes all of us.
Get onboard:



we are a team of the world's most dedicated staff, a dynamic board and passionate partners, standing together at the frontline of the world's biggest challenges.

Join the world's biggest family.

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CHAIRPERSON'S FOREWORD



We entered 2016 with 17 Sustainable Development Goals, the first of which was to end all forms of poverty by 2030. This is one of the most pressing yet exciting challenges we face today. For the first time in history we have the means to achieve this goal in the not-too-distant future.

BRAC is increasingly at the forefront of this movement. A provider and global advocate of holistic solutions to reduce poverty over the last 45 years, our ultra poor graduation model in particular is being championed as a solution to help reach the millions of households around the world that still live in extreme poverty.

Established in 2002, the ultra poor graduation approach targets households left behind by economic growth or mainstream development interventions. Our model supports them towards building sustainable livelihoods through a powerful combination of asset transfer, enterprise training, financial services, healthcare, mentoring and social integration. In Bangladesh alone our programme has put 1.77 million households on to sustained pathways out of poverty. With impacts confirmed by rigorous research both in Bangladesh and internationally, the ultra poor graduation approach has now been adapted in 59 programmes across 37 countries by other NGOs, governments and multilateral institutions.

Our work on extreme poverty also extends beyond our own programming. Our ultra poor graduation initiative comprises advocacy efforts and technical assistance on how to adapt and implement the approach effectively in different environments. With staff working across the US, UK, Bangladesh and BRAC country offices around the world, we are spearheading the movement to proliferate graduation and reach as many extreme poor households globally as possible. This year, for example, we started working with the Governments of Kenya and the Philippines to integrate the model into their poverty alleviation strategies.

Our development programmes are funded from internally-generated revenue and grants received from external sources. Our internal revenue totalled BDT 4,997 crore (USD 646 million) this year, making up 82% of our total annual revenue.

We continue to invest in a range of socially-responsible companies. This year we consolidated BRAC Bank, an institution that was founded at a time when it was almost impossible for small and medium enterprise entrepreneurs to obtain financing from the banking sector in Bangladesh. We took banking solutions to entrepreneurs, and have disbursed over USD 4.37 billion since inception. More than half of our lending today is still to small and medium enterprises.

Our home-grown solutions in education, health, microfinance and other development areas now reach 10 countries outside of Bangladesh. This year we continued our expansion in Nepal, moving from the relief we provided after the 2015 earthquake into education and health. We have also launched a five-year strategy for Africa which will take us into five new countries by 2020.

We have never faced bigger challenges but I truly believe that, as a global community, we have never been more equipped, more connected or more ready to face them. I am filled with a genuine feeling of hope as we look ahead into 2017. I look forward to sharing the journey with you.

Sir Fazle Hasan Abed, KCMG
Founder and Chairperson

LETTER FROM THE EXECUTIVE DIRECTOR



It is my pleasure to share our Annual Report with you. At BRAC International, we believe we are One BRAC, working with a unified goal to achieve large-scale, positive impact through our economic and social programmes around the world.

I am happy to say that we have accomplished much in 2016. We opened 31 new microfinance branches. Liberia and Sierra Leone are now operationally sustainable, and there is surplus in five out of six countries. We partnered with the government of Liberia to improve learning outcomes. Our initiatives in health, agriculture and livestock have inspired people to receive training and offer support to others in their own communities. We are implementing BRAC's ultra-poor graduation programme in Uganda and Pakistan, and hope to expand our reach to lift more people out of poverty.

Despite our accomplishments, we faced several challenges in 2016. We witnessed significant paradigm changes with traditional donor countries reassessing their foreign aid. We faced unexpected crises like the civil war in South Sudan that compelled us to scale down our projects and restrict our work to Juba. The challenges only bring us closer in our efforts to building a better world for all.

At BRAC, we believe that young people today will be our strength tomorrow, and technology is

the language of the future. We are capacitating the youth by providing them with training and access to finance. We are exploring web-based monitoring and management system and the use of mobile money. Our priority is to adapt with changing times, build on our accomplishments and work even harder and smarter in 2017.

BRAC was ranked #1 by Geneva-based NGO Advisor in a list of world's best 500 NGOs because of our impact, innovation, and sustainability. We must maintain our effectiveness and ensure the quality of our work. At BRAC, we know it is the people that make us #1. I urge you all to stay with us as you have over the years. I thank our board members and country advisory councils for their guidance, as well as all members of the BRAC family around the world for their support and hard work.

I look forward to continuing our work together with renewed energy and hope, with the same dream that unites us all - a world free of exploitation and discrimination, and a better future for all.

Faruque Ahmed
Executive Director
BRAC International

MESSAGE FROM THE COUNTRY REPRESENTATIVE



We started our operations in Liberia in 2008 and now work in the fields of microfinance, health, agriculture, livestock and poultry, and adolescent empowerment.

2016 was a big year for us. We expanded into the education sector, through the Partnership School for Liberia project. The project was implemented in 20 public schools, in partnership with the Ministry of Education. We also started a community-based early childhood development programme, with financial assistance from UNICEF, which will run in 30 centres in 2017. 103,000 students in 868 public schools across three counties received education materials through support from UNICEF. We also expanded our geographical coverage in Bomi and Grand Gedeh counties.

Our impact in 2016 includes:

- More than 19,000 clients are now accessing financial services. Our microfinance programme achieved 108% operational self sufficiency.
- Awareness on personal health and hygiene was raised in over one million households through visits from our 599 community health promoters. 88,301 cases of TB, malaria, antenatal care, postnatal care, and patients with complicated pregnancy were referred to nearby health facilities.

- Two new counties are now covered by our empowerment and livelihood for adolescents programme, and the number of clubs have doubled - from 30 to 60.
- We were recognised as the best performing INGO in Liberia for 2016 by the Society for the Promotion of Peace and National Reconciliation.

This work would not have been possible without the support of the Government of Liberia, our development partners, governing board and advisory council, colleagues from BRAC International headquarters, Stichting BRAC International, and our affiliates in UK and USA. I am deeply grateful for the hard work put in by our dedicated national and international staff members and volunteers in Liberia.

Thank you all for your continued support.

Mainuddin Ahmed
Country Representative, Liberia

BRAC ACROSS THE WORLD

UK
Initiated: 2006
An independent charity to raise profile and funds for BRAC globally

USA
Initiated: 2007
An independent charity to raise profile and funds for BRAC globally

NETHERLANDS
Initiated: 2009
Stichting BRAC International registered as a foundation

AFGHANISTAN
Initiated: 2002
AFSP, Education, CDP, ERP, Health, NSP

PAKISTAN
Initiated: 2007
Education, ERP, MF, Health, TUP

NEPAL
Initiated: 2015
ERP, ELA, Health, WASH

BANGLADESH
Initiated: 1972
AFSP, BEP, CEP, DMCC, GJD, HNPP, HRLS, IDP, MF, MG, SDP, TUP, UDP, WASH

MYANMAR
Initiated: 2013
ERP, MF

PHILIPPINES
Initiated: 2012
Education

UGANDA
Initiated: 2006
AFSP, Education, ELA, ERP, Health, MF, TUP

TANZANIA
Initiated: 2006
AFSP, Education, ELA, ERP, MF

SIERRA LEONE
Initiated: 2008
AFSP, ELA, ERP, Health, MF

LIBERIA
Initiated: 2008
AFSP, Education, ELA, ERP, Health, MF

SOUTH SUDAN
Initiated: 2007
AFSP, Education, ELA, ERP, Health

AFSP: Agriculture and Food Security Programme
BEP: BRAC Education Programme
CDP: Capacity Development Programme
CEP: Community Empowerment Programme

DMCC: Disaster, Management and Climate Change
ELA: Empowerment and Livelihood for Adolescents
ERP: Emergency Response Programme
GJD: Gender Justice and Diversity

HNPP: Health, Nutrition and Population Programme
HRLS: Human Rights and Legal Aid Services
IDP: Integrated Development Programme
MF: Microfinance
MG: Migration

SDP: Skills Development Programme
TUP: Targeting the Ultra Poor
UDP: Urban Development Programme
WASH: Water, Sanitation and Hygiene

SCORECARD

76,122

CHILDREN RECEIVED EDUCATION FROM BRAC COMMUNITY-BASED SCHOOLS

AFGHANISTAN

86,975

HOUSEHOLDS GRADUATED FROM EXTREME POVERTY

BANGLADESH

40,517

PEOPLE REACHED THROUGH NUTRITION-AWARENESS CAMPAIGNS

LIBERIA

38,270

CLIENTS RECIEVED A TOTAL OF \$11.7 MILLION IN MICROLOANS

MYANMAR

750

EARTHQUAKE-AFFECTED VICTIMS RECEIVED MEDICAL CARE

NEPAL

56,327

CLIENTS RECEIVED A TOTAL OF \$24.5 MILLION IN LOANS

PAKISTAN

21,639

RECEIVED EDUCATION FROM 730 BRAC LEARNING CENTERS

PHILIPPINES

100

URBAN HEALTH PROMOTERS PROVIDED SEXUAL & REPRODUCTIVE HEALTH SERVICES TO ADOLESCENTS IN 10 SLUMS OF FREETOWN

SIERRA LEONE

167,452

PATIENTS RECEIVED ANTI-MALARIAL MEDICATION

SOUTH SUDAN

106,460

FARMERS AND POULTRY REARERS ORGANIZED IN 8,021 GROUPS

TANZANIA

49,093

ELA GIRLS LEARNED FROM 1,096 MENTORS

UGANDA

COUNTLESS STORIES TO TELL...

MICROFINANCE



We started providing financial access to people excluded from mainstream financial institutions in 2009. We are now one of the largest microfinance institutions in Liberia. Our network of 22 branches spans six counties out of a total 15.

The Ebola outbreak in 2015 slowed our work, but we made significant progress this year, with a 37% increase in borrowers and a 32% increase in portfolio.

WHAT WE DO

Group-based microloans and small enterprise loans are our two main components. Microloans are targeted to meet the needs of women, with loan sizes ranging from USD 100-600, while enterprise loans target both female and male small enterprise owners, with loan sizes ranging from USD 700- 10,000.

We initiated a new loan scheme for job holders and introduced mobile money to make transactions more convenient this year.



HIGHLIGHTS

Disbursed USD **6.65 million** in loans (88% more compared to 2015)

Disbursed USD **4.35 million** in microloans

Disbursed USD **2.2 million** in small enterprises

Lowered the risk of non-payment of loans PAR 30 (2.2% in 2016 compared 5.72% in 2015)

17,656 clients and **1,040** small enterprises accessing microloans

EDUCATION



We started working in the education sector in 2016 through the Liberian government's Partnership Schools for Liberia (PSL) project. The project is a public-private partnership, geared to dramatically improve learning outcomes for children. It was launched in 93 primary schools, and managed by eight operators. We are the second biggest partner, implementing the model in 20 public schools.

WHAT WE DO

Our approach is to get learning outcomes right in a small number of schools, funded at a basic level, and then scale up if reforms are effective.

The cost of PSL is no more than the amount many governments in the region already spend on their primary schools (USD 100 per student for the year). Given highly constrained resources in education, most Liberian schools are currently visited only once a year, limiting performance management and improvement. It is hoped that performance, safety and standards will improve by having the contracted organisations visit each school regularly. The intervention will be judged on the empirical data it produces— data on whether PSL schools deliver better learning for Liberian children, both boys and girls, urban and rural, at affordable costs to the government and donors.

In addition to the PSL project, we have also started an early childhood development programme in partnership with UNICEF this year. We developed a curriculum, trained master trainers (those who will train others), distributed education materials, and set up guidelines for the operation of 30 centres which will commence in 2017.

HIGHLIGHTS

6,048 students received learning materials and textbooks

198 teachers received training and monthly refreshers

40 teachers (two teachers from every school) received training as master trainers

Developed 20 principals' capacity through quarterly training

Reviewed Liberian national curriculum and designed subject-based training for teachers



EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS



We began focusing specifically on empowering adolescents in 2014. We enable adolescents to access basic life skills training in safe spaces, such as sexual reproductive health education, family planning, livelihood training and financial literacy.

WHAT WE DO

We empower adolescents to participate meaningfully in decisions that will affect their lives positively and become active agents of social change, thus creating a supportive environment for the development of adolescent girls at the household and the community level.

We presently operate in four counties - Grand Cape Mount, Bong, Margibi and Montserrado, reaching out to more than 3,000 adolescents. The clubhouses, situated near the homes of target communities, are safe spaces where adolescents socialise and discuss issues of concern as well as challenges that are common to them. The mentors of each club receive training on teaching through monthly refresher programmes.

Teenage pregnancy, limited access to reproductive services and information, malnutrition, sexual and gender-based violence are some of the biggest health issues that adolescents face. Lack of proper services and little knowledge about prevention of unwanted pregnancy and sexually-transmitted diseases put them at high risk.

HIGHLIGHTS

Created **60** ELA clubs

Enrolled **2,562** adolescent club members

Reached **3,560** indirect community members

71 adolescents in **16** microcredit groups accessed **USD 9,000** in loans

1,836 adolescents received financial literacy training

1,800 adolescents received life skills training

1,067 adolescents received livelihood training

AGRICULTURE AND FOOD SECURITY



We began working in agriculture and focusing on food security in 2008. We ensure quality seeds and address lack of technical knowledge and low productivity. We enhance food security through reducing hunger and malnutrition, and build resilience by improving the socio-economic conditions of the communities we work in.

WHAT WE DO

Our interventions are designed to increase agricultural output, develop capacities of our farmers and create jobs in rural areas, particularly for women and young people.

We are implementing a European Union-funded food security and livelihood project comprising of two components: agriculture and livestock. The project will contribute towards ending hunger, improve food security and nutrition, and promote sustainable agriculture by developing resilient agriculture, markets and people. We will ultimately reach 5,200 agriculture smallholder farmers and enable them to increase their income, resilience and access to sufficient and nutritious food.

After the Ebola outbreak in 2014/2015, we partnered with Google to build resilience in communities against the disease. We supported community mobilisation to prevent the spread of Ebola and support the recovery, via general health support and livelihood, agriculture and livestock support.

HIGHLIGHTS

2,025 farmers gained access to tools, seeds and rice as part of post-Ebola response

Set up a biofortified provitamin-A rich yellow cassava trial plot, along with orange-fleshed sweet potato intercrop

Carried out iron toxicity tolerance rice variety screenings in swampy lands

Carried out integrated farming system with rice-fish and dyke vegetables in seed farm trainings

Produced **1.65 MT** of Nerica-L19 rice seed, **0.95 MT** of corn as cob, and a variety of vegetables in seed farm



POULTRY AND LIVESTOCK



The poultry and livestock programme was started in 2008 to strengthen the livelihoods of people in rural areas through capacity building and creating access to quality inputs for poultry and livestock production.

WHAT WE DO

We select experienced and motivated farmers to become self-employed community livestock and poultry promoters. Promoters are provided with training on animal husbandry, animal health management and vaccinations. After training, they generate income by charging fees for their services. They offer vaccinations, sell veterinary medicine, farm inputs and provide technical assistance to farmers in their communities. Promoters also help in selecting model poultry and livestock rearers.

Liberia imports the majority of its poultry and feed. We set up a poultry hatchery and feed mill, the first of its kind in Liberia, in 2013 with support from the Chevron Foundation and the European Union. Our hatchery and feed mill produces quality day-old-chicks and feed to sell to farmers.

We started implementing a European Union-funded agriculture-based food and nutrition project this year to build community resilience and reaction to crises this year. We will train 1,625 households on livelihood and livestock rearing which will contribute towards ending hunger, food insecurity, as well as improve nutrition and promote sustainable livelihoods in Liberia by project completion in 2018.

This builds on a previous European Union-funded project which targets improved food security for farmers (65% women) through livestock production, processing and marketing

HIGHLIGHTS

Reached **1,650** model farmers and **10,500** general farmers

Trained **75** community leaders on livestock rearing and business development

Supported **25** community-based organisations

500 community livestock promoters (75% women) operating independent businesses trainings

Operating **six** pig breeding farms and **three** small-scale slaughterhouses

Produced **43,245** day-old chicks and **115 MT** feed

Developed National Livestock Policy of Liberia for the Ministry of Agriculture

Annual livestock production/born increased by **23.59%** and annual income from livestock increased by **30%** (impact study conducted by the European Union)

HEALTH



We started working in the health sector in 2008, in collaboration with the Ministry of Health and Social Welfare, to launch a combined community approach for preventive, promotive, curative and rehabilitative services.

WHAT WE DO

Our greatest asset is the network of 599 community health promoters we have built over the years. Promoters provide education, preventive services, basic curative services and hospital referrals to patients, focusing on reproductive, maternal and child health, immunisations, nutrition, communicable diseases prevention and treatment.

We are currently implementing the Reproductive, Maternal, Newborn and Child Health project in seven counties of Liberia with the Department for International Development UK. Our health promoters and traditionally trained midwives improve reproductive, maternal, newborn and child health. We run a diagnostic and treatment centre where patients can undergo blood and urine tests and obtain prescribed medications.

Our health workers have been implementing the family planning project since 2013 in four counties with support from UNFPA to expand preventative measures for healthcare services at the community level, using the Ministry of Health's existing essential healthcare programme.

We rebuilt communities in seven counties with the Open Society Foundation after the onset of the Ebola pandemic in 2015. The project was completed in March of this year. We also completed a project this year with the Global Fund and the Ministry of health to fight AIDS, tuberculosis and malaria.

HIGHLIGHTS

Organised **3,600** mother club meetings with **35,585** participants, **2,865** reproductive health awareness meetings with **25,955** participants, and **11,486** health forums with **149,334** participants

Distributed **74,637** family planning commodities, 148,210 oral rehydration solution sachets and **12,750** long lasting insecticidal net

Distributed Ebola prevention materials to **350** elementary schools and adjacent communities

Provided transportation subsidies to **1,026** pregnant women from ultra poor families

Referred **10,331** antenatal care and **9,414** postnatal care to health facilities

Referred **4,639** women for temporary contraceptive methods

Referred **11,750** children—under—five to healthcare centres for acute respiratory infection and diarrhoea

Treated **7,683** patients; health promoters and traditional birth attendants referred **65,992** clients

Identified **1,085** confirmed TB cases

Equipped **550** learning centres with hand washing and tooth brushing facilities

EMERGENCY RESPONSE



We began making emergency response a major focus this year. We are strengthening our emergency preparedness skills and knowledge to build safer and more resilient communities, with the support of the Bill and Melinda Gates Foundation.

WHAT WE DO

We develop organisational capacity on emergency response, which includes conflict mapping and trend analysis, disaster preparedness planning, country risk assessments, multi-hazard risk assessment and equipping staff with new skills.

HIGHLIGHTS

Conducted one training on community disaster management for seven countries organised for **32** staff

Conducted one training on first aid for **seven** area offices organised for **16** staff

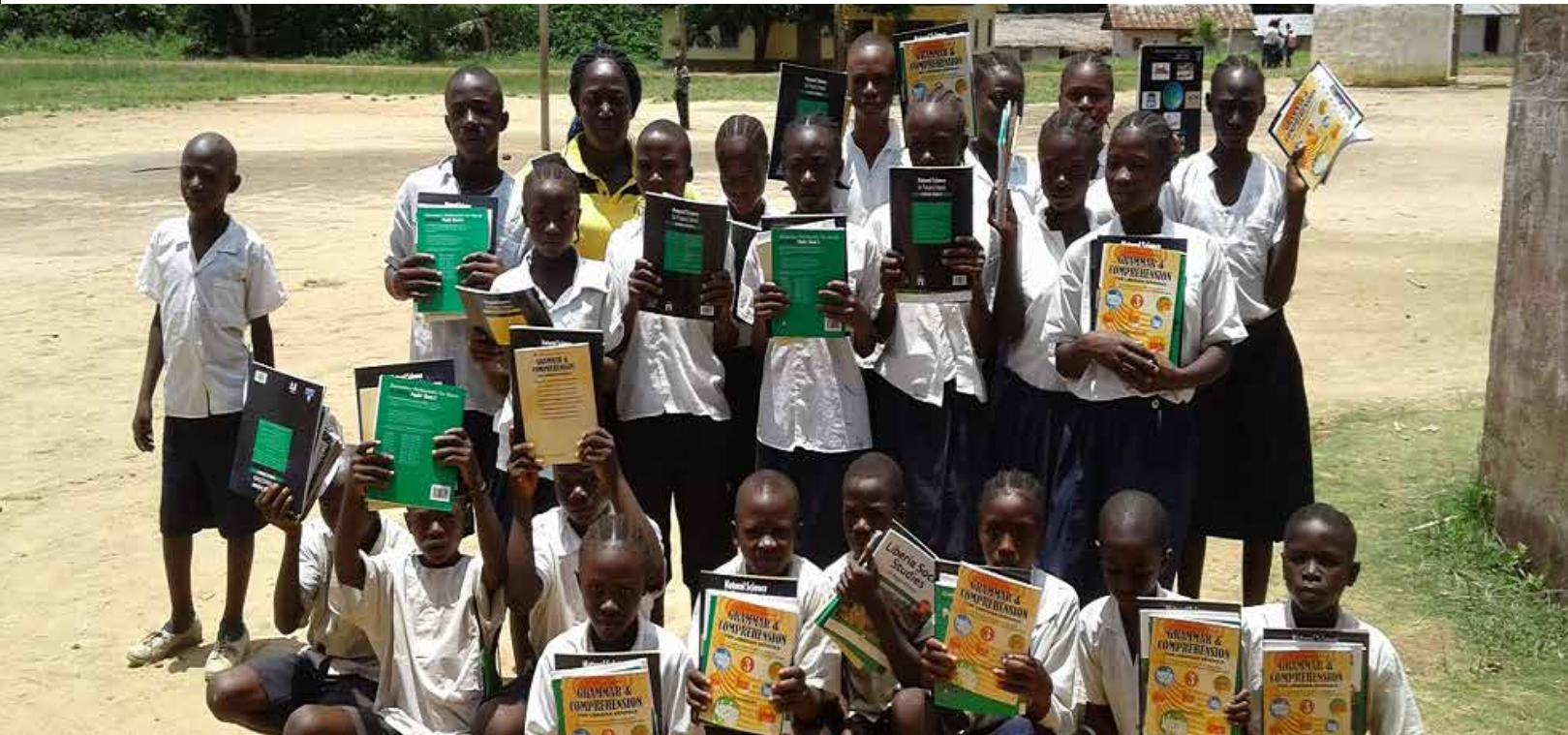
Provided support for Ebola crisis recovery through facilitating **two** trainings

Represented BRAC in Liberia in **six** national forums and **two** international forums on disaster preparedness

Developed **one** country risk assessment, **one** multi-hazard risk assessment, **one** disaster risk and vulnerability analysis, **one** disaster preparedness planning and **26** weekly situation updates



EMPOWERING ADOLESCENTS WITH SKILLS



There is huge demand in almost every corner of Liberia for soap makers and hairdressers. We train adolescents and their peer leaders in both skills through hands-on three month courses. Our young participants are snapped up by the market immediately, working and training more adolescents at the same time.

Training covers production of locally-made liquid, powder and solid soap. Hairdressing covers styles such as weaving, attachments and hair braids. The training is not just to meet market demands, but also to promote adolescents to support themselves through income generating activities in their own communities.

Our adolescent development programme puts the futures of adolescents back in their own hands by providing them with access to health education, life skills and livelihood training in high demand sectors. These skills and this knowledge enable them to make important decisions and take a stand against challenges such as peer pressure, unwanted pregnancy, violence and drug abuse.

BRINGING MORE CHILDREN TO SCHOOL



Liberia has the lowest school enrolment in the world, with four out of every ten children not in school. This is a result of the country's long civil war and, more recently, the Ebola outbreak.

Less than 20% of Liberian women are literate. We are working with the government to change this, through the first formal partnership between the government and an international NGO in the history of education in Liberia.

The Partnership Schools for Liberia project brings us together with the Ministry of Education to promote primary education by increasing learning outcomes and access to quality education. The project is being implemented in 20 partnership schools in Lofa and Nimba. 6,000 students and 198 teachers have benefited to date.

In remote areas where banks do not operate and teachers often do not get salaries on time, many abandon their classrooms. Looking to solve this, the government turned to international partners, and we were selected to become a major partner of the Liberian government for this initiative.

We carried out assessment visits to the operating areas where schools in extremely poor conditions were listed for quick action. Several consultative meetings were held, and then we constructed school buildings and playgrounds, and trained teachers and other monitors to keep track of progress.

We are looking forward to extending our services in the future to enrol more Liberian children into schools.



Many people in Liberia sought greener pastures after the civil war, mostly abroad.

I could not afford to think outside of my country. The furthest I could go was Lofa, a county near the Guinean border. I got a job as a private security guard with a very low salary. My family of four struggle a lot. I worked there until 2009, the year that BRAC came to Liberia.

I started my journey with BRAC as a service staff. I worked with my new bosses in their home where I learned to carry out many domestic assignments. Presently, I am the logistics assistant at BRAC Country Office in Liberia.

What truly motivates me to work at BRAC are the wide opportunities of learning about my own community, a warm working environment, great team dynamics, and our values and vision to work for a better world.

My journey with BRAC also threw a lot of challenges my way which dragged me out of my comfort zone. When situations turned violent during the 2011 elections in Liberia, all national and international staff could not go to work. I continued to, in order to secure the properties of the organisation. That was a great integrity test for me. All assets remained secured until it was safe for all staff to return to work.

BRAC is now a big part of me, to the extent that I sometimes find myself doing things for it selflessly. I am in BRAC, and BRAC is in me. This is why I feel that **I AM BRAC!**

Emmanue Gardea
BRAC in Liberia

GOVERNANCE AND MANAGEMENT

BRAC INTERNATIONAL

BRAC International is registered as Stichting BRAC International in the Netherlands.

GOVERNING BODY

Stichting BRAC International has a constitution under the laws of the Netherlands and was governed by a 10-member board of directors. In line with the rising fiscal requirements and public expectations in the Netherlands, the board decided to adopt a two-tier governance structure, with a management board and a supervisory board.

On 8 December 2016, on its 31st meeting, the Stichting BRAC International governing board adopted the following amendments to the Constitution of Stichting BRAC International which came into effect from 28 December 2016: The present governing board becomes the supervisory board of Stichting BRAC International.

The supervisory board appointed the management board of Stichting BRAC International comprising 1) Executive Director, BRAC International, 2) Director Finance, BRAC International and 3) a maximum of three BRAC International programme directors.

The composition of the supervisory board of Stichting BRAC International is as follows:

Chairperson:

Sir Fazle Hasan Abed, KCMG

Members:

Ahmed Mushtaque Raza Chowdhury
Dr Muhammad Musa
Sylvia Borren
Dr Debapriyo Bhattacharya
Shabana Azmi
Shafiquil Hassan (Quais)
Parveen Mahmud
Irene Zubaida Khan
Fawzia Rashid

BRAC INTERNATIONAL HOLDINGS BV

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 and training centres.

BRAC International Holdings BV has the role to consolidate the financial results of all country operations in six countries. The consolidated financial statements include the financial data of the stand-alone parent organisation, its group companies and other legal entities over which the foundation has control.

On 8 December 2016, on the 31st general meeting of the shareholder of BRAC International Holdings BV, the Stichting BRAC International Governing Board adopted the amendments to the Articles of Association of BRAC International Holdings BV.

The following came into effect from 28 December 2016:

The present board of directors, with the exception of Hans Eskes becomes the supervisory board of BRAC International Holdings BV.

A two-member management board is formed with one Bangladeshi and one Dutch national.

The composition of the present supervisory board of BRAC International Holdings BV is as follows:

Chairperson:
Sir Fazle Hasan Abed, KCMG

Members:
Sylvia Borren
Dr Muhammad Musa
Parveen Mahmud

The composition of the management board of BRAC International Holdings BV is as follows:

Managing Director:
Faruque Ahmed

Director:
Hans Eskes

Details about the roles of the supervisory board and management board 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:

Parveen Mahmud, Chair
Dr Muhammad Musa, Member
Sylvia Borren, Member
Faruque Ahmed, Member
Hans Eskes, Member
SN Kairy, Secretary of the Committee

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

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal audit function

LOCAL BOARDS

Each country entity has a local board. We pursue microfinance and development activities through separate entities in countries where it is required. 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 board are available in the respective incorporation documents of these entities.

ADVISORY COUNCIL

In 2015, BI decided to form advisory councils to strengthen governance, support advocacy at the national level and enhance credibility.

The council members, who are country nationals, provide the country leadership with advice and support on standards and policies, and the development and implementation of programmes. They advise on key external developments and trends nationally, and promote BRAC’s mission through effective and strategic working relationships with key stakeholders and civil society partners in the countries. They also support information sharing and relevant advocacy on behalf of BRAC.

ACCOUNTABILITY AND TRANSPARENCY

The internal audit department conducts periodical audits at all our cost centres on a sample basis. Audits take place at least once a year and twice or more in locations and on programmes where a closer watch is warranted. In addition, special investigations are conducted in case of fraud or irregularities that may be detected. A ‘whistle blower’ policy is in place and HR takes actions as and when required.

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.

The summary of all audits and investigations are submitted to the audit and finance committee on a half yearly basis.

BRAC IN LIBERIA

GOVERNANCE

Local Board Members

Dr A M R Chowdhury (Chair)
Faruque Ahmed
S N Kairy

Country Advisory Council Members

Dr Roland C Massaquoi (Chair)
Ruth Gibbsom Caesar
S Tornorlah Varpilah
Mainuddin Ahmed (Member secretary)

MANAGEMENT

Mainuddin Ahmed, Country Representative
Tapan Kumar Karmaker, Managing Director, BRAC Liberia MF Limited
Mr. Siaka Toure, Country Head of Accounts
Syvanus S Domah, Manager, HR and Training
Saiful Islam Khan Nahid, Programme Coordination Manager
Sheikh Muzam, Programme Manager-Microfinance, BRAC Liberia MF Limited
MA Razzaque Khan, Programme Manager-Health
Md Abdus Samad, Programme Manager-Education & ELA
Md Jafar Eqbal, Programme Manager-Livestock & Poultry
Md Nurul Amin Hawlader, Country Head of Internal Audit
Aisha Nansamba, Country Research Coordinator

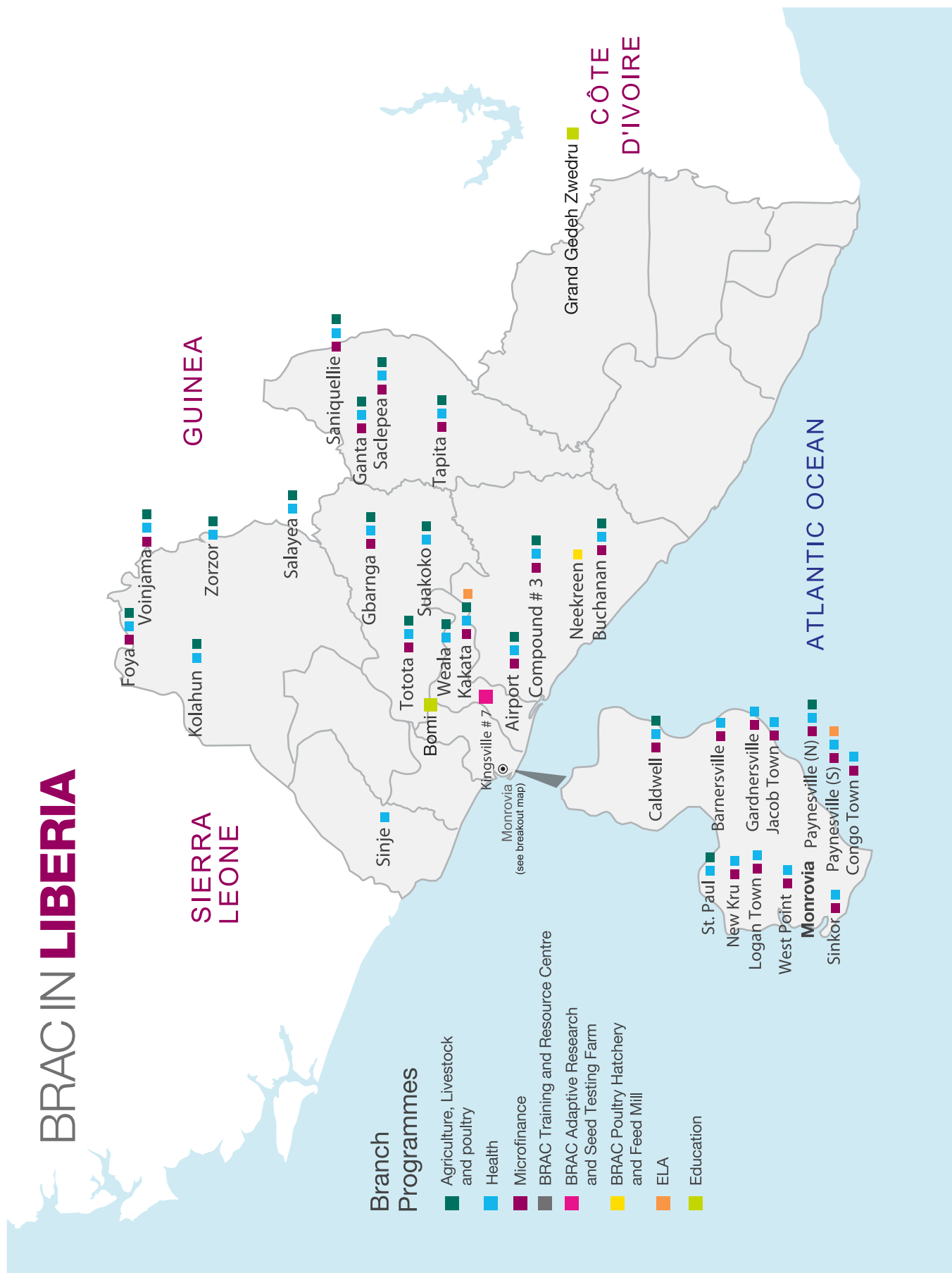
DEVELOPMENT PARTNERS



BRAC IN LIBERIA

Branch Programmes

- Agriculture, Livestock and poultry
- Health
- Microfinance
- BRAC Training and Resource Centre
- BRAC Adaptive Research and Seed Testing Farm
- BRAC Poultry Hatchery and Feed Mill
- ELA
- Education



FINANCIALS

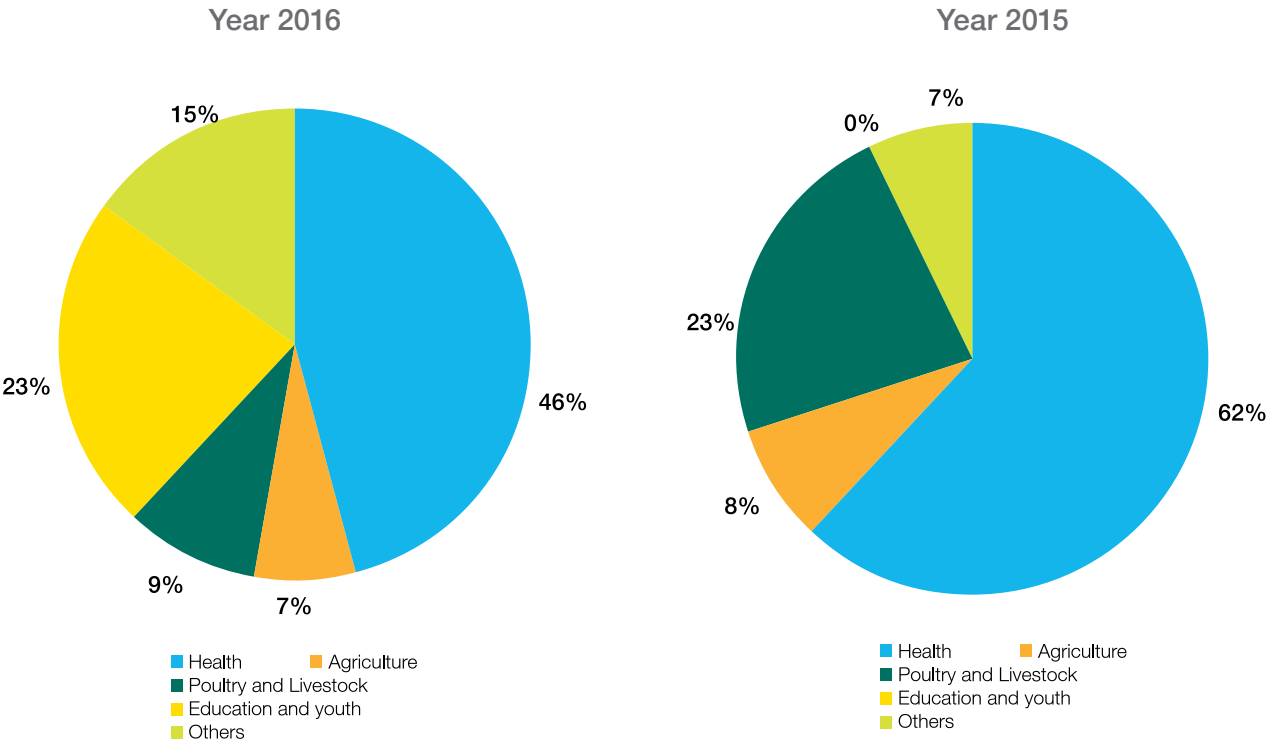
FINANCIALS – NGO

BRAC in Liberia received USD 2,591,770 as grants compared to USD 3,836,182 in 2015. Total project expenses for the year decreased by 54% to USD 2,105,561. Out of the total expenses, the health programme supported by DFID, USAID and Google holds the majority of the portion. About 87% of the total expenditure has been used for programme services.

Total equity as at 31 December 2016 stands at USD 666,908 compared to USD 162,666 in 2015.

PROGRAMME COST BY NATURE OF PROGRAMMES

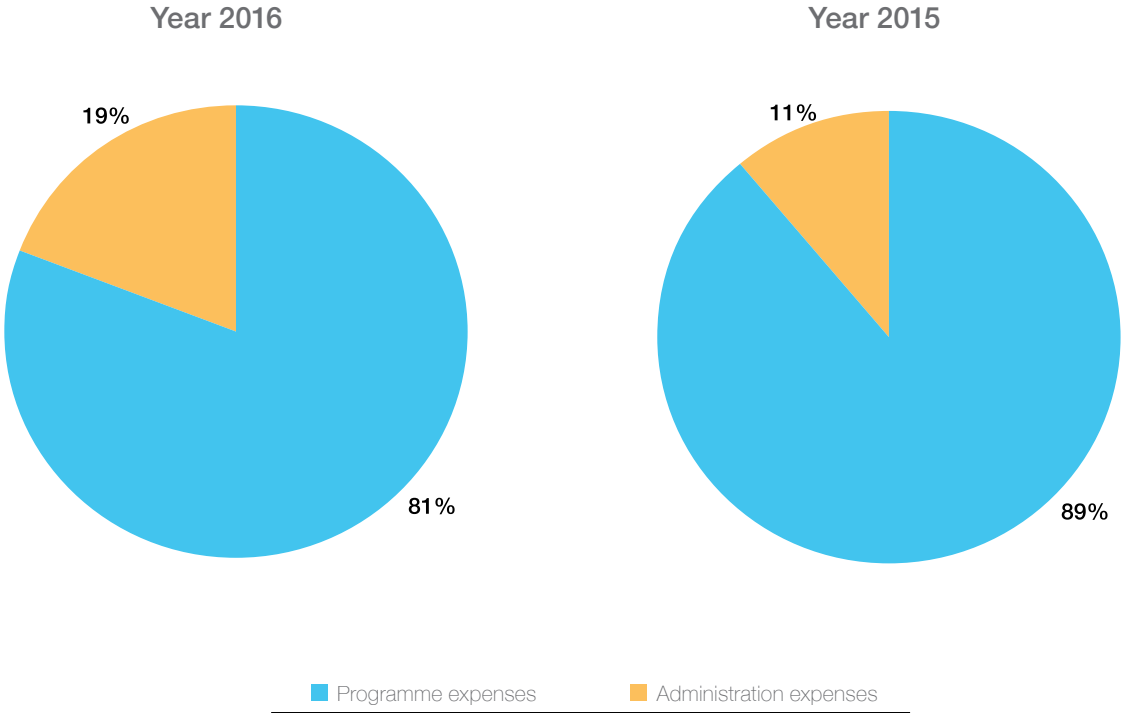
Programme	Year 2016		Year 2015	
	USD	%	USD	%
Health	964,013	46%	2,795,059	62%
Agriculture	153,439	7%	365,454	8%
Poultry and livestock	200,128	10%	1,041,243	23%
Education and youth	476,050	23%	-	
Others	311,931	15%	328,272	7%
Total	2,105,562	100%	4,530,028	100%



FINANCIALS – NGO

PROGRAMME COST BY NATURE OF EXPENSES

Expenses	Year 2016		Year 2015	
	USD	%	USD	%
Program expenses	1,709,405	81%	4,051,693	89%
Admin expenses	396,157	19%	478,335	11%
Total	2,105,562	100%	4,530,028	100%



PERFORMANCE REVIEW

Income Statement	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
	USD	USD	USD	USD	USD
Grant income	1,594,109	3,802,382	1,868,008	1,668,847	1,308,392
Other income	384,996	451,859	475,106	94,293	135,757
Programme expenses	1,709,405	4,051,693	4,051,693	1,575,571	1,278,089
Administration expenses	396,157	478,335	478,335	351,482	186,897

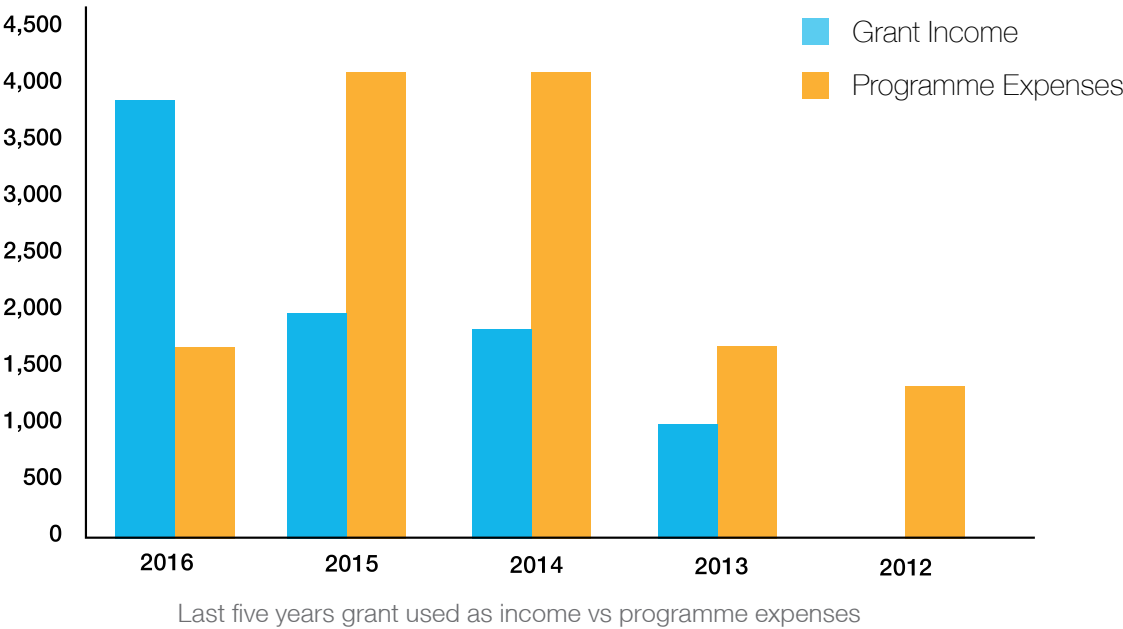
FINANCIALS – NGO

PERFORMANCE REVIEW

Financial Position	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
	USD	USD	USD	USD	USD
Net equity	666,908	162,666	526,133	639,262	1,648,990
Cash at eank	1,214,119	290,186	924,729	982,519	1,796,385
Operational Statistics					
	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
Number of projects	12	16	12	13	12

ANNUAL INCOME AND EXPESES

in Thousand USD



Contribution to Government Exchequer	Year 2016	Year 2015
Withholding tax	45,051	49,770
Social security and pension	41,363	31,567
Total	86,414	81,337

FINANCIALS – MICROFINANCE

Net income

BRAC Liberia Microfinance Company Limited has turned around in 2016 from the losses made due to ebola and posted profit before tax of USD 261,393 (2015: loss USD 229,407). Interest income has increased significantly by 39% due to growth in loan disbursment by 62%.

Operating expenses

Total operating expenses for the year was USD 1,344,426 compared to USD 1,002,995 in 2015 showing a small increase of 11%.

Provisions for impairment losses

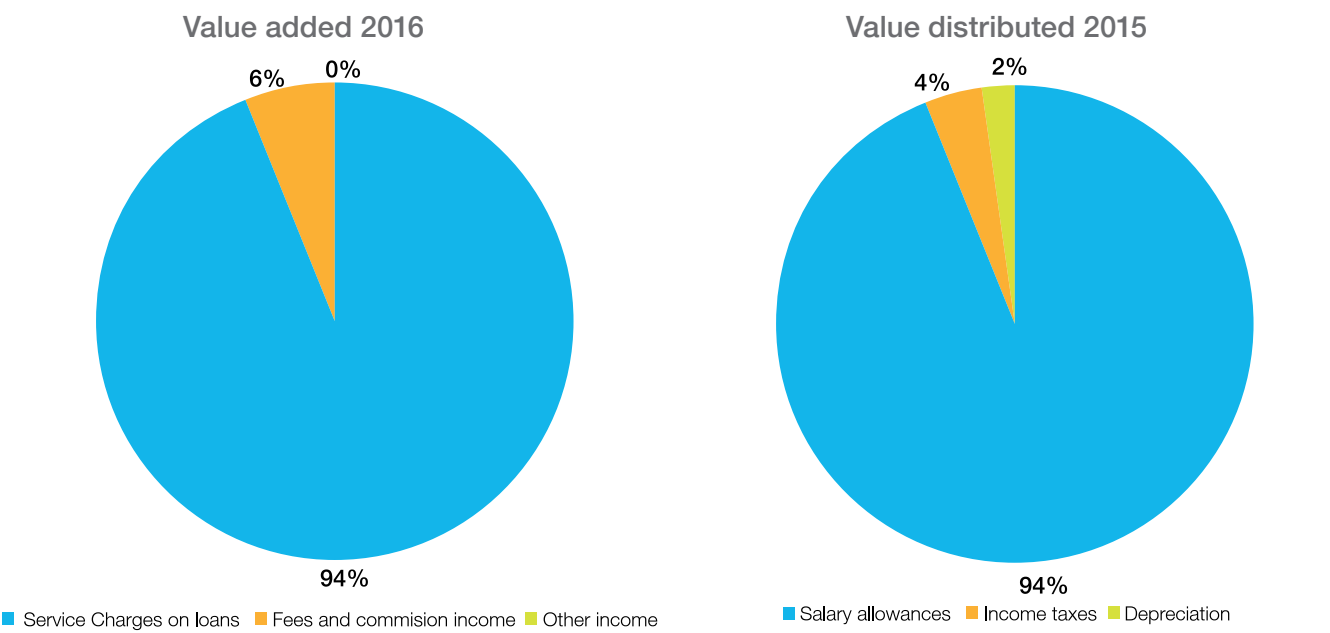
This year the amount charged for impairment on loans was USD 79,331 compared to USD 101,556 in 2015, showing a decrease of 22%. This is due to an increase in the quality of loan portfolio which resulted in a decrease in PAR 30. Portfolio at Risk (PAR>30) is 2.67% compared to 5.72% in 2015. Total reserve for impairment was USD 130,251 in 2016 compared to146,755 in 2015, representing 4.16% of gross portfolio.

Financial position

In 2016, BRAC Liberia Microfinance company Limited's total assets increased by 21.77% to USD 4,148,074. The increase is mainly due to growth of loan portfolio which increased by 34% to USD 3,026,937.

Value added statements

A value added statement provides a detailed information of the total addition and distribution of value created by the organisation. BRAC Liberia Microfinance Company Limited contributes positively to overall economic development by empowering people in poverty (especially women) through microcredit. We empower employees through the payment of salaries and allowances and by assisting the local regulatory authorities through paying taxes.



FINANCIALS – MICROFINANCE

VALUE ADDED STATEMENTS

Value Added	Year 2016		Year 2015	
	USD	%	USD	%
Service charges on loans	1,389,908	174%	1,002,995	207%
Fees and commission income	88,099	11%	58,127	12%
Other income	7,039	1%	35,635	7%
Other operating exp.	(608,212)	-76%	(511,113)	-106%
Loan prov. (doubtful losses)	(79,331)	-10%	(101,556)	-21%
Total	-	100%	484,088	100%

Value Distributed	Year 2016		Year 2015	
	USD	%	USD	%

Employees

Salary and allowances	724,069	83%	688,484	124%
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Local Authorities

Income taxes	31,462	4%	-	-
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Depreciation	12,145	1%	13,087	2%
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Growth

Retained Income	103,782	12%	(145,961)	-26%
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Total	797,503	100%	484,088	100%
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Contribution to Government Exchequer	Year 2016	Year 2015
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Income tax	31,462	-
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Withholding tax	48,927	43,303
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Social security and pension	45,996	7,604
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Total	126,385	50,908
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FINANCIALS – MICROFINANCE

PERFORMANCE REVIEW

Income Statement	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
	USD	USD	USD	USD	USD

Operating income	1,597,120	1,096,757	789,678	1,175,807	1,693,014
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Net profit/(loss) before tax	261,393	(229,407)	(451,835)	(430,416)	(570,502)
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Financial Position	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
	USD	USD	USD	USD	USD

Total assets	4,148,075	3,406,524	3,648,615	3,775,068	4,775,068
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Net equity	2,575,132	2,080,155	2,353,134	2,575,528	3,426,465
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Loans to customers (net)	3,026,937	2,253,397	2,091,486	2,066,933	2,368,684
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Cash at bank	718,975	850,894	1,016,783	1,325,105	2,016,105
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Returns and Ratio	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
	USD	USD	USD	USD	USD

Return on asset	6%	-7%	-12%	-11%	-12%
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Cost to income	91%	113%	158%	137%	134%
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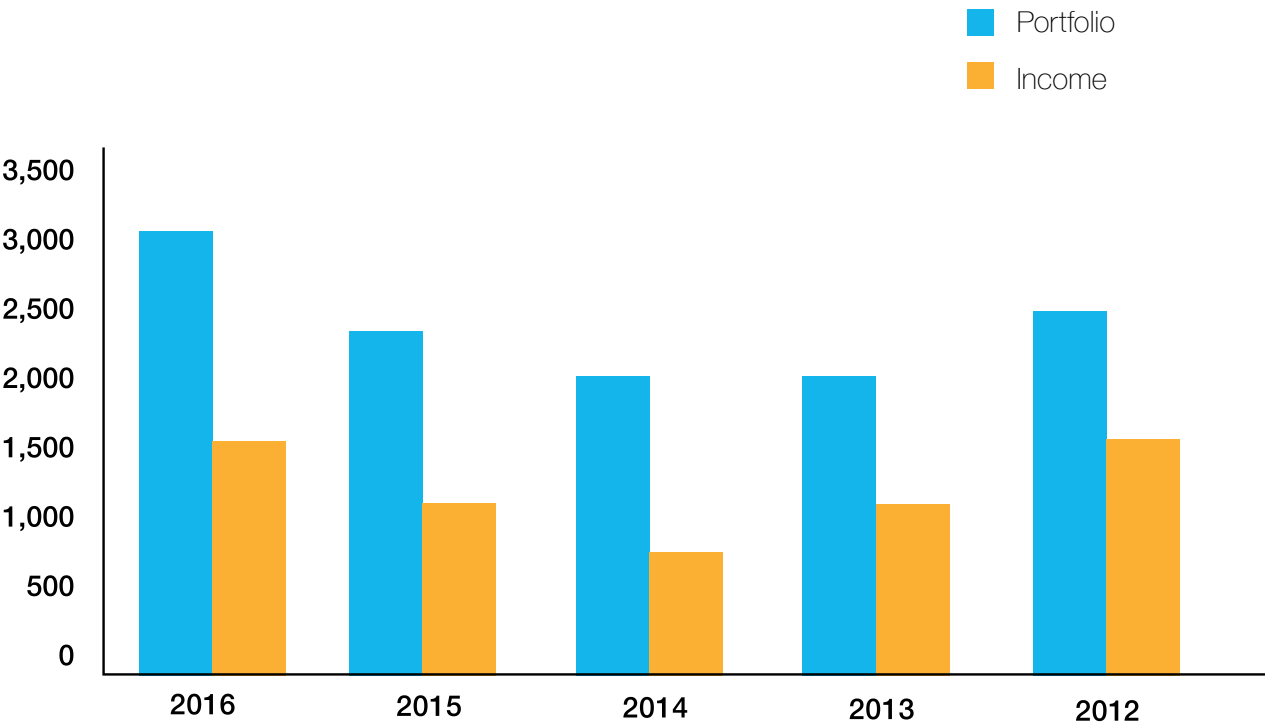
Operational Statistics	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
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Total borrowers	19,333	14,033	12,328	11,578	18,925
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PAR>30	2.67%	5.72%	9.43%	5.85%	17.22%
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FINANCIALS – MICROFINANCE

ANNUAL INCOME AND PORTFOLIO
in Thousands USD



Last five years income vs. portfolio

BRAC IN LIBERIA

Independent Auditors' Report and Financial Statement
for the year ended 31 December 2016

GENERAL INFORMATION	
Board of Directors	: Dr. A M R Chowdhury- Chair Mr. Faruque Ahmed Mr. Shib Narayan Kairy
Management Team	: Mr. Mainuddin Ahmed - Country Representative
Registered Office	: Divine Town, Old Road Monrovia
Bankers	: Eco Bank Limited Liberia Randall and Ashman Street International Bank (Liberia) Limited Broad Street Monrovia
Auditors	: Baker Tilly Liberia Limited (Certified Public Accountants) King Plaza, 2-3rd Floor 80 Broad Street Monrovia
Legal Counsel	: Henries Law Firm 31 Benson Street Monrovia, Liberia

Management report

The Organisation’s management presents their reports and the audited financial statements of BRAC Liberia for the period ended 31st December 2016.

Management’s Responsibility Statement

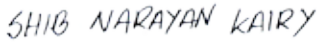


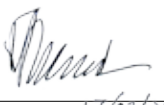
Management is responsible for the preparation and fair presentation of the financial statements comprising, the Statement of financial position as at 31st December, 2016, the statements of income and expenditure, the statement of cash flows for the year then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standard (IPSAS) and in the manner required by the provisions of the grant agreement.

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

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

Approval of the financial statements

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

 _____ Director	 _____ Director
 _____ Signature and date 17/03/2017	 _____ Signature and date 17/03/2017

INDEPENDENT AUDITORS' REPORT

To: The members of BRAC Liberia

Opinion

We have audited the financial statements of BRAC Liberia, which comprise the statement of financial position as at December 31, 2016, and the statement of income and expenditure, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Liberia as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and International Public Sector Accounting Standard (IPSAS)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRSs), International Public Sector Accounting Standard (IPSAS) and for such control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements:

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

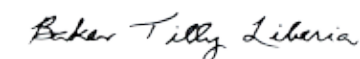
Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Certified Public Accountants)

17 March 2016

Monrovia

Partners: G. Fonderson (Executive Chairman), A. Fumbah

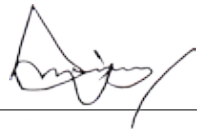
An independent member of Baker Tilly International


BRAC Liberia
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of Financial Position
As at 31 December 2016

	Notes	2016 LRD	2015 LRD	2016 USD	2015 USD
Assets					
Non-current assets					
Property and equipment	10	42,316,456	48,779,152	413,853	554,309
Current assets					
Cash and Bank	11	124,143,715	25,536,362	1,214,119	290,186
Other assets	12	13,375,651	26,427,706	130,814	300,315
Total Current assets		137,519,366	51,964,068	1,344,933	590,501
Total assets		179,835,822	100,743,220	1,758,786	1,144,809
Liabilities and Capital Fund					
Liabilities					
Other payables	13	69,002,869	59,921,188	674,845	680,923
Related party payables	14	42,641,619	26,507,392	417,033	301,220
Total Liabilities		111,644,488	86,428,580	1,091,878	982,143
Capital Fund					
Donor funds	15	119,087,960	48,007,513	1,164,674	545,540
Accumulated Fund		(50,896,626)	(33,692,874)	(497,767)	(382,874)
Total capital fund		68,191,334	14,314,639	666,908	162,666
Total Liabilities and Capital fund		179,835,822	100,743,219	1,758,786	1,144,809

These financial statements were approved by the Board of Directors on 17th March 2017


Director


Director

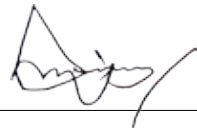
The notes on the financial statements from 51 to 63 are an integral part of these financial statements.

BRAC Liberia
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of Income and Expenditures
For the year ended 31 December 2016

	Notes	2016 LRD	2015 LRD	2016 USD	2015 USD
Income					
Grant income	4	162,997,611	334,609,602	1,594,109	3,802,382
Other income	5	39,365,810	39,763,568	384,996	451,859
Total Income		202,363,421	374,373,170	1,979,105	4,254,241
Expenditures					
Staff costs and other benefits	6	56,444,609	70,300,923	552,026	798,874
Training, workshops & seminars	7	30,622,947	48,486,494	299,491	550,983
Occupancy expenses	8	13,259,976	24,893,518	129,682	282,881
Other general & administrative expenses	9	106,721,074	247,514,376	1,043,727	2,812,663
Depreciation	10	8,245,100	7,447,164	80,637	84,627
Total Expenditures		215,293,706	398,642,475	2,105,562	4,530,028
Operating (Deficit) / Surplus		(12,930,285)	(24,269,305)	(126,458)	(275,788)
Other comprehensive income		729,005	1,056,372	7,130	12,004
(Deficit) / Surplus		(12,201,280)	(23,212,933)	(119,328)	(263,783)

These financial statements were approved by the Board of Directors on 17th March 2017


Director


Director

The notes on the financial statements from 51 to 63 are an integral part of these financial statements.

BRAC Liberia
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of Cash Flows
For the year ended 31 December 2016

	Notes	2016 LRD	2015 LRD	2016 USD	2015 USD
Net cash provided by/(used in) Operating Activities	16	29,309,312	(43,042,095)	286,644	(489,115)
Cash flow from Investing Activities					
Acquisition of fixed assets		(1,782,404)	(8,377,650)	(17,432)	(95,201)
Net cash provided by/(used in) Investing Activities		(1,782,404)	(8,377,650)	(17,432)	(95,201)
Cash flow from Financing Activities					
Increase/(decrease) in deferred income		(37,781,157)	(27,642)	(369,498)	(314)
Increase/(decrease) in grants received in advance		108,861,603	-	1,064,661	-
Net cash provided by/(used in) Financing Activities		71,080,446	(27,642)	695,163	(314)
Net (decrease)/increase in cash and cash equivalents		98,607,354	(51,447,387)	964,375	(584,629)
Cash in hand and at banks at beginning of the year		25,536,361	76,983,748	290,186	924,729
Translation difference		-	-	(40,442)	(49,914)
Cash and cash equivalents at end of the year	11	124,143,715	25,536,361	1,214,119	290,186

The notes on the financial statements from 51 to 63 are an integral part of these financial statements.

BRAC Liberia
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

BRAC Liberia, which was incorporated in March of 2008, is a not-for-profit development organization. It is the Liberia arm of international NGO Stichting BRAC International. At present, BRAC Liberia has a number of development programs that cover the areas of health, agriculture, poultry & livestock and training for the people of Liberia.

2. Basis of preparation

(a) Basis of presentation of the financial statements

BRAC Liberia prepares its financial statements on a going concern basis, under the historical cost convention. BRAC Liberia generally follows the acural basis of accounting, thereof for key income and expenditure items, as disclosed in the summary of Significant accounting policies. The financial statements are expressed in Liberian Dollars with equivalent United States Dollars translation.

(b) Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (Liberian Dollars). Major activities were measured in Liberian dollars and translated in USD. BRAC Liberia uses an exchange rate of USD 1 : LRD 102.25 for 2016 and exchange rate of USD 1: LRD 88.00 for the year 2015.

(c) Uses of estimates and judgments

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

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

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the transactions; BRAC Liberia used an exchange rate of USD 1: LRD 102.25 for the year 2016 and exchange rate of USD 1: LRD 88.00 for the year 2015. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(b) Donor grant

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

BRAC Liberia
Independent Auditors’ Report and Financial Statement
For the year ended December 31, 2016

Significant accounting policies (continued)

All donor grants received are initially recorded at fair value as liabilities in Grants Received in Advance Account. For grants utilized to purchase fixed assets, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse program-related expenditure, the amounts are recognized as income. Donor grants received in-kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC Liberia may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). Income recognition of such grants follows that of cash-based donor grants and would thus depend on whether the grants are to be utilized for the purchase of fixed assets or expended as program-related expenditure.

Grant income is classified as temporarily restricted or unrestricted depending upon the existence of donor imposed restrictions. For completed or phased out projects and programs, any unutilized amounts are dealt with in accordance with consequent donor and management agreements. For ongoing projects and programs, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as grant receivable.

(c) Expenses

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

(d) Property, plant & equipment

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

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

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

	Rates	Useful lives
Motor Vehicles/Cycles	20%	5 Years
Computers	20%	5 Years
Furniture and fittings	10%	10 Years
Equipment	15%	6.67Years

(e) Employee Benefits

Pension obligations

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

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

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Significant accounting policies (continued)

End of service benefit

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

Self-Insurance Fund

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. GRANT INCOME	2016 LRD	2015 LRD	2016 USD	2015 USD
Income from grant received in advance account	159,242,736	329,366,363	1,557,386	3,742,800
Transfer from Deferred income	3,754,875	5,243,239	36,723	59,582
	<u>162,997,611</u>	<u>334,609,602</u>	<u>1,594,109</u>	<u>3,802,382</u>

Grand income relates to the operating expenses incurred by different projects that are transferred from grand received in advance to the statement of comprehensive income. Project wise details are provided in Note-17.

5. OTHER INCOME

Income from Laboratory(Reg. fee)	116,535	124,900	1,140	1,419
Income from diagnosis test	304,983	495,765	2,983	5,634
Income from sale of medicine	121,784	374,137	1,191	4,252
Income from sale of seed	300,025	126,000	2,934	1,432
Income from sale of by-product	323,449	225,625	3,163	2,564
Income from Sale of DOC	5,101,741	2,532,352	49,895	28,777
Income from sale of Feed	6,419,776	18,838,479	62,785	214,074
Income from sale of Cull Egg	753,105	1,227,764	7,365	13,952
Contribution from BRAC international	16,942,277	13,086,862	165,695	148,714
Other income-(Training Centre)	8,969,504	2,673,034	87,721	30,375
Income from sale of vaccine(poultry farm)	12,631	-	124	-
Income from registration fees(ELA)	-	57,150	-	649
Other income (feed Mill)	-	1,500	-	17
	<u>39,365,810</u>	<u>39,763,568</u>	<u>384,996</u>	<u>451,859</u>

6. STAFF COSTS AND OTHER BENEFITS

Salary and benefits	50,939,543	66,123,376	498,187	751,402
Bonus Provision	1,157,143	1,345,603	11,317	15,291
Provision for NASSCORP	4,229,3645	2,777,890	41,363	31,567
Staff Insurance	118,558	54,054	1,159	614
Total	<u>56,444,609</u>	<u>70,300,923</u>	<u>552,026</u>	<u>798,874</u>

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For the year ended December 31, 2016

7. TRAINING, WORKSHOP AND SEMINARS	2016 LRD	2015 LRD	2016 USD	2015 USD
External member trainings	30,525,697	48,486,494	298,540	550,983
Staff training	97,250	-	951	-
	<u>30,622,947</u>	<u>48,486,494</u>	<u>299,491</u>	<u>550,983</u>

8. OCCUPANCY EXPENSES

Rent and utilities	13,259,679	24,893,518	129,682	282,881
	<u>13,259,679</u>	<u>124,893,518</u>	<u>129,682</u>	<u>282,881</u>

9. OTHER GENERAL & ADMINISTRATIVE EXPENSES

Audit & other legal fees	1,867,750	836,000	18,267	9,500
Stationery and supplies	2,264,184	2,092,106	22,144	23,774
Maintenance and general expenses	27,081,982	38,817,528	264,860	441,108
Program supplies	43,443,135	166,295,561	424,872	1,889,722
Travel and transportation	22,538,481	24,058,249	220,425	273,389
Monitoring and evaluation	3,650,873	1,977,533	35,705	22,472
HO logistic expenses	5,874,669	13,437,399	57,454	152,698
	<u>106,721,074</u>	<u>247,514,376</u>	<u>1,043,727</u>	<u>2,812,663</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY AND EQUIPMENT

	Furniture LRD	Building LRD	Lease hold Land LRD	Equipments LRD	Motor Vehicles LRD	Total LRD	Total USD
Costs:							
At 1 January 2015	4,853,302	30,629,160	1,197,000	16,368,506	14,643,090	67,691,058	813,106
Additions during the year	675,855	391,385	-	4,068,642	3,241,768	8,377,650	95,201
Transferred/adjustment	(603,225)	(6,361,193)	575,093	(680,95)	-	(6,458,276)	73,390
Translation difference	-	-	-	-	-	-	117,279
At 31 December 2015	4,925,932	24,659,352	1,772,092	20,368,198	17,884,858	69,610,432	791,028
Addition during the year	364,985	-	-	1,417,419	-	1,782,404	17,432
Translation difference	-	-	-	-	-	-	110,241
At 31 December 2016	5,290,917	24,659,352	1,772,092	21,785,617	17,884,858	71,392,836	698,219
Accumulated depreciation							
At 1 January 2015	1,521,306	1,759,667	43,091	4,464,961	5,808,010	13,597,035	163,328
Charge for the year	464,381	979,991	43,091	2,954,280	3,005,421	7,447,164	84,627
Transferred/adjustment	(225,598)	72,234	107,127	247,459	(414,141)	(212,919)	(2,420)
Adjustment for disposal/transfer	-	-	-	-	-	-	(8,816)
At 31 December 2015	1,760,089	2,811,892	193,309	7,666,700	8,399,290	20,831,280	236,719
Charge for the year	509,029	988,795	43,091	3,216,792	3,498,814	8,245,100	80,637
Translation difference	-	-	-	-	-	-	(32,990)
At 31 December 2016	2,269,118	3,798,266	236,400	10,883,492	11,889,104	29,076,380	284,366
Written down value							
At 31 December 2015	3,165,843	21,847,460	1,578,783	12,701,498	9,485,568	48,779,152	554,309
At 31 December 2016	30,217,999	20,861,086	1,535,692	10,902,125	5,995,754	42,316,456	413,853

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	2016 LRD	2015 LRD	2016 USD	2015 USD
11. CASH AND BANK				
Cash in hand	1,545,958	623,189	15,119	7,082
Cash at Bank	122,597,757	24,913,173	1,199,000	283,104
	124,143,715	25,536,362	1,214,119	290,186
12. OTHER ASSETS				
Advance to 3rd party	4,913,598	5,701,244	48,055	64,787
Receivable from donor	5,725,955	20,114,302	56,000	228,572
Stock and consumables (medicine & Reagents)	612,160	612,160	5,987	6,956
Other receivables	2,123,938	-	20,772	-
	13,375,651	26,427,706	130,814	300,315
13. OTHER PAYABLES				
	2016 LRD	2015 LRD	2016 USD	2015 USD
Bonus provision	1,380,459	1,400,341	13,501	15,913
Gratuity Provision	703,919	1,383,851	6,884	15,726
Self-Insurance fund	491,592	373,034	4,808	4,239
Provision for NASSCORP	3,368,179	3,299,944	32,941	37,499
Withholding tax payable	1,805,479	1,888,758	17,677	21,463
Provision for audit fees	992,500	836,000	9,707	9,500
Account Payable to MF	11,262,878	1,762,376	110,150	20,027
Salary provision	5,601,378	6,632,542	54,781	75,370
Revolving funds (Health, Agriculture , Livestock)	12,654,311	11,684,988	123,759	132,784
Current account in transit	30,742,174	30,659,354	300,657	348,402
	69,002,869	59,921,188	674,845	680,923
14. RELATED PARTY PAYABLES				
Payable to BRAC Bangladesh	32,088,112	21,766,744	313,820	247,349
Payable to Stitching BRAC International	10,553,507	4,740,648	103,213	53,871
Total	42,641,619	26,507,392	417,033	301,220
15. DONOR FUNDS				
Donor funds received in advance (Note -15.1)	108,861,604	-	1,064,661	-
Donor funds investment in fixed assets (Note -15.2)	10,226,356	48,007,513	100,013	545,540
Total	119,087,960	48,007,513	1,164,674	545,540

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NOTES TO THE FINANCIAL STATEMENTS (continued)

15.1 Donor fund received in advance
Opening balance

Donation received during the year	265,008,483	337,584,018	2,546,616	3,836,182
Receivable from donor	11,300,631	20,114,302	110,520	228,572
Adjustment of deferred grant for fixed assets	74,330	-	727	-
Receivable from Donors Adjusted	(20,114,302)	(22,690,522)	(196,717)	(257,847)
Transferred to deferred income- Investment in fixed assets	(1,569,611)	(5,641,435)	(15,351)	(64,107)
Transferred to Statement of income and expenditure	(176,185,013)	(329,366,363)	(1,723,081)	(13,742,800)
Adjustment of income and expenditure	30,347,086	-	296,793	-
Closing balance	108,861,604	-	1,064,661	-

15.1a Donation received during the year

	2016 LRD	2015 LRD	2016 USD	2015 USD
Contribution from BRAC International	13,987,500	-	136,797	-
BRAC (Research)	3,893,831	-	38,081	-
UNFPA (Health)	939,567	16,428,977	9,189	186,693
UNFPA (ELA)	14,000,111	-	136,920	-
EU (Phase-I)	18,390,492	41,588,112	179,858	472,592
DFID (GPAF- RMNCH)	41,405,658	50,797,676	404,945	577,246
BRAC UK (Medicor)	14,364,650	-	140,486	-
DFID (GPAF-Agri, P & L)	-	23,828,990	-	270,784
BRAC USA –ELA	-	8,575,000	-	97,443
BRAC USA (SOROS and Google)-Ebola	-	104,655,916	-	1,189,272
USAID-PSS	4,617,024	90,306,883	45,156	1,026,215
AGRA	-	131,880	-	1,499
GFATM –TB Control	5,057,131	1,270,584	49,458	14,438
PPR Vaccination	12,595,763	-	123,186	-
ELA-Scale Up –BRAC USA	20,072,503	-	196,308	-
PSL(SOPS)	13,509,133	-	132,119	-
EU(Phase-II)	72,316,462	-	707,251	-
BRAC USA (Emergency Preparedness Program)	1,883,149	-	18,417	-
ECD(UNICEF)	27,975,509	-	273,599	-
TOTAL	265,008,483	337,584,018	2,591,770	3,836,182

15.2 Donations - Investment in fixed assets

Opening balance	48,007,513	54,280,512	469,511	616,824
Transferred from donor funds received in advance	1,495,281	5,641,435	14,624	64,107
Transferred/Adjustment	(37,786,826)	(6,458,276)	(369,553)	(73,390)
Depreciation charged during the year	(3,754,875)	(5,243,239)	(36,722)	(59,582)
Adjustment of depreciation	2,265,263	(212,919)	22,154	(2,420)
Closing balance	10,226,356	48,007,513	100,013	545,540

BRAC Liberia
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For the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. CASHFLOW FROM OPERATING ACTIVITIES

	2016 LRD	2015 LRD	2016 USD	2015 USD
Excess of income over expenditure	(12,201,280)	(23,212,933)	(119,328)	(263,783)
Depreciation	8,245,100	7,447,164	80,637	84,627
Cash flow before changes in working capital	(3,956,180)	(15,765,769)	(38,691)	(176,156)
Changes in working capital				
Changes in other receivables	13,052,055	17,189,313	127,648	195,333
Changes in related party payables	16,134,227	(18,541,872)	157,792	(210,703)
Changes in other payables	9,081,681	(25,923,767)	88,818	(294,588)
Changes in accumulated fund	(5,002,471)	-	(48,924)	-
Net cash from operations	29,309,312	43,042,095	286,644	(489,115)

BRAC Liberia
Independent Auditors' Report and Financial Statement
Note -17 Project wise income and expense (In LRD):
For the year ended December 31, 2016

Comprehensive Development Program											
Laboratory (p-008)	Research & Evaluation(p- 041)	Seed Testing fam(p 011)	Training Centre (p-006)	Poultry farm (p-031)	Feed mill(p- 032)	Country office (p-006)	Total	UNFPA-FPP (p-037)	GPAF (p022)	RMNCH- (P-027)	TB(p- 029)
LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD

INCOME

Grant income (Donor	-	-	-	-	-	-	-	1,366,604	46,116	59,158,659	4,639,371
OTHER INCOME	543,302	-	300,025	8,969,504	6,190,926	6,419,776	22,423,533	-	-	-	-
BRAC Contribution	-	2,964,777	-	-	-	13,987,500	16,942,277	-	-	-	-

TOTAL INCOME

543,302	2,954,777	300,025	8,969,504	6,190,926	6,419,776	13,987,500	39,365,810	1,366,604	46,116	59,158,659	4,639,371
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Staff costs and other benefits	-	2,441,843	-	507,673	1,170,737	2,022,612	16,754,033	657,321	-	18,069,208	622,725
Staff insurance	-	-	-	93,987	8,768	-	102,745	454	-	-	-
Training, workshops & seminars	-	4,072	-	50,728	-	-	54,800	-	-	10,249,189	3,525,223
Occupancy expenses	-	-	-	-	1,852,457	123,348	6,864,987	8,840,792	903	2,084,223	406,125
Travel and transportatio	-	201,525	4,880	270,234	275,409	501,064	2,754,21	5,400,327	493,388	7,076,290	-
Audit & other legal fees	-	-	-	-	-	-	1,867,750	-	-	-	-
Stationery & Supplies	-	-	-	-	-	-	673,248	673,248	-	216,810	27,075
Maintenance and general expenses	-	307,337	197,266	3,273,617	8,177,686	2,597,324	5,543,886	20,097,116	24,990	5,403,922	8,123
Program supplies	-	-	2850	-	-	-	2,850	-	-	12,723,082	-
Monitoring & evaluation	-	-	-	-	-	-	-	-	-	-	-
HO logistic expenses	-	-	40,999	-	801,154	367,104	(5,804,048)	(4,594,791)	96,256	3,335,935	-
Depreciation	236,649	-	358,075	816,964	2,564,580	840	513,117	4,490,225	93,292	46,116	50,100

TOTAL EXPENSES

236,649	2,954,777	604,070	5,013,203	14,850,781	5,612,292	23,024,323	52,296,095	1,366,604	46,116	59,158,659	4,639,371
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Surplus/ Reserve

306,653	-	(304,045)	3,956,301	(8,659,855)	807,484	(9,036,823)	(12,930,284)	-	-	-	-
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Exchange (loss)/gain - unrealized

-	-	-	-	-	-	744,545	744,545	-	(7,764)	-	(7,766)
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NET SURPLUS FOR THE YEAR

306,653	-	(304,045)	3,956,301	(8,659,855)	807,484	(8,292,278)	(12,185,739)	-	(7,774)	-	(7,766)
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BRAC Liberia
Independent Auditors' Report and Financial Statement
Note -17 Project wise income and expense (In LRD):
For the year ended December 31, 2016

ELA(p-030)	Ebola-Phase- II(p-035)	EU Project(p- 025)	Ebola- Soros(p- 036)	UNFPA- ELA(p- 038)	PPR vaccination (p-039)	ELA-BRAC (P-040)	PSL- SOPS(P- 043)	EU(Food- (P044)	EPP (P-046)	ECD (P-045)	Total
LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD	LRD

INCOME

Grant income (Donor	3,230,221	50,715	7,573,580	23,441,007	18,547,386	9,631,223	14,268,436	10,179,074	7,511,531	902,687	2,451,001	162,997,611
OTHER INCOME	-	-	-	-	-	-	-	-	-	-	-	22,423,533
BRAC Contribution	-	-	-	-	-	-	-	-	-	-	-	16,942,277
TOTAL INCOME	3,230,221	50,715	7,573,580	23,441,007	18,547,386	9,631,223	14,268,436	10,179,074	7,511,531	902,687	2,451,001	202,363,421

EXPENDITURE

Staff costs and other benefits	442,495	-	2,255,913	6,650,620	417,320	802,193	3,075,561	2,906,474	2,535,722	605,330	531,116	56,326,051
Staff insurance	552	-	4,863	9,944	-	-	-	-	-	-	-	118,558
Training, workshops & seminars	390,451	-	41,995	24,410	9,255,359	491,040	97,250	5,478,523	927,065	-	87,642	30,622,947
Occupancy expenses	83,415	-	262,331	-	-	-	595,071	517,563	268,553	-	201,000	13,259,976
Travel and transportation	114,172	-	432,378	2,199,966	-	4,533,377	1,273,270	705,816	1,426,482	263,161	12,854	22,538,481
Audit & other legal fees	-	-	-	-	-	-	-	-	-	-	-	1,867,750
Stationery & Supplies	-	-	12,973	573,757	377,792	108,344	93,229	47,368	133,588	-	-	2,264,184
Maintenance and general expenses	194,154	-	-	427,303	-	-	-	470,034	431,969	24,371	-	27,081,982
Program supplies	1,629,240	50,715	698,128	10,616,598	5,114,864	3,029,217	6,748,439	31,415	1,303,968	9,825	1,484,794	43,443,135
Monitoring & evaluatio	-	-	1,105,584	-	1,505,597	-	1,039,692	-	-	-	-	3,650,873
HO logistic expenses	365,892	-	276,274	2,050,260	1,723,024	667,052	1,345,904	-	475,268	-	133,595	5,874,669
Depreciation	9,850	-	2,483,141	888,149	153,430	-	-	21,881	8,916	-	-	8,245,100

TOTAL EXPENSES

3,230,221	50,715	7,573,580	23,441,007	18,547,386	9,631,223	14,268,436	10,179,074	7,511,531	902,687	2,451,001	215,293,706
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Surplus/ Reserve

-	-	-	-	-	-	-	-	-	-	-	-	(12,930,284)
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Exchange (loss)/gain - unrealized

-	-	-	-	-	-	-	-	-	-	-	-	729,005
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NET SURPLUS FOR THE YEAR

-	-	-	-	-	-	-	-	-	-	-	-	(12,201,279)
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BRAC Liberia
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Note -17 Project wise income and expense (In USD):
For the year ended December 31, 2016

Comprehensive Development Program											
Laboratory (p-008)	Research & Evaluation(p- 041)	Seed Testing fam(p 011)	Training Centre (p-006)	Poultry farm (p-031)	Feed mill(p- 032)	Country office (p-006)	Total	UNFPA-FPP (p-037)	GPAF (p022)	RMNCH- (P-027)	TB(p- 029)
USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
INCOME											
	-	-	-	-	-	-	-	13,365	451	578,569	45,373
Grant income											
	5,313	-	2,934	87,721	60,547	62,785	219,301	-	-	-	-
Other income											
BRAC Contribution		28,898	-	-	-	136,797	165,695	-	-	-	-
TOTAL INCOM	5,313	28,898	2,934	87,721	60,547	62,785	384,996	13,365	451	578,569	45,373
EXPENDITURE											
Staff costs and other benefits	-	23,881	-	4,965	11,450	19,781	163,854	6,429	-	176,716	6,090
Staff insurance	-	-	-	919	86	-	1,005	4	-	-	-
Training, workshops and seminars	-	40	-	496	-	-	536	-	-	100,237	34,477
Occupancy expenses	-	-	-	-	18,117	1,206	86,463	9	-	20,384	3,972
Travelling and transportation	-	1,971	48	2,643	2,693	4,900	39,191	4,825	-	69,206	-
Audit & other legal fees	-	-	-	-	-	-	18,267	-	-	-	-
Stationery & Supplies	-	-	-	-	-	-	6,584	-	-	2,120	265
Other general & administrative expenses	-	3,006	1,929	32,016	79,977	25,402	196,549	244	-	52,850	79
Program supplies	-	-	28	-	-	-	28	-	-	124,431	-
Monitoring & evaluation	-	-	-	-	-	-	-	-	-	-	-
HO logistic expenses	-	-	401	-	7,835	3,590	(44,937)	941	-	32,625	-
Depreciation	2,314	-	3,502	7,990	25,081	8	43,914	912	451	-	490
TOTAL EXPENSES	2,314	28,898	5,908	49,029	145,240	54,888	511,453	13,365	451	578,569	45,373

BRAC Liberia
Independent Auditors' Report and Financial Statement
Note -17 Project wise income and expense (In USD):
For the year ended December 31, 2016

ELA(p-030)	Ebola-Phase- II(p-035)	EU Project(p- 025)	Ebola- Soros(p- 036)	UNFPA- ELA(p- 038)	PPR vaccination (p-039)	ELA-BRAC (P-040)	PSL- SOPS(P- 043)	EU(Food- (P044)	EPP (P-046)	ECD (P-045)	Total
USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD

INCOME											
Grant income	31,591	496	74,069	229,252	181,393	94,193	139,545	99,551	73,462	8,828	23,971
Other income	-	-	-	-	-	-	-	-	-	-	1,594,109
BRAC Contribution	-	-	-	-	-	-	-	-	-	-	219,301
TOTAL INCOME	31,591	496	74,069	229,252	181,393	94,193	139,545	99,551	73,462	8,828	23,971

EXPENDITURE											
Staff costs and other benefits	4,328	-	22,063	65,043	4,081	7,845	30,079	28,425	24,799	5,920	5,194
Staff insurance	5	-	48	97	-	-	-	-	-	-	1,159
Training, workshops and seminars	3,819	-	411	239	90,517	4,802	951	53,580	9,067	-	857
Occupancy expenses	816	-	2,566	-	-	-	5,820	5,062	2,626	-	1,966
Travelling and transportation	1,117	-	4,229	21,516	-	44,336	12,453	6,903	13,951	2,574	126
Audit & other legal fees	-	-	-	-	-	-	-	-	-	-	18,267
Stationery & Supply	-	-	127	5,611	3,695	1,060	912	463	1,306	-	22,144
Other general & administrative expenses	1,899	-	-	4,179	-	-	-	4,597	4,225	238	-
Program supplies	15,934	496	6,828	103,830	50,023	29,626	65,999	307	12,753	96	14,521
Monitoring & evaluation	-	-	10,813	-	14,725	-	10,168	-	-	-	424,872
HO logistic expenses	3,578	-	2,702	20,051	16,851	6,524	13,163	-	4,648	-	35,705
Depreciation	96	-	24,285	8,686	1,501	-	-	214	87	-	57,454
TOTAL EXPENSES	31,591	496	74,069	229,252	181,393	94,193	139,545	99,551	73,462	8,828	23,971
Surplus/ Reserve	-	-	-	-	-	-	-	-	-	-	2,105,562
Exchange (loss)/gain - unrealized	-	-	-	-	-	-	-	-	-	-	(126,458)
NET SURPLUS FOR THE YEAR	-	-	-	-	-	-	-	-	-	-	(119,328)

BRAC LIBERIA MICRO–FINANCE COMPANY LIMITED

Independent Auditors' Report and Financial Statements
For the year ended 31 December 2016

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

CORPORATE INFORMATION

Board of Directors	:	Mr. Faruque Ahmed	- Chair
		Mr. Shameran Abed	- Director
		Ms. Lamia Rashid	- Director
		Mr. Saif Md. Imran Siddique	- Director
		Ms. Kate Murphy	- Director
		Mr. Tapan Kumar Karmaker	- Managing Director
MANAGING DIRECTOR	:	Mr. Tapan Kumar Karmakar	
REGISTERED OFFICE	:	Divine Town, Old Road Monrovia	
BANKERS	:	EcoBank Limited Liberia Randall and Ashman Street	
		International Bank (Liberia) Limited Broad Street Monrovia	
AUDITORS	:	Baker Tilly Liberia (Certified Public Accountants) King Plaza, 2 nd -4 th Floor 80 Broad Street Monrovia	
LEGAL COUNSEL	:	Henries Law Firm 31 Benson Street Monrovia, Liberia	

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016



Report of the Board of Directors

The Board of Directors presents their report and audited financial statements for the year ended December 31, 2016.

The Board of Directors' Responsibility Statement

The entity's Board of Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at December 31, 2016, the statements of income and expenses, the statement of changes in equity and statements of cash flows for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, and the report of the Board of Directors in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the provisions of the Articles of Incorporation.

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

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

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

Principal Activities

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

Results

The results for the periods and the state of the entity's affairs are shown in the attached financial statements. The entity has achieved break even on a year to date basis in 2016.

Approval of the financial statements

The financial statements were approved by the Board of Directors on 3rd April 2017

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016



Report of the Board of Directors (continued)

Going concern

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

The Board members

The following members served during the period:
The following non-executive members served during the period:

- Mr. Faruque Ahmed
- Mr. Shameran Abed
- Mr. Neal Dealurentis (Resigned on December 6, 2016)
- Mr. Arjuna Costa (Resigned on June 14, 2016)
- Ms. Lamia Rashid (Appointed April 7, 2016)
- Mr. Saif Md. Imran Siddique (Appointed April 7, 2016)
- Ms. Kate Murphy (Appointed on December 19, 2016)

Managing Director

Mr. Tapan Kumar Karmaker is still serving in the capacity of Managing Director of the company having replaced Mr. Sadhan Chandra Dey in February 2016.

Change of Address

The official address of the company has been changed from Congo Town , Monrovia to Divine Town, Old Road, Monrovia.

Change in Shareholding structure

As a result of change in strategic priorities in Africa one of the shareholder, Omidyar Network's (ON) had decided to exit their investment in BRAC Microfinance Sierra Leone Ltd. All the shares hold by ON has been donated to BRAC International Holdings BV (BRAC BV). As a result BRAC BV holds 75.5% of the total shares and Soros Economic Development Fund (SEDF) holds 24.5% of the shares at the balance sheet date

Auditors

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

By order of the Board of Directors

FARUQUE AHMED
Director

[Signature]
Signature & Date 3/4/2017

SAIF MD IMRAN SIDDIQUE
Director

[Signature]
Signature & Date



INDEPENDENT AUDITOR’S REPORT

To: *The Board of Directors*
BRAC Liberia Microfinance Company Limited

Opinion

We have audited the financial statements of BRAC Liberia Microfinance Company Limited ("BRAC" or also referred as "the Company"), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Liberia Microfinance Company Limited as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Disclosure Guidelines for financial reporting by Microfinance Institutions which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor(CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Microfinance issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRSs) the Disclosure Guidelines for financial reporting by Microfinance Institutions which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor(CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Microfinance issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised and for such control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

In accordance with the provisions of Association's Law Title 5 of the Liberian Code of Laws Revised, we also report that:

- We have obtained all the information and explanations we have required, and
- Books of accounts have been maintained by BRAC Liberia Microfinance Company Limited as required by section 8 of Association's Law Title 5 of the Liberian Code of Laws Revised.

Baker Tilly Liberia
(Certified Public Accountants)
17 March 2016
Monrovia

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of Financial Position
For the year ended 31 December 2016

Assets					
Cash and bank	13	73,515,184	74,878,636	718,975	850,894
Loans and advances to customers	14	309,504,334	198,298,957	3,026,937	2,253,397
Other assets	15	26,434,685	14,370,427	258,530	163,300
Deferred tax asset	12(b)	2,270,753	3,130,048	22,207	35,569
Advance tax payment	12(c)	2,088,896	6,191,665	20,429	70,360
Property and equipment	16	6,429,092	2,904,360	62,876	33,004
Total Assets		420,242,944	299,774,093	4,190,955	3,406,524
Liabilities and Capital Fund					
Liabilities					
Loan security fund	17	71,093,750	50,873,230	695,293	578,105
Related party payables	18	48,825,971	30,333,787	477,516	344,702
Borrowings	19	23,152,834	24,238,611	226,434	275,439
Other liabilities	20	17,760,809	11,274,856	173,700	128,123
Total Liabilities		160,833,364	116,720,484	1,572,943	1,326,369
Capital Fund					
Donor Grants	21	21,095,943	-	206,317	-
Donated equity	22	137,523,299	92,875,000	1,589,338	1,115,616
Retained earnings		(181,653,033)	(201,265,830)	(1,776,558)	(2,287,112)
Share capital		339,339,071	339,339,071	4,076,145	4,076,145
Translation difference	23	(56,895,700)	(47,894,632)	(1,558,230)	(824,494)
Total capital fund		259,409,580	183,053,609	2,537,012	2,080,155
Total Liabilities and Capital fund		420,242,944	299,774,093	4,109,955	3,406,524

These financial statements were approved by the Board of Directors on 3rd April 2017

Director

Director

The notes on pages 74-88 are an integral part of these financial statements.

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of Comprehensive Income
For the year ended 31 December 2016

Income	Notes	2016 LRD	2015 LRD	2016 USD	2015 USD
Service charge on loans	5	142,118,111	88,263,580	1,389,908	1,002,995
Membership fees and other charges	6	9,008,115	5,115,150	88,099	58,127
Other income	7	9,720,758	2,086,548	95,069	23,711
Grant Income	8	11,459,607	-	112,074	-
		30,188,480	7,201,698	295,242	81,838
Total operating income		172,306,591	95,465,278	1,685,150	1,084,833
Expenditures:					
Impairment losses on loans and advances to customers	9	8,111,558	8,936,929	79,331	101,556
Operating income after impairment charges		164,195,033	86,528,349	1,605,819	983,277
Staff costs	10	74,036,071	60,586,614	724,069	688,484
Other operating expenses	11	62,189,716	44,977,933	608,212	511,113
Depreciation expense	16	1,241,817	1,151,627	12,145	13,087
		137,467,604	106,716,174	1,344,426	1,212,684
Profit/(Loss) before tax		26,727,429	(20,187,825)	261,393	(229,407)
Income tax expense	12(a)	(7,114,632)	6,293,960	(69,581)	71,522
Net loss for the year		19,612,797	13,893,865)	191,812	(157,885)
Other comprehensive income		-	-	-	-
Unrealized exchange gains/(loss)		(9,001,068)	1,049,339	(88,030)	11,924
Total comprehensive income/(loss)		10,611,729	(12,844,526)	103,782	(145,961)

The notes on pages 74-88 are an integral part of these financial statements.

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of changes in equity
For the year ended 31 December 2016

	Share capital	Donor funds	Retained Earnings	Donated Equity	Translation reserve	Total Capital fund	Total Capital fund
	LRD	LRD	LRD	LRD	LRD	LRD	USD
At 1 January 2015	339,339,071	-	(188,421,304)	92,875,000	(47,894,632)	195,898,135	3,050,609
Donations received during the year	-	-	-	-	-	-	-
Transferred from grant received in advance account	-	-	-	-	-	-	-
Adjustment in share capital (Loss) for the year	-	-	(13,893,865)	-	-	(13,893,865)	(157,885)
Foreign exchange gains	-	-	1,049,339	-	-	1,049,339	11,924
Translation difference	-	-	-	-	-	-	(824,494)
At 31 December 2015	339,339,071	-	(201,265,830)	92,875,000	(47,894,632)	183,053,609	2,080,154
At 1 January 2016	339,339,071	-	(201,265,830)	92,875,000	(47,894,632)	183,053,609	2,080,154
Donations received during the year	-	32,555,550	-	44,648,299	-	77,203,849	755,049
Transferred to statement of income and expenses	-	(11,459,607)	-	-	-	(11,459,607)	(112,074)
Profit/(Loss) for the year	-	-	19,612,797	-	-	19,612,797	191,812
Adjustment in share capital	-	-	-	-	-	-	-
Foreign exchange gains	-	-	-	-	-	-	-
Translation difference	-	-	-	-	(9,001,068)	(9,001,068)	(377,929)
At 31 December 2016	339,339,071	21,095,943	(181,653,033)	137,523,299	(56,895,700)	259,409,580	2,537,012

The notes on pages 74-88 are an integral part of these financial statements.

BRAC Liberia Microfinance Company Limited
Independent Auditors' Report and Financial Statement
For the year ended December 31, 2016

Statement of Cash flows
For the year ended 31 December 2016

	Notes	2016 LRD	2015 LRD	2016 USD	2015 USD
Cash flow from Operating activities	25	37,156,925	19,494,178	363,394	221,525
Loan disbursements		(679,145,500)	(361,175,000)	(6,642,010)	(4,104,261)
Loan collections		562,085,990	326,745,590	5,497,173	3,713,018
Interest receivable written off		(1,573,305)	(655,475)	(15,387)	(7,449)
Net cash flow from operating activities		(81,475,890)	(15,590,707)	(796,830)	(177,167)
Cash flow from investing activities					
Acquisition/ disposal of fixed assets		(4,766,548)	(589,939)	(46,617)	(6,704)
Net cash flow from investing activities		(4,766,548)	(589,939)	(46,617)	(6,704)
Cash flow from financing activities					
Changes in term loans		(1,085,777)	-	(10,619)	-
Changes in loan security fund		20,220,521	6,412,152	197,756	72,865
Donated equity increase/(decrease)		44,684,299	-	436,658	-
Donor fund increase/(decrease)		21,095,943	-	206,317	-
Net cash flow from financing activities		84,878,986	6,412,152	830,112	72,865
Net (decrease)/ increase in cash and cash equivalents		(1,363,452)	(9,768,494)	(13,335)	(111,006)
Cash and cash equivalent at 1 January		74,878,636	84,647,130	850,894	1,016,783
Convenience translation reserve		-	-	(118,584)	(54,884)
Cash and cash equivalents at 31 December	13	73,515,184	74,878,636	718,975	850,894

The notes on pages 74-88 are an integral part of these financial statements.

BRAC Liberia Microfinance Company Limited
Independent Auditors’ Report and Financial Statement
For the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENT

1. Reporting entity

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

2. Basis of preparation

(a) Basis of presentation of the financial statement

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

(b) Basis of measurement

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

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

(c) Functional and reporting currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements of the Company are presented in Liberia Dollars (LRD), which is the Company's functional and presentation currency. Amounts presented have been rounded off to the nearest LRD. The figures in US Dollar (USD) are presented for information purpose. For the purpose of translation the exchange rate of **(USD 1: LRD 102.25)** is used. 2015 **(USD 1: LRD 88.00)**

(d) Use of estimates and judgments

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

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

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

Notes 3(d)	Depreciation
Notes 3(h)	Provisions and other liabilities

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the

BRAC Liberia Microfinance Company Limited
Independent Auditors’ Report and Financial Statement
For the year ended December 31, 2016

transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(b) Revenue recognition

Service charge on loan

Service charge on loan is recognized in the income statement on all operational loans on an accrual basis. The recognition of interest ceases when a loan is transferred to Non-Interest Bearing Loan (NIBL). Service charge on loan is recognized thereafter, only when it is received.

(c) Loan administration fees

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

(d) Fixed assets (operating assets)

Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Subsequent costs

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

Depreciation

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

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

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

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

Disposals

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

BRAC Liberia Microfinance Company Limited
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Notes to the Financial Statements (continued)
Significant accounting policies (continued)

(e) Financial assets

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

(f) Loans and receivables

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

(g) Held-to-maturity

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

(h) Provisions and other liabilities

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

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

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

(i) Employee benefit

Pension obligations

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

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

End of service benefit

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

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(j) Stocks

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

(k) Finance income and expenses

Finance income comprises gains on disposal of available-for-sale finance assets and foreign currency gains.
Finance expenses comprise foreign currency losses. All foreign exchange losses and gains are recognized in profit or loss.

(l) Administrative expenses

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

(m) Borrowings

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

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

(n) Impairment of financial assets

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

- (i) Significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments.

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

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

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

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Notes to the Financial Statement (continued)
Significant accounting policies (continued)

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

4. Financial risk factors

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

(a) Credit risk

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

(b) Liquidity risk

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

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NOTES TO THE FINANCIAL STATEMENT (Continued)

	2016 LRD	2015 LRD	2016 USD	2015 USD
5. SERVICE CHARGE ON LOANS				
Group Loans (Microfinance)	106,480,208	58,248,876	1,041,371	661,919
Small Enterprise Program	35,637,903	30,014,704	348,537	341,076
Total	142,118,111	88,263,580	1,389,908	1,002,995
6. MEMBERSHIP FEES AND OTHER CHARGES				
Membership fees	2,089,660	1,426,180	20,437	16,207
Loan appraisal fees	6,790,855	3,611,150	66,414	41,036
Loan application fees	127,660	77,820	1,248	884
Total	9,008,115	5,115,150	88,099	58,127
7. Other Income				
Other Income	20,000	-	196	-
Gain due to early repayment	9,700,758	2,086,548	94,873	23,711
Total	9,720,758	2,086,548	95,069	23,711
8. Grant Income				
Transfer from grant received in advance(Rockefeller project)	11,387,649	-	111,371	-
Amortisation of fixed assets(Rockefeller project)	71,958	-	703	-
Total	11,459,607	-	112,074	-
9. IMPAIRMENT LOSSES ON LOANS AND ADVANCES				
General provision	8,111,558	8,939,929	79,331	101,556
Total	8,111,558	2,676,673	79,331	101,556
10. STAFF COSTS				
Salary & benefits	64,992,059	58,096,241	635,619	660,185
Bonus	4,206,128	1,647,265	41,136	18,719
Nasscorp	4,703,084	669,192	45,996	7,604
Staff insurance	134,800	173,916	1,318	1,976
Total	74,036,071	60,586,614	724,069	688,484

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NOTES TO THE FINANCIAL STATEMENT (Continued)

	2016 LRD	2015 LRD	2016 USD	2015 USD
11. OCCUPANCY COST				
Occupancy cost (Note 10.1)	11,406,196	8,935,377	111,552	101,538
Staff training and development costs	1,821,835	21,965	17,817	250
Travels and transportation	16,292,802	13,665,151	159,343	155,286
Maintenance and general expenses	20,275,399	13,438,963	198,292	152,715
Supplies and stationery	1,430,982	315,251	13,995	3,582
Legal and other professional costs	647,074	470,500	6,328	5,347
Insurance claim	42,000	42,000	411	477
Program supplies	22,055	-	216	-
Research and evaluation	1,055,111	-	10,319	-
Audit fees	715750	731,000	7000	8307
Bank charges	205,751	-	2,012	-
Vehicle expense	8,275	6,440	81	73
HO logistic and management expense	8,266,486	80,846	83,537	
Total	62,189,716	44,977,933	608,212	511,113

11.1 OCCUPANCY COST

Rent	8,112,945	5,986,699	79,344	68,031
Utilities	3,293,251	2,948,678	32,208	33,508
Total	11,406,196	8,935,377	111,552	101,538

12. TAXATION

a) Income tax expenses				
Corporation tax – Charged/(Reversed) during the year	6,255,337	(4,296,160)	61,177	(48,829)
	859,295	(1,328,184)	8,404	(15,093)
Deferred tax				
Total	7,114,632	(6,293,960)	69,581	(71,522)

b) Deferred Tax Expense/Asset

The Company is subject to income taxes in its jurisdiction. The Company recognizes liabilities for anticipated tax issue based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax asset	2,270,753	3,130,048	22,208	35,569
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BRAC Liberia Microfinance Company Limited
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NOTES TO THE FINANCIAL STATEMENT (Continued)

	2016 LRD	2015 LRD	2016 USD	2015 USD
c) Advance Tax				
Balance b/f	6,191,665	-	60,554	-
Charge for the year	(6,255,337)	-	(61,177)	-
Transferred to withholding tax				
Paid during the year	2,152,568	1,225,889	21,052	13,931
Adjustment of advance tax paid	-	4,965,776	-	56,429
Translation difference	-	-	-	-
Total	2,088,896	6,191,665	20,429	70,360

13. CASH AND BANK

Cash in hand	2,082,250	2,165,453	20,364	24,607
Cash in bank				
		Eco Bank	67,724,022	
		IB Bank	3,708,912	
	71,432,934	72,713,183	698,611	826,286
	73,515,184	74,878,636	718,975	850,894

14. LOAN AND ADVANCES TO CUSTOMERS

Group loan (Microfinance)	216,274,601	127,617,090	2,115,155	1,450,194
Small enterprise program	109,694,271	86,337,069	1,072,804	981,103
Loan written off	(6,134,454)	(5,044,797)	(59,995)	(57,327)
Interest receivable	4,561,431	2,959,481	44,611	33,630
Interest receivable written off	(1,573,305)	(665,475)	(15,387)	(7,449)
Impairment loss on loans advances	(13,318,210)	(12,914,411)	(130,251)	(146,755)
	309,504,334	198,298,957	3,026,937	2,253,397

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

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

BRAC Liberia Microfinance Company Limited
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NOTES TO THE FINANCIAL STATEMENT (Continued)

14.1 THE MOVEMENT ON LOAN ACCOUNT IS ANALYZED AS SHOWN BELOW

	2016 LRD	2015 LRD	2016 USD	2015 USD
At 1 January	208,909,362	179,524,749	2,373,970	2,156,453
Loan disbursed	679,145,500	361,175,000	6,642,010	4,104,261
Less: Loan repayment	(562,085,990)	(326,745,590)	(5,497,173)	(3,713,018)
Translation difference	-	-	(330,847)	(116,399)
Gross advances to customer	325,968,872	213,954,159	3,187,960	2,431,297
Less: Loans written off	(6,134,454)	(5,044,797)	(59,995)	(57,327)
	319,834,418	208,909,362	3,127,965	2,373,970
Interest receivable	4,561,431	2,959,481	44,611	33,630
Interest receivable written off	(1,573,305)	(655,475)	(15,387)	(7,449)
Impairment loss on loan advance (Note14. 3)	(13,318,210)	(12,914,411)	(130,251)	(146,755)
Net advance to customer	309,504,334	198,298,957	3,026,938	2,253,397

14.2 The movement on the impairment on loans account is shown below:

At 1 January	12,914,411	9,677,754	146,755	116,249
Charge for the year	8,111,558	8,936,929	79,331	101,556
Loan written off	(6,134,454)	(5,044,797)	(59,995)	(57,327)
Interest receivable written off	(1,573,305)	(655,475)	(15,387)	(7,449)
Translation difference	-	-	(20,453)	(6,274)
At 31 December	13,318,210	12,914,411	130,251	146,755

14.3 Analysis of impairment of loans

	Principal outstanding	Provision RATE	Provision Required
For general provision			
No past due	308,444,177	2%	6,168,884
For specific provision			
1-30 days	2,859,411	5%	142,970
31-180 days	1,902,898	20%	380,580
181 – 350 days	8,625	75%	6,469
351 days and above	6,619,307	100%	6,619,307
	319,834,418		13,318,210

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NOTES TO THE FINANCIAL STATEMENT (Continued)

Credit risk analysis:

Portfolio at risk (PAR) 30 days	2016	2015
Total loans in arrear of 30 days	8,530,830	11,947,493
Total loans outstanding	319,834,418	208,909,362
Portfolio at risk (PAR) 30 days	2.67%	5.72%

The PAR 30 figure denotes the amount of loans outstanding greater than 30 days and may not be fully recoverable. Provisions have been taken against these loans in the financial statements based on Company policy. The Management of BRAC Liberia Microfinance Company is constantly reviewing the PAR>30 numbers and trying to reduce it.

	2016 LRD	2015 LRD	2016 USD	2015 USD
15. OTHER ASSETS				
Advance to 3rd party	8,071,533	5,531,847	78,939	62,862
Current account in transit	6,850,614	6,377,478	66,999	72,471
Account receivable from NMF	11,262,878	1,762,374	110,150	20,027
Inventory – passbook	249,660	698,728	2,442	7,940
	26,434,685	14,370,427	258,530	163,300

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NOTES TO THE FINANCIAL STATEMENT (Continued)

15. PROPERTY PLANT AND EQUIPMENT	Furniture LRD	Equipments LRD	Motor Vehicles LRD	Total LRD	Total USD
Costs					
At 1 January 2015	3,277,643	5,714,834	1,285,275	10,277,752	123,456
Additions	8,820	581,119	-	589,939	6,704
Translation difference	-	-	-	-	(6,664)
At 31 December 2015	<u>3,286,463</u>	<u>6,295,953</u>	<u>1,285,275</u>	<u>10,867,691</u>	<u>123,496</u>
Additions	58,280	651,894	4,056,375	4,766,549	46,617
Translation difference	-	-	-	-	(17,211)
At 31 December 2016	<u>3,344,742</u>	<u>6,947,847</u>	<u>5,341,650</u>	<u>15,634,240</u>	<u>152,902</u>
Accumulated depreciation					
At 1 January 2015	1,864,277	3,922,423	1,025,004	6,811,704	81,822
Charge for the year	305,200	693,567	152,860	1,151,627	13,087
Translation difference	-	-	-	-	(4,417)
At 31 December 2015	<u>2,169,477</u>	<u>4,615,990</u>	<u>1,177,864</u>	<u>7,963,331</u>	<u>90,492</u>
Charge for the year	286,865	533,654	421,298	1,241,817	12,145
Translation difference	-	-	-	-	(12,611)
At 31 December 2016	<u>2,456,342</u>	<u>5,149,644</u>	<u>1,599,162</u>	<u>9,205,148</u>	<u>90,026</u>
Net book value:					
At 31 December 2015	<u>1,116,986</u>	<u>1,679,963</u>	<u>107,411</u>	<u>2,904,360</u>	<u>33,004</u>
At 31 December 2016	<u>888,400</u>	<u>1,798,203</u>	<u>3,742,488</u>	<u>6,429,091</u>	<u>62,876</u>

BRAC Liberia Microfinance Company Limited
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For the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENT (Continued)

	2016 LRD	2015 LRD	2016 USD	2015 USD
17. LOAN SECURITY FUND				
Opening balance	50,873,230	44,461,078	578,105	534,067
Received during the year	111,307,976	15,461,981	1,088,587	175,704
Paid off/adjustment	(91,087,455)	(9,049,829)	(890,832)	(102,839)
Translation difference	-	-	(80,567)	(28,827)
Closing balance	<u>71,093,751</u>	<u>50,873,230</u>	<u>695,293</u>	<u>578,105</u>

The Loan security fund acts as collateral for the customers' loan obligation to BRAC Microfinance Liberia Limited. This is computed as 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the loan security fund to the extent of the amount at risk.

18. RELATED PARTY

Payable to BRAC Bangladesh	29,856,713	19,631,016	291,997	223,080
Payable to Stichting BRAC international	10,702,771	10,702,771	104,673	121,622
BRAC International Holding B.V	8,266,487	-	80,846	-
	<u>48,825,971</u>	<u>30,333,787</u>	<u>477,516</u>	<u>344,702</u>

The related party payables are against expenses incurred by BRAC Bangladesh in favour of the company and against technical assistance fees payable to Stichting BRAC International for management support up to 31 December 2015.

Since January 1 2016 all charges relating to management support fees are payable to BRAC International Holding B.V the parent company of BLMCL.

19. BORROWINGS

KIVA	23,152,834	24,238,611	226,434	275,439
	<u>23,152,834</u>	<u>24,238,611</u>	<u>226,434</u>	<u>275,439</u>

20. OTHER LIABILITIES

	2016 LRD	2015 LRD	2016 USD	2015 USD
Provision for audit fees	715,750	731,000	7,000	8,307
Self-insurance fund	656,311	487,402	6,419	5,539
Bonus provision	7,000,357	4,923,737	68,463	55,952
NASSCORP provision	1,087,167	669,192	10,632	7,604
Tax withholdings	526,918	375,131	5,153	4,263
Salary provision	4,651,216	1,256,847	45,489	14,282
Other provision	3,123,088	2,831,547	30,544	32,177
	<u>17,760,809</u>	<u>11,274,856</u>	<u>173,700</u>	<u>128,123</u>

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NOTES TO THE FINANCIAL STATEMENT (Continued)

	2016 LRD	2015 LRD	2016 USD	2015 USD
21. DONOR Grants				
Donor funds received in advance (Note 21.1)	11,292,370	-	110,439	-
Donor funds investment in fixed asset (Note 21.2)	504,073	-	4,930	-
Donor funds investment in loans to group members(ELA)	918,500	-	8,983	-
Donor funds investment in loans to group members(Rockefeller)	8,381,000	-	81,965	-
	<u>21,095,943</u>	<u>-</u>	<u>206,317</u>	<u>-</u>
21.1 Donor funds received in advance				
Opening balance	-	-	-	-
Grants received during the year (Note -21.1.1)	32,555,550	-	318,392	-
Transferred to deferred income-investment in fixed asset (Rockefeller)	(576,031)	-	(5,633)	-
Transferred to Donor Funds investment in loans to group members (ELA)	(918,500)	-	(8,983)	-
Transferred to Donor Funds investment in loans to group members (Rockefeller)	(8,381,000)	-	(81,966)	-
Transferred to donated equity	-	-	-	--
Transferred to statement of income and expenses	(11,387,649)	-	(111,371)	-
	<u>11,292,370</u>	<u>-</u>	<u>110,439</u>	<u>-</u>
Closing balance	<u>11,292,370</u>	<u>-</u>	<u>110,439</u>	<u>-</u>
21.1.1 Donations received during the year				
BRAC USA (Rockefeller project)	31,156,800	-	304,712	-
BRAC USA(ELA)	1,398,750	-	13,680	-
	<u>32,555,550</u>	<u>-</u>	<u>318,392</u>	<u>-</u>
21.2 DEFERRED INCOME –FIXED ASSETS				
Opening balance				
Transferred from donor funds received in advance	576,031	-	5,633	-
Depreciation charge during the year	(71,958)	-	(703)	-
	<u>504,073</u>	<u>-</u>	<u>4,930</u>	<u>-</u>
22. Donated Equity				
Opening balance	92,875,000	92,875,000	1,115,616	1,115,616
Received during the year from Omidyar Network	44,648,299	-	473,722	-
	<u>137,523,299</u>	<u>92,875,000</u>	<u>1,589,338</u>	<u>1,115,616</u>
Total	<u>137,523,299</u>	<u>92,875,000</u>	<u>1,589,338</u>	<u>1,115,616</u>

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For the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENT (Continued)

23. CAPITAL COMMITMENTS

SHARE CAPITAL					
Name	% of holding	2016 LRD	2015 LRD	2016 USD	2015 USD
BRAC International Holdings BV	75.5%/51%	256,200,999	173,062,927	3,077,489	2,078,834
SEDF	24.5%	83,138,072	83,138,072	998,656	998,656
Omidyar Network	0%/24.5%	-	83,138,072	-	998,656
		<u>339,339,071</u>	<u>339,339,071</u>	<u>4,076,145</u>	<u>4,076,145</u>

Through duly signed stock power, Omidyar Network transferred at no par value its 24.5% share of common stock to BRAC USA INC (an affiliate of BRAC International Holdings B.V) who subsequently have transferred the same to BRAC International Holdings B.V.

24. User of estimates and judgments

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

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

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

i) Impairment

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

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

ii) Provision and contingencies

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

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NOTES TO THE FINANCIAL STATEMENT (Continued)

25. CASH FLOW FROM OPERATING ACTIVITIES

	2016 LRD	2015 LRD	2016 USD	2015 USD
Excess of income over expenditure	10,611,729	(12,844,526)	141,901	(145,961)
Depreciation	1,241,817	1,151,627	12,145	13,087
Loan loss provision	8,111,558	8,936,929	79,331	101,556
Cash flow before changes in working capital	19,965,104	(2,755,970)	233,377	(31,318)
Increase/(decrease) in provision for taxation	6,255,337	-	61,177	-
Changes in working capital				
Decrease/ (increase) of receivable and other current accounts	(12,064,258)	25,345,426	(117,988)	288,016
Decrease/(increase) of deferred tax asset	859,295	(1,328,184)	8,404	(15,093)
Decrease/(increase) of interest receivable	(684,120)	1,965,121	(6,691)	22,331
Increase/ (decrease) of related party	18,492,184	581,465	180,853	6,608
Increase/ (decrease) of current liabilities	6,485,953	1,877,985	63,432	21,341
Advance taxes paid	(2,152,568)	(6,191,665)	(21,052)	(70,360)
Net cash from operations	37,156,925	19,494,178	363,393	221,525

26. Contingent Liabilities

There is no contingent liabilities at the balance sheet date.

27. Subsequent Events

Events subsequent to the balance sheet date are reflected only to the extent that they are material. No such events came to our attention as at the date the financial statements were signed.

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BRAC in Liberia

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Opposite Jubilee Church
Monrovia, Liberia

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