

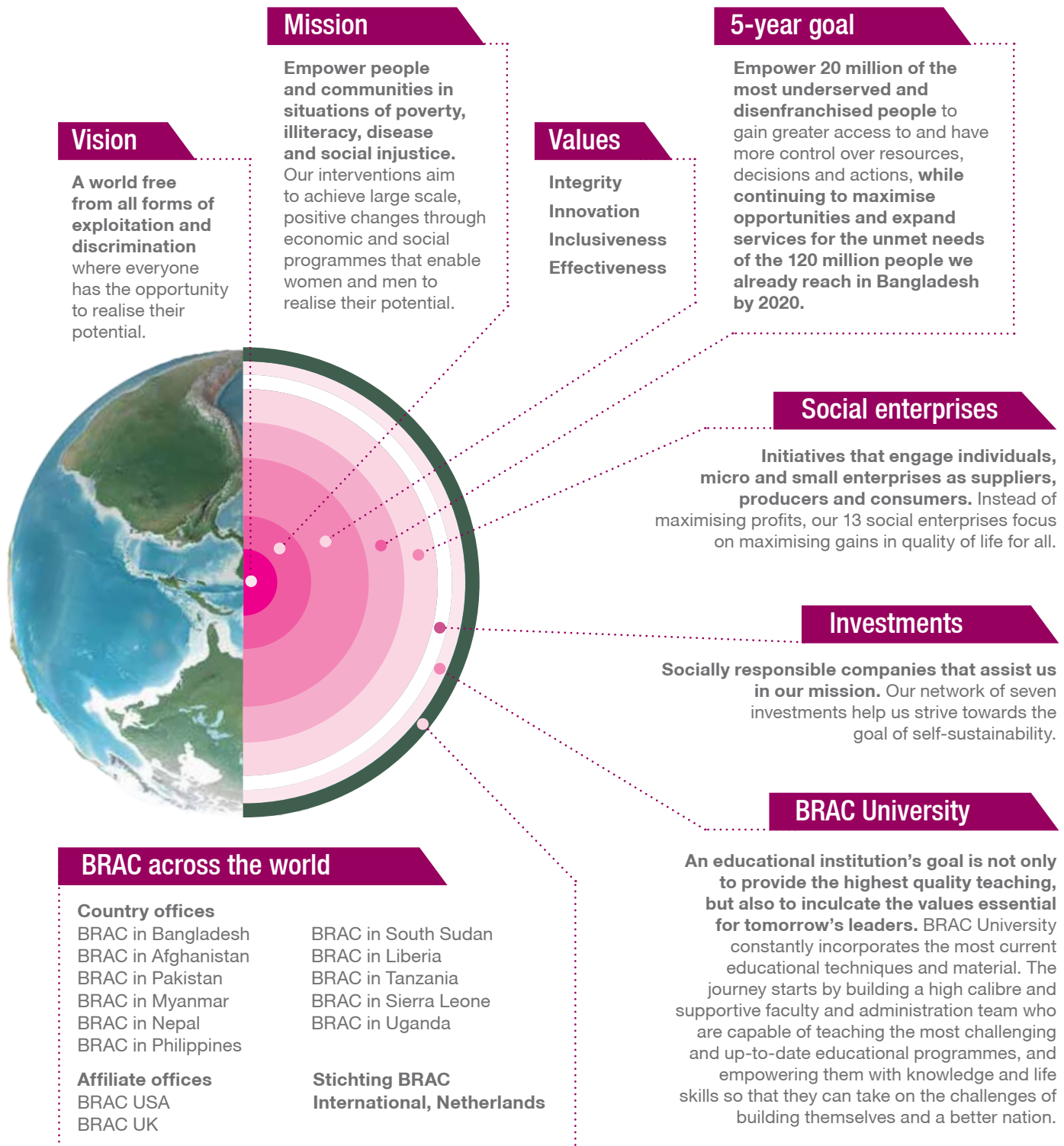


SIERRA LEONE

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

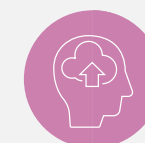


policy advocates



university

and we bring together many different people:



changemakers



activists



heroes

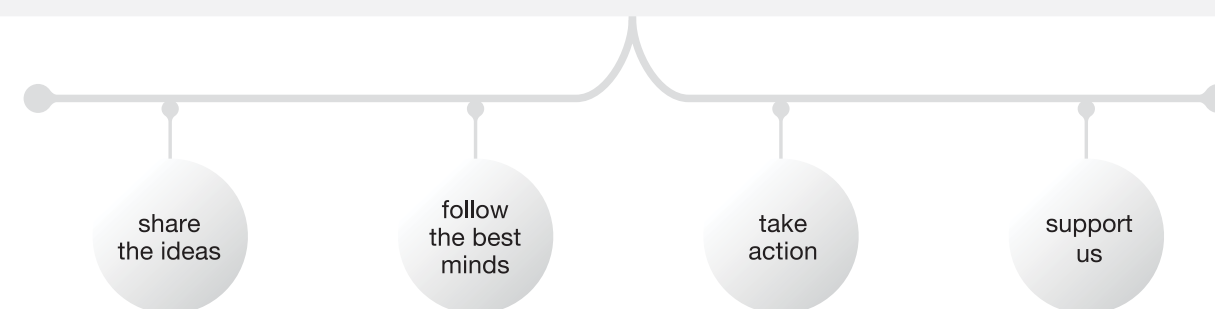


mentors

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, at BRAC in Sierra Leone, are committed to supporting the government of Sierra Leone in achieving the country's development goals. We follow an integrated approach to development, implementing programmes in health, agriculture and livestock, empowerment and livelihood for adolescents, and microfinance. Our operation spans across 30 branch offices in 11 districts. This country-wide coverage and infrastructural presence, coupled with our multi-sectoral programmatic specialties provide us with unique opportunities to contribute towards the long-term development of Sierra Leone.

We have successfully accomplished our Ebola recovery projects – Girls Centred Ebola Response in Sierra Leone, supported by Novo Foundation and Nike Foundation; Disaster Emergency Committee project, in partnership with Oxfam, and the Emergency Ebola Response Center project in Kumala, funded by DFID. We are proud for having been officially recognised by the government for our interventions.

We understand the importance of agricultural and livestock production as ways of achieving food security in the country. Our Inland Valley Swamp project in partnership with the World Food Programme and JICA prepares lands and produces crops. Our project on pig-rearing,

funded by DFID, contributes towards increased income and food security. Likewise, our health initiatives in partnership with Catholic Relief Services and Global Fund Malaria, work on prevention and treatment of malaria. Adolescent girls receive life skills training and livelihood support through our adolescent clubs and empower themselves socially and economically. We also provide access to microfinance services. We improve the quality of life for young people living in 10 slum areas, through better access to sexual and reproductive health services, livelihoods opportunities and increased income.

We are grateful to our stakeholders – government agencies at ministries and provinces, donors and implementing partners for working with us to help reach people from the most marginalised communities to realise their potential.

James Ward Khakshi
Acting Country Representative
BRAC in Sierra Leone

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 our activities in the financial sector in 2009 by providing access to credit for people who have been excluded from the formal financial sector. We use a holistic approach to make real-time integration between financial and non-financial services for socioeconomic transformation of the community. Our goal is to improve livelihood and empower communities financially.

WHAT WE DO

Our microfinance portfolio remains the largest in Sierra Leone, covering 11 districts out of 14.

We provide access to credit to people through two main components: a group-based microloan facility targeting mostly women (90%), and an enterprise loan targeting small-scale entrepreneurs.

The size of the group is usually around 15-20 women and the amount ranges from USD 100 to 600 per person. Our enterprise loans range from USD 700 to 10,000. Enterprises can pay their instalments through mobile money which make the transaction process more convenient.

We initiated a new loan scheme this year for job holders to address the increasing demand of diversified products from the client base.

HIGHLIGHTS

Disbursed **USD 3.7 million** among **28,674** clients

The SEP programme disbursed **USD 2.46 million** among **2,101** clients



HEALTH



We started working in the health sector in 2008. We sensitise communities on different health issues and provide support to government health services through referrals, including health emergencies.

WHAT WE DO

We develop community health promoters who provide education, preventive services, basic curative services, and hospital referrals. They focus on reproductive, maternal and child health, immunisations, nutrition, communicable disease prevention and treatment.

We are carrying out health initiatives in six districts to improve the wellbeing of women living in rural areas and their families, through access to affordable and quality healthcare. We build the capacity of our health staff and community health workers who conduct community health forums and household sensitisation and visits. They promote hygiene products and distribute family planning products to households. Our health promoters also establish referral linkages between communities and government health facilities and promote health campaigns. In community health clubs and school health clubs, we sensitise communities to control and prevent the outbreak of malaria. In response to the government's post-Ebola recovery plan, we continue to support water, sanitation and hygiene activities in six districts.

We improve the quality of life for young people living in 10 slum areas, through better access to sexual and reproductive health services, livelihoods opportunities and increased income. Young people receive training on life skills, microloans, sexual reproductive health and human rights and legal awareness, financial literacy and employment advice.

HIGHLIGHTS

406 community health promoters received training

616 community health clubs reached 100,309 people

180 school health clubs reached 319,804 people with support and referrals services

Conducted 4,281 health forums

Constructed 12 community toilets and 16 water wells in collaboration with the district council and ministry of water resources

Distributed 47,449 family planning products 100,309 people

Referred 10,441 antenatal cases and 4,033 postnatal cases to hospitals

Referred 30,305 children for immunization

Referred 355 TB patients and 10,469 malaria patients to hospitals

Trained 392 young people on life skills

Trained 1,500 young people on sexual reproductive health, human rights and legal awareness

Trained 900 young people on financial literacy

AGRICULTURE AND FOOD SECURITY



We started our agricultural initiatives in Sierra Leone in 2008 to enhance food security through improved technologies and quality inputs. We also develop the capacities of community agriculture promoters to support farmers.

WHAT WE DO

We conduct farmers’ training, establish demonstration farms, provide inputs support to farmers, create access to markets, and improve farming techniques. We also organise nutrition awareness campaigns.

The Ebola epidemic in 2015 devastated the Sierra Leone economy, including the agricultural sector. As part of the post-Ebola response, we ensured food security and livelihoods in Koinadugu district with Oxfam GB through the project Disaster Emergency Committee. Together we addressed food security, livelihoods and resilience strengthening for post-quarantined communities. We mobilised communities to prevent the spread of Ebola and supported 5,010 rural farmers affected by Ebola with modern agriculture technologies and quality inputs so that they can improve their livelihoods. In addition, we provided 3,000 farmers with high quality seeds in partnership with Google.

We are operating a seed testing and multiplication farm which produces rice and maize seeds and grows pineapple, plantain, groundnut, cassava and sweet potato. Despite high demand for it, rice production cannot meet the requirements in Sierra Leone. To increase rice production, we convert previously unusable swamp lands into fields to grow rice and vegetables. The community-based, sustainable food security of smallholder rice-producing farmers project, funded by the World Food Programme and JICA, has increased the production of rice and vegetable of 530 marginal farmers (90% women) in Port Loko district.

HIGHLIGHTS

Produced **270 kg** maize seeds and **2,000 kg** rice seeds in our seed farm and distributed to farmers

Developed **106** hectares of swampy land involving **530** farmers

Rice production in Inland Valley Swamp area (recorded to be **2.9 MT** per hectare) tripled from baseline

Established **4** fish ponds in the swamp rice field to promote Integrated Rice – Fish culture

Provided unconditional cash transfers for food purchase to **545** extremely poor households in **23** Ebola–quarantined communities in Koinadugu district

Provided **1,200** households with conditional cash grants to purchase groundnut, rice, pepper seeds, fertiliser and agricultural tools as start–up capital

Supported 10 women’s groups (**265** members) with **9** rice mills and **1** cassava grater machine

Formed and facilitated **20** Village Savings Loan Associations

Formed and registered **10** farmer based organisations from the Ministry of Agriculture, Forestry, and Food Security

POULTRY AND LIVESTOCK



We started working in the poultry and livestock sector in 2008 to increase the productivity of small-scale farms by developing the capacity of farmers, introducing efficient livestock management techniques and building viable services through community livestock and poultry promoters.

WHAT WE DO

We provide training to farmers on various poultry and livestock rearing techniques. We develop the supply chain of high-quality inputs and vaccines among farmers and establish linkages between market actors.

We have successfully supported 500 Ebola-affected poultry rearers in 10 branches, covering six districts of Port Loko, Bombali, Tonkolili, Bo, Kenema and Western Area. Our interventions were directed towards reducing poultry and livestock mortality, increasing farmer's income, creating employment opportunities, and reducing malnutrition.

We are working with 5,588 people living in 34 vulnerable rural communities across five districts in Sierra Leone to develop a sustainable pig value chain. We established a highly productive pig breeding unit and distributed quality piglets to farmers in remote rural areas. We established pig demonstration farms through model pig rearers who then influence pig producers at the rural level by increasing access to inputs and outputs.

HIGHLIGHTS

Provided **500** Ebola-affected rural poultry rearers with local chickens

Trained **seven** pig breeding and multiplication farms, **75** model pig rearers and **750** general pig rearers



EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS



We started our programme in 2012 to socially and economically empower adolescents to participate meaningfully in decisions that affect their lives, and create supportive environments for youth development.

WHAT WE DO

We empower adolescent girls by enhancing their economic potential, health, and self-esteem. Our adolescent clubs serve as social space for girls who learn and share their reproductive and sexual health issues. They also receive training on life skills and income-generating activities along with microloans in an enabling environment that encourage participation from not only the parents but also the broader community. In addition, we provide textbooks and arrange recreational activities such as reading, staging drama, dancing and indoor and outdoor games.

Our interventions are customised according to the local context where 70% of the young people are unemployed. Economic vulnerability, social isolation, lack of knowledge and limited access to sexual and reproductive healthcare, and the aftermath of Ebola have affected young girls the most.

We are currently operating in four districts: Port Loko, Kambia, Moyamba and Bo.

HIGHLIGHTS

Signed an agreement with Novo Foundation to implement **160** clubs in **four** districts in 2017–2018 in Kambia, Port Loko, Moyamba, and Pujehun



EMERGENCY RESPONSE



We began making emergency response a major focus from June 2016. 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

Organised **eight** orientation courses for **100** staff on emergency response programme

Organised **two** training courses for **40** staff on Crisis and Security Risk Management

Organised **two** training courses for **40** staff on Fire Emergency Response

Developed **one** Country Risk Analysis, **one** Multi-Hazard Risk Assessment, **one** Disaster Preparedness Programme (draft) of BRAC in Sierra Leone and **34** weekly situation updates

Represented BRAC in **one** government forum, **one** national forum and **two** international forum. BRAC in Sierra Leone was part of the disaster impact assessment team formed in Freetown after the flood in November



FROM SWAMP LANDS TO PADDY FIELDS



Sierra Leone has experienced a wave of change in farming practices since our Inland Valley Swamp project started three years ago. The initiative is a Japanese bilateral development project that converts swamp lands into productive farming fields in an environment-friendly and sustainable way. It is improving the security of rural farmers and giving hope to thousands of people living in swamplands.

The agriculture sector is a key driver for poverty reduction and economic growth. Approximately 90% of farmers are smallholders, the majority of them being women. A total of 530 farmers received training on modern rice production technologies which covered sowing, nursing, weeding, pesticide and fertiliser application, harvest and post harvest crops management and storage. 300 farmers also received training on vegetable production. They were supported with seeds, fertilisers, drying tarpaulins and other agricultural tools.

The farmers initially developed 106 hectares of fallow swamp land by constructing water management structures, transforming them into productive lands. Four fish ponds were prepared beside the rice fields. Presently, the average yield is about 2.9 metric tons per hectare and around 50 metric tons of food have been distributed.

Rice production and consumption have increased significantly in households living in poverty in the last three years. This is backed by a high rate of vegetable production and upland cultivation, which has increased food supply and provided a source of income. Alternative food items like fish, fruits and eggs are also available, boosting the nutritional needs of households. Approximately 60% of the people are now selling rice to nearby markets on a weekly basis.

A SECOND CHANCE



I am Rosaline. I used to live with my parents, siblings and my child in a shanty. I did various odd jobs for money. I was, and I still am, the breadwinner of my family.

I knew this was not the life I wanted for myself, nor my family. BRAC works in the slum where I live and one day, I decided to walk in and find out for myself about all that they did. I joined BRAC and began to receive training on financial education, sexual and reproductive health and legal literacy, and later got enrolled in a training institute as a trainee in catering.

I now work in the biggest multi-entertainment complex and resort in the country as an assistant supervisor. I prepare many kinds of cuisines for all kinds of occasions. I cater for weddings, parties, meetings and trainings in my community at a price that is affordable for my community.

I built and furnished a house for my parents and siblings. My younger siblings are back in school and attend different training programmes whenever they get a chance. My son attends a good school. I moved out of the slum I used to live in and rented a house.

There were many others with me who have graduated out of the training programme. Today my friends are successful entrepreneurs, carpenters, drivers, building engineers, welders and hairdressers.



I am Abu Bakarr Fofanah and I joined BRAC in Sierra Leone seven years ago in the Agriculture, Food Security, Poultry and Livestock programme. BRAC's interventions and approaches are impressive in my country. They allow community-based farmers to increase their productivity, income and their general standard of living. I have been part of many poultry and livestock projects since joining BRAC as an area livestock officer. All the projects are geared towards supporting farmers, especially women, in remote areas, to improve their lives. BRAC's projects have changed the perception of farmers about their work and made them proud of what they do, and this change is spreading across other parts of the country.

BRAC has rewarded me by promoting me to the level of Regional Livestock Coordinator Northern, and also by awarding me with the prestigious BRAC Values Award for 2016. I have been motivated to work harder with BRAC because of the honour and prestige bestowed upon me. I now manage five branches under my region. For as long as I have the right platform to work on, I will continue to work with BRAC.

I have confidence in BRAC values and I am confident enough to say that IamBRAC.

Abu Bakarr Fofanah
BRAC in Sierra Leone

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
Shafiqul 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 SIERRA LEONE

GOVERNANCE

Local Board Members (NGO)

Dr AMR Chowdhury
Faruque Ahmed
Shib Narayan Kairy

BRAC Microfinance (SL) LTD Local Board Members

Faruque Ahmed
Shameran Abed
Lamia Rashid
Md. Saif Imran Siddique
Kate Murphy
Tapan Kumar Karmaker

Country Advisory Council Members

Joe Robert Pemagbi
Aisha Fofana Ibrahim
Edna Margaret Rachael Jones
Sonkita Conteh

MANAGEMENT

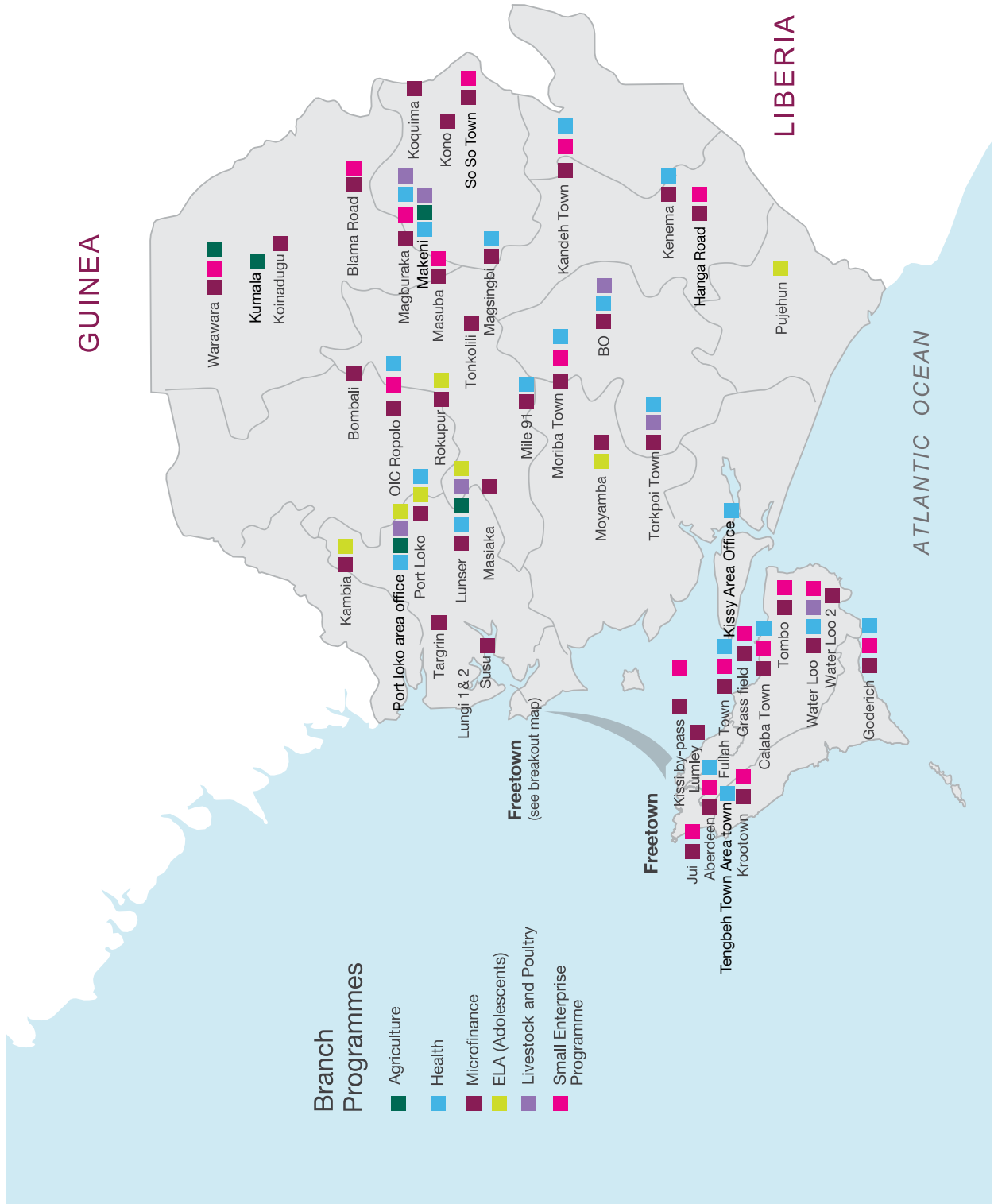
James Ward Khakshi, Acting Country Representative
Tapan Kumar Karmaker, Managing Director, BRAC Microfinance (SL) LTD
Sheikh Muzam, Programme Manager, Microfinance
Bazlur Rashid, Acting Programme Manager, Health
Jenneh M.GBow, Programme Manager, Empowerment and Livelihood for Adolescents
Md. Monoarul Islam, Acting Programme Manager, Food security and livelihood programme
Prince Momoh, Country Head of Accounts
Md. Akhter Hossain Miah, Country Head of Internal Audit
Edwin Worneh Jarfoi, Country Head of Human Resource and Training

DEVELOPMENT PARTNERS

BILL & MELINDA
GATES foundation



BRAC IN SIERRA LEONE



FINANCIALS

2019-2020

2020-2021

2021-2022

2022-2023

2023-2024

2024-2025

2025-2026

2026-2027

2027-2028

2028-2029

2029-2030

2030-2031

2031-2032

2032-2033

2033-2034

2034-2035

2035-2036

2036-2037

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2038-2039

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2040-2041

2041-2042

2042-2043

2043-2044

2044-2045

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2046-2047

2047-2048

2048-2049

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2052-2053

2053-2054

2054-2055

2055-2056

FINANCIALS – NGO

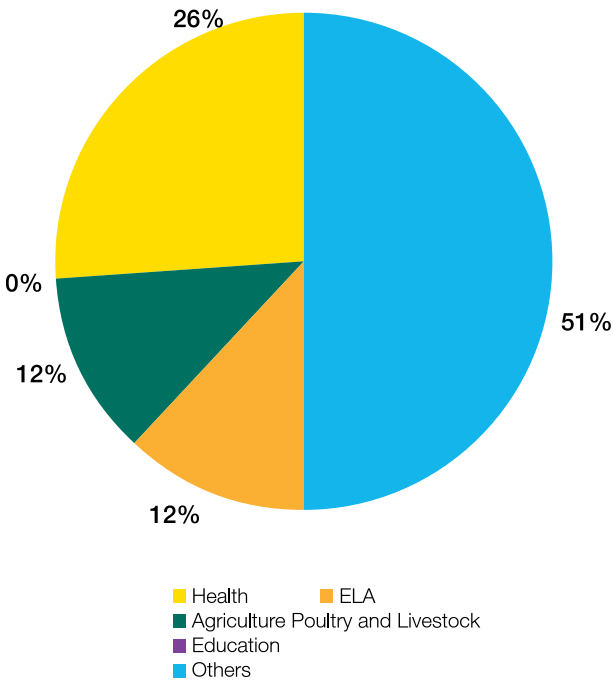
BRAC in Sierra Leone received USD 2,709,717 as grants compared to USD 2,239,123 in 2015. Total project expenses for the year were decreased by 21% to USD 2,105,561. Out of the total expenses, the health programme was supported by Comic Relief, Global Fund and Google and DFID holds the majority of the portion in poultry and livestock. About 98% of total expenditure has been used for program services.

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

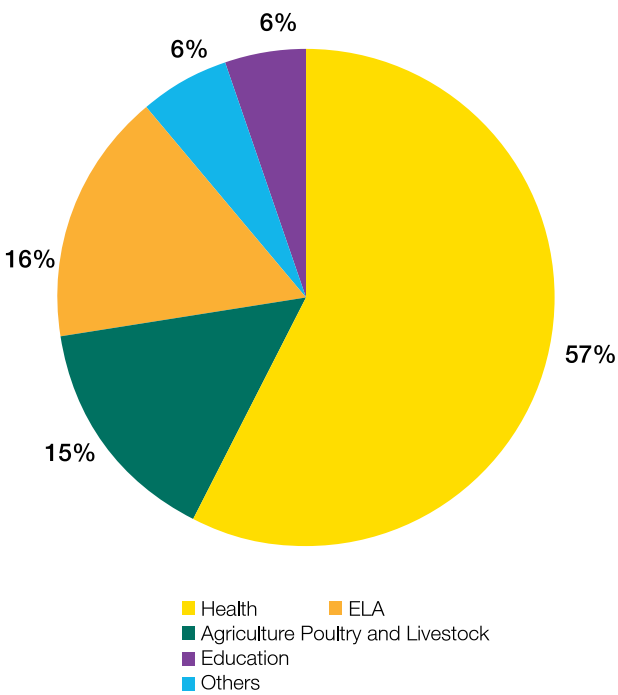
PROGRAMME COST

Programme	2016		2015	
	USD	%	USD	%
Health	734,335	26%	2,007,000	57%
Education	323,367	12%	532,000	15%
Agriculture, poultry and livestock	328,611	12%	579,000	16%
ELA	-		223,000	6%
Others	1,416,322	51%	193,000	5%
Total	2,802,636	100%	3,534,000	100%

Pie Chart (Programme-wise) 2016

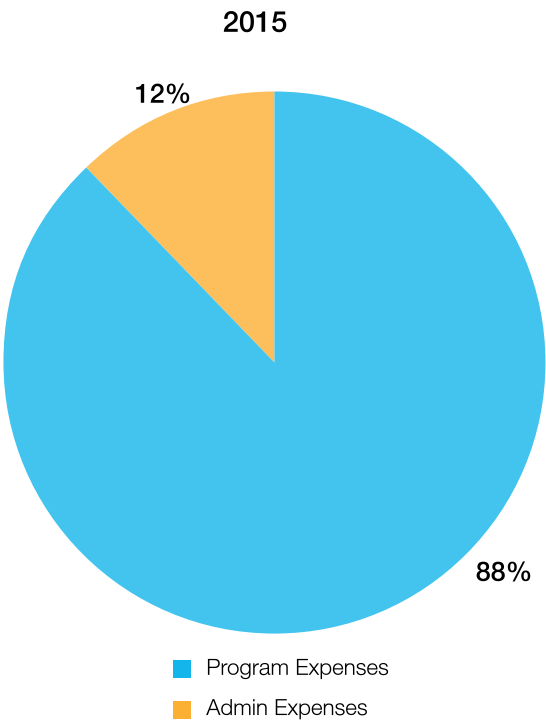
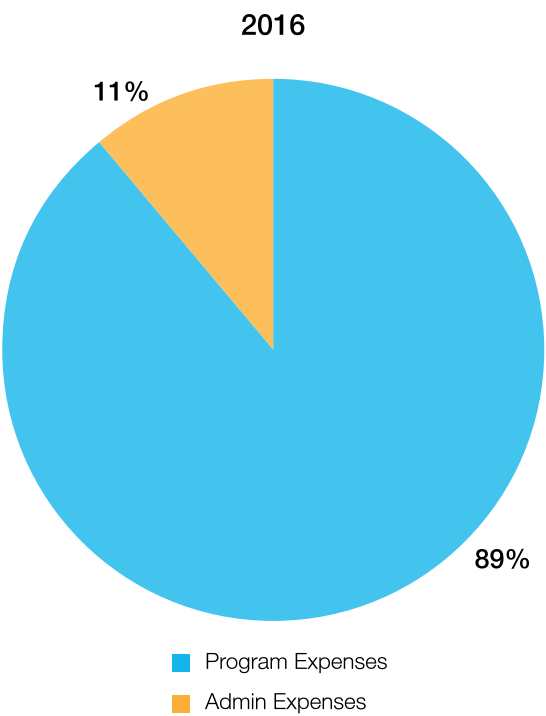


Pie Chart (Programme-wise) 2015



PROGRAMME COST

Expenses	2016		2015	
	USD	%	USD	%
Programme expenses	2,500,310	89%	3,109,920	88%
Administration expenses	302,326	11%	424,080	12%



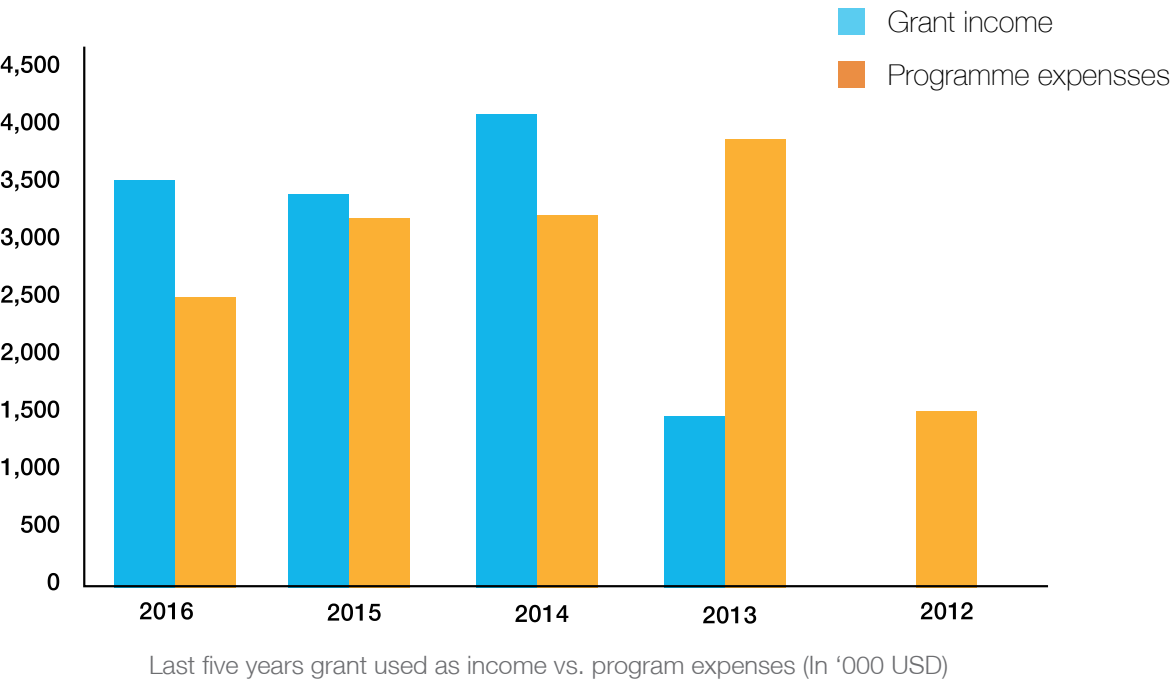
Income Statement	2016	2015	2014	2013	2012
	USD	USD	USD	USD	USD
Grant income	2,699,059	3,454,000	3,273,000	3,854,000	1,443,000
Other income	-	105,000	82,000	36,000	129,000
Programme expenses	2,500,310	3,109,920	3,064,000	3,615,000	1,397,526
Administration expenses	302,326	424,080	385,000	312,000	174,474

PERFORMANCE REVIEW

Financial Position	2016	2015	2014	2013	2012
	USD	USD	USD	USD	USD
Net equity	(37,056)	127,000	130,000	1,791,000	253,000
Cash at bank	512,209	593,000	553,000	1,804,000	347,000

Operational Statement	2016	2015	2014	2013	2012
Number of projects	13	21	17	15	14

GRANT USED AS INCOME VS. PROGRAMME EXPENSES



Contribution to Govt. exchequer	2016	2015
Withholding tax	121,641	129,736
Social security and pension	10,239	15,519
Total	131,880	145,256

Net Income

In 2016 BRAC Microfinance (SL) Limited has turned around in 2016 from the losses made due to ebola. The profit before tax was USD 170,343 compared to the loss USD 443,481 in 2015. Interest income has increased by 20% due to growth in loan disbursement by 55%.

Operating Expenses

Total operating expenses for the year was USD 1,395,004 compared to USD 1,287,596 in 2015 showing a small increase of 8%.

Provisions for Impairment Losses

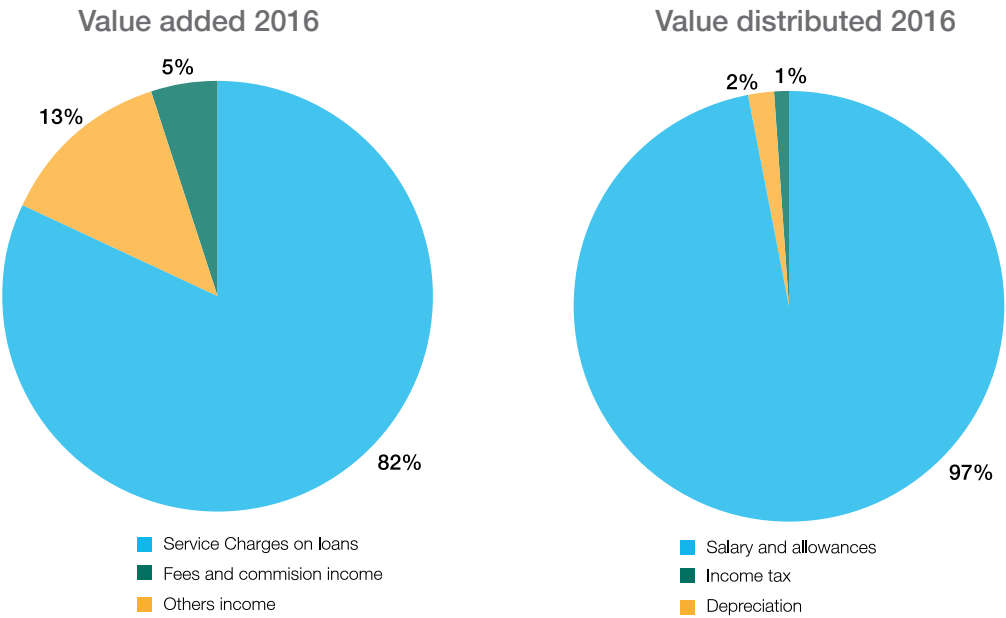
This year amount charged for impairment on loans was USD 123,060 compared to USD 308,969 in 2015, showing a decrease of 60%. This is due to an increase in the quality of loan portfolio which resulted in a decrease in PAR 30. Portfolio at Risk (PAR>30) is 5.77% as to 10.16% in 2015. Total reserve for impairment was USD 261,136 in 2016 compared to 261,136 in 2015, representing 7.11% of gross portfolio.

Financial Position

In 2016, BRAC Microfinance (SL) Limited's total assets increased by 37.83% to USD 4,536,481. The increase is mainly due to growth of loan portfolio which increased by 28% to USD 3,412,031.

Value Added Statements

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



FINANCIALS – MICROFINANCE

Contribution to Government Exchequer	2016	2015
Income tax	11,867	-
Withholding tax	78,317	88,748
Social security and pension	19,443	25,060
Total	109,627	113,809

VALUE ADDED STATEMENTS

Value Added	2016		2015	
	USD	%	USD	%
Service charges on loans	1,276,589	158%	1,061,000	370%
Fees and commission income	78,771	10%	55,000	19%
Other income	203,660	25%	37,000	13%
Other operating exp.	(626,668)	-77%	(557,000)	-194%
Loan prov. (doubtful losses)	(123,060)	-15%	(308,969)	-108%
Total	809,293	100%	287,031	100%

Value Distributed	2016		2015	
	USD	%	USD	%
Employees				
Salary and allowances	801,159	85%	832,000	290%
Local Authorities				
Taxes	11,867	1%	-	0%
Depreciation	12,174	1%	24,000	8%
Growth				
Retained income	113,480	12%	(569,000)	-198%
Total	938,680	100%	287,000	100%

PERFORMANCE REVIEW

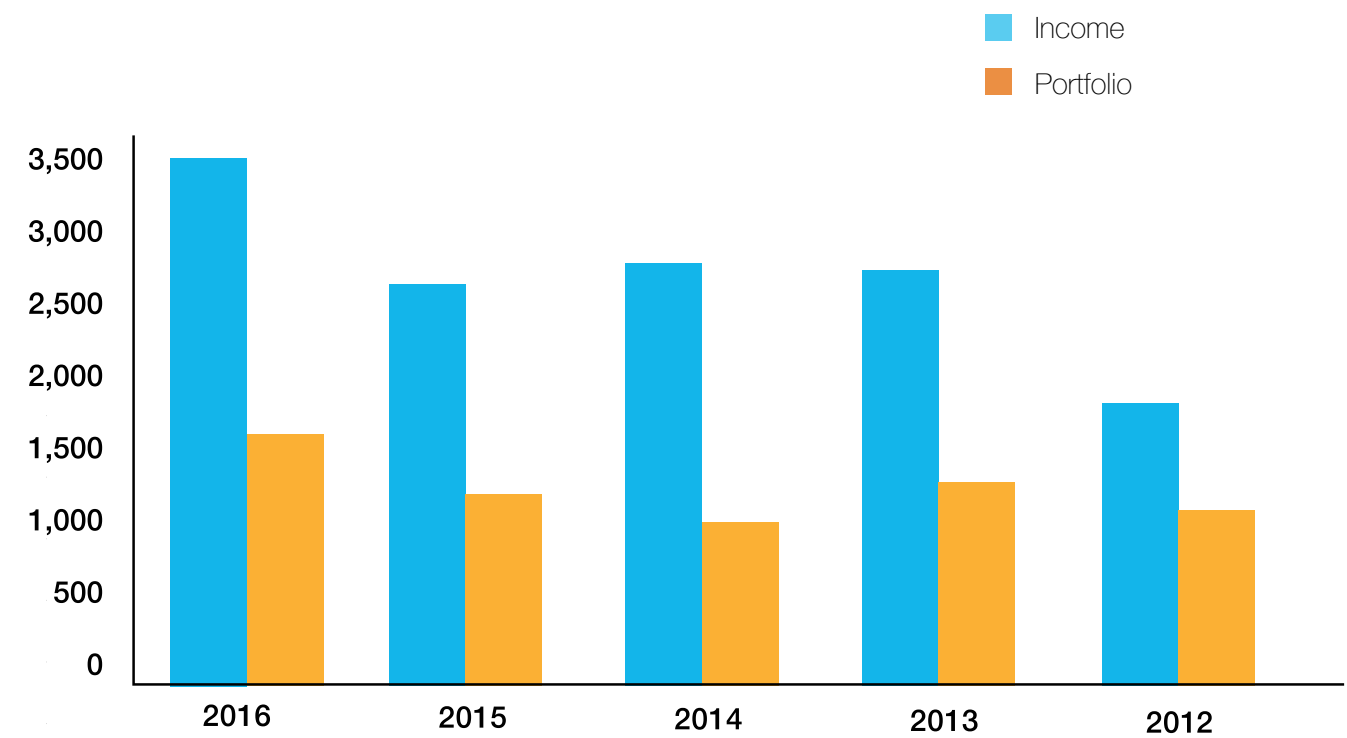
Income Statement	2016	2015	2014	2013	2012
	USD	USD	USD	USD	USD
Operating income	1,688,407	1,153,000	1,013,000	1,321,000	1,272,000
Net (loss) before tax	170,343	(443,000)	(410,000)	(638,000)	(965,000)
Total Expenditure	1,563,060	1,722,000	1,438,460	1,959,000	2,238,720

Financial Position	2016	2015	2014	2013	2012
	USD	USD	USD	USD	USD
Total asset	4,536,481	3,291,000	3,895,000	4,342,000	3,624,000
Net equity	2,708,079	1,440,000	2,151,000	2,686,000	2,587,000
Loans to customers (net)	3,412,031	2,656,000	2,848,000	2,840,000	2,006,000
Cash at bank	826,252	346,000	705,000	1,037,000	816,000

Returns and Ratio	2016	2015	2014	2013	2012
	USD	USD	USD	USD	USD
Return on asset	4%	-13%	-11%	-15%	-27%
Cost to income	93%	149%	142%	148%	176%

Operational Statistic	2016	2015	2014	2013	2012
Total borrowers	35,377	24,815	23,339	21,046	16,522
PAR>30	5.77%	10.16%	5.52%	5.33%	7.46%

OPERATING INCOME VS PORTFOLIO
(In '000 USD)



BRAC IN SIERRA LEONE

Financial Statements
For the year ended 31 December 2016

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016



BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

General Information

Board of Directors:	Dr. A M R Chowdhury	-	Chairperson
	Mr. Faruque Ahmed	-	Member
	Mr. Shib Narayan Kairy	-	Member
Office:			
174 Wilkinson Road			
Freetown			
Sierra Leone			
Project Coordinator :			
BRAC Sierra Leone			
Bankers :			
Standard Chartered Bank			
Auditors :			
KPMG			
Chartered Accountants			
KPMG House			
37 Siaka Stevens Street			
Freetown			

Management's Responsibility Statement

The Directors' are responsible for the preparation and presentation of these financial statements, which comprise the statement of financial position as at 31 December 2016, the statements of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information, on the basis of accounting policies described in note 3 of the financial statements; and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement whether due to fraud and error.

Approval of the financial statements

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


Board Member


Board Member



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

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

**Independent Auditors’ Report to the Board of Directors
of BRAC Sierra Leone**

Opinion

We have audited the financial statements of BRAC Sierra Leone which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 20.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Sierra Leone as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the organization as stated in note 3 of the financial statements.

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 organisation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

Auditors’ responsibility for the financial statements

Our 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 organisation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors’ 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 organisation’s ability to continue as a going concern.

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

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



**Independent Auditors’ Report to the Board of Directors
of BRAC Sierra Leone**

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 organisation 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 business activities within the organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation’s audit. We remain solely responsible for our audit opinion.

**Independent Auditors’ Report to the Board of Directors
of BRAC Sierra Leone (continued)**

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.

Other matter

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

The engagement partner on the audit resulting in this independent auditors’ report is Derrick Kawaley.

Freetown


Chartered Accountants

Date: 17 July 2017

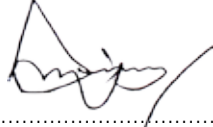
BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Statement of Financial Position

As at 31 December 2016

			SLL		USD
<i>In thousands of Leones/USD</i>	Notes	2016	2015	2016	2015
Assets					
Property and equipment	10	690,551	745,254	93	134
Total non-current assets		690,551	745,254	93	134
Current assets					
Cash and bank balances	11	3,790,343	3,306,587	512	593
Other assets	12	2,279,909	1,325,177	308	237
Total current assets		6,070,252	4,631,764	820	830
Total assets		6,760,803	5,377,018	913	964
		=====	=====	=====	=====
Liabilities and capital fund					
Current liabilities					
Other payables	15	2,013,360	1,291,039	272	232
Related party payables	18	5,021,659	3,375,404	679	605
Total current liabilities		7,035,019	4,666,443	951	837
Capital fund					
Donor funds	13	2,215,260	3,574,954	299	641
Retained surplus		(2,489,476)	(2,864,379)	(337)	(514)
		(274,216)	710,575	(38)	127
Total liabilities and capital fund		6,760,803	5,377,018	913	964
		=====	=====	=====	=====

These financial statements were approved by the Board of Directors on.....31 April.....2017


.....
Board Member


.....
Board Member

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

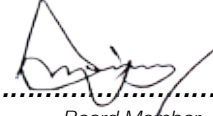
BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Statement of Comprehensive Income

For the year ended 31 December 2016

			SLL		USD
<i>In thousands of Leones/USD</i>	Note	2016	2015	2016	2015
Income					
Grant income	4	19,973,034	19,266,062	2,699	3,454
Other income	5	-	582,775	-	105
Total income		19,973,034	19,848,837	2,699	3,559
Expenditures					
Staff costs and other benefits	6	(4,632,390)	(5,454,983)	(626)	(978)
Other general administrative expenses	7	(13,282,843)	(10,205,431)	(1,795)	(1,830)
Training, workshops and seminars	8	(1,827,500)	(2,099,703)	(247)	(376)
Occupancy expenses	9	(796,569)	(1,704,845)	(108)	(306)
Depreciation	10	(200,206)	(242,892)	(27)	(44)
Total expenditures		(20,739,508)	(19,707,854)	(2,803)	(3,534)
Operating (deficit)/surplus		(766,474)	140,983	(104)	25
Other comprehensive income					
Unrealized exchange gain/ (loss)		1,141,377	(2,694,731)	154	(483)
Total comprehensive surplus/ (deficit)		374,903	(2,553,748)	50	(458)
		=====	=====	=====	=====

These financial statements were approved by the Board of Directors on.....31 April.....2017


.....
Board Member


.....
Board Member

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

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Statement of Changes in Equity
For the year ended 31 December 2016

In thousands of Leones/USD	Donor Funds SLL	Retained Surplus SLL	Total Capital Fund SLL	Total Capital Fund USD
At 1 January 2016	3,574,954	(2,864,379)	710,575	127
Donor Fund decrease	(1,359,695)	-	(1,359,695)	(184)
Surplus for the year	-	374,904	374,904	50
Effect of translation difference	-	-	-	(31)
As at 31 December 2016	1,513,789	(1,788,005)	(274,216)	(38)
At 1 January 2015	931,296	(310,632)	620,664	130
Donor Fund increase / (decrease)	2,643,658	-	2,643,658	357
Surplus for the year	-	2,553,747	(2,553,747)	(345)
Effect of translation difference	-	-	-	(15)
As at 31 December 2015	3,574,954	(2,864,379)	710,575	127

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Statement of Cash Flows
For the year ended 31 December 2016

In thousands of Leones/USD	Note	2015	SLL 2014	2015	USD 2014
Net cash provided by/(used in operating activities)	16	2,026,148	(1,923,058)	274	(345)
		20,026,148	(1,923,058)	274	(345)
		=====	=====	=====	=====
Cash flow from investing activities					
Acquisition of fixed assets	10	(182,697)	(332,144)	(25)	(60)
Proceeds from disposal		-	275,293	-	0 5
Net cash flow used in investing activities		(182,697)	(56,851)	(25)	(10)
		=====	=====	=====	=====
Cash flow from financing activities					
Changes in deferred grant		(7,883)	(186,042)	(1)	(33)
Changes in grant received in advance		(1,351,811)	2,829,701	(183)	507
Net cash flow from financing activities		(1,359,694)	2,643,659	(184)	474
		=====	=====	=====	=====
Net increase in cash and bank balances		483,756	663,751	65	119
Convenience translation effect		-	-	593	(79)
Cash and bank balances at 1 January 2016		3,306,587	2,642,836	(146)	553
Cash and bank balances at 31 December 2016	11	3,790,343	3,306,587	512	593
		=====	=====	=====	=====

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

Notes to the Financial Statements

1. Reporting entity

BRAC Sierra Leone is a Non-governmental organization which was registered with the Ministry of Development and Economic Planning on the 5 June 2008. The address of the organisation's registered office is 174 Wilkinson Road, Freetown.

BRAC Sierra Leone's principal activities are the provision of health services, education, agriculture, livestock and legal empowerment programs. They are presently operating in all four provinces in Sierra Leone.

2. Basis of preparation

(a) Basis of measurement

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

(b) Functional and presentation currency

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

3. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions and conversions

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

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in statement of income and expenditure.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Notes to the financial statements (continued)

Significant accounting policies (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

	Rates	Useful life
Motor vehicles/Cycles	20%	5 Years
Computer equipment	20%	5 Years
Furniture and fittings	10%	10 Years
Equipment	15%	6.7 Years

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

(iv) Disposals

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

(c) Investments

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

(d) Cash and cash equivalents

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

(e) Employee benefits

Defined contribution plan

The organisation operates a defined contribution scheme. The scheme is generally funded through payments to the National Social

Notes to the financial statements (continued)

Significant accounting policies (continued)

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

(f) Donor grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, donor grants are for the funding of projects and programs and for these grants income is recognized to equate to expenditure incurred on projects and programs. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned.

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

(g) Grant income

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

(h) Other income

Other income comprises foreign exchange gains and bank interest.

(i) Self Insurance Fund

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

(j) Segmental reporting

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

(k) Staff costs

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

(l) Training costs

Training costs comprise of trainings, workshops and seminars of both program staffs and beneficiaries.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(m) Administrative expenses

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

(n) Income tax expense

The organisation is exempt from paying taxes.

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Notes to the financial statements *(continued)*

4. Grant income	SLL		USD	
	2016	2015	2016	2015
<i>In thousands of Leones/USD</i>				
Transferred from grant received in advances account	19,819,648	19,023,169	2,678	3,410
Grant received from Stitching BRAC International	-	-	-	-
Transferred from deferred income-as a release to match the depreciation charge for the period	153,386	242,893	21	44
	<u>19,973,034</u>	<u>19,266,062</u>	<u>2,699</u>	<u>3,454</u>
	=====	=====	=====	=====
5. Other income	SLL		USD	
	2016	2015	2016	2015
<i>In thousands of Leones/USD</i>				
Bank interest	-	2,211	-	-
Income from health	-	720	-	-
Income from agricultural	-	13,123	-	2
Income from poultry	-	7,816	-	2
BRAC contribution	-	446,549	-	80
Other project income	-	112,356	-	21
	<u>-</u>	<u>582,775</u>	<u>-</u>	<u>105</u>
	=====	=====	=====	=====
6. Staff cost and other benefits	SLL		USD	
	2016	2015	2016	2015
<i>In thousands of Leones/USD</i>				
Salaries and other benefits	4,358,356	5,266,665	589	944
NASSIT Contribution	75,772	86,558	10	15
Staff Bonus	65,563	20,609	9	4
Severance allowance	100,418	71,483	14	13
Medical Expenses	22,068	-	3	-
Staff insurance costs	10,213	9,668	1	2
	<u>4,632,390</u>	<u>5,454,983</u>	<u>626</u>	<u>978</u>
	=====	=====	=====	=====
7. Other general and administrative expenses	SLL		USD	
	2016	2015	2016	2015
<i>In thousands of Leones/USD</i>				
Maintenance and general expenses	207,797	214,799	28	39
Audit fees	18,170	73,765	2	13
Transportation and traveling	729,488	1,443,067	99	259
Stationeries and supplies	99,616	92,459	13	17
Evaluation and monitoring	242,204	603,256	33	108
Program supplies	11,415,921	7,194,718	1,543	1,290
HO logistics & management	569,647	583,367	77	104
	<u>13,282,843</u>	<u>10,205,431</u>	<u>1,795</u>	<u>1,830</u>
	=====	=====	=====	=====

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Notes to the financial statements *(continued)*

8. Training, workshop and seminars	SLL		USD	
	2016	2015	2016	2015
<i>In thousands of Leones/USD</i>				
External member training- EHC	27,059	16,803	4	3
External member training- (GEC)	-	29,541	-	5
External member training Petty traders	441,782	-	60	-
External member training - Poultry and Livestock	50,781	26,677	7	5
External member training- Cordaid	-	293	-	-
External member training- Malaria	513,704	487,282	69	87
External member training- ELA	-	801,292	-	144
External member training- Comic relief	794,174	737,815	107	132
	<u>1,827,500</u>	<u>2,099,703</u>	<u>247</u>	<u>376</u>
	=====	=====	=====	=====
9. Occupancy expenses	SLL		USD	
	2016	2015	2016	2015
<i>In thousands of Leones/USD</i>				
Rent and utilities	796,569	1,704,845	108	306
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Notes to the financial statements *(continued)*

10. Property and equipment

<i>In thousands of Leones</i>	Furniture & fixtures	Motor vehicle& cycle	Plant & machinery	SLL	USD
Cost					
1 January 2016	487,188	488,659	254,818	1,230,665	221
Additions	40,070	-	142,627	182,697	25
Adjustment	(142,942)	(7,951)	150,893	-	-
Translation difference	-	-	-	-	(55)
31 December 2016	384,316	480,708	548,338	1,413,362	190
1 January 2015	487,188	519,625	395,593	1,402,406	293
Additions	-	276,144	56,000	332,144	60
Disposals	-	(307,110)	(196,775)	(503,885)	(90)
Translation difference	-	-	-	-	(42)
31 December 2015	487,188	488,659	254,818	1,230,665	221
Accumulated depreciation					
1 January 2016	204,177	110,216	171,018	485,411	87
Depreciation charge for the period	44,363	94,300	61,543	200,206	27
Adjustment	(90,060)	4,880	122,374	37,194	5
Translation difference	-	-	-	-	(22)
31 December 2016	158,480	209,396	354,935	722,811	97
1 January 2015	155,458	130,221	185,431	471,110	98
Depreciation charge for the period	48,719	120,786	73,387	242,892	44
Disposal	-	(140,791)	(87,800)	(228,591)	(41)
Translation difference	-	-	-	-	(14)
31 December 2015	204,177	110,216	171,018	485,411	87
Net book value:					
31 December 2016	225,836	271,312	193,403	690,551	93
31 December 2015	283,011	378,443	83,800	745,254	134

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Notes to the financial statements *(continued)*

11. Cash and bank balances

<i>In thousands of Leones/USD</i>	2016	SLL	2015	2016	USD	2015
Bank balances	3,741,095		3,226,627	505		579
Cash in hand	49,248		79,960	7		14
	3,790,343		3,306,587	512		593
	=====		=====	=====		=====

11.1 Name of bank and balance

<i>In thousands of Leones/USD</i>	2016	SLL	2015	2016	USD	2015
Standard Chartered Bank						
SL Limited	3,487,175		2,490,678	471		447
Guaranty Trust Bank	-		748	-		-
Marampa Masimera						
Community Bank	4,929		7,238	1		1
Rokel Commercial Bank	19,717		98,808	3		18
First International Bank	216,587		533,603	29		96
Union Trust Bank	2,385		38,882	-		7
Sierra Leone Commercial Bank	10,302		56,670	1		10
	3,741,095		3,226,627	505		579
	=====		=====	=====		=====

12. Other assets

<i>In thousands of Leones/USD</i>	2016		2015	2016		2015
Current account in transit	536,104		35,562	72		6
Advance to 3rd Party	195,792		36,173	27		6
Other receivables from Donors	1,548,013		1,253,442	209		225
	2,279,909		1,325,177	308		237
	=====		=====	=====		=====

13. Donor funds

<i>In thousands of Leones/USD</i>	2016		2015	2016		2015
Donor fund received in advance (13.1)	1,477,890		2,829,701	200		507
Deferred grant (14)	737,370		745,253	99		134
	2,215,260		3,574,954	299		641
	=====		=====	=====		=====

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Notes to the financial statements *(continued)*

13.1 Donor fund received in advance		SLL		USD	
<i>In thousands of Leones/USD</i>		2016	2015	2016	2015
Opening balance		2,829,701	-	382	-
Donation received during the year		20,051,906	18,066,210	2,710	3,239
Adjustment for donation receivables		(1,253,442)	(536,097)	(169)	96)
Transferred from					
Payable to Stichting	-		1,076,850	-	193
Transferred to deferred income- (investment in fixed asset)		(182,697)	(332,144)	(25)	(60)
Transferred to statement of income & expenditures		(19,819,648)	(19,023,169)	(2,678)	(3,411)
Fluctuation adjustment		(1,695,942)	2,324,609	(229)	417
		-----	-----	-----	-----
		(771,594)	1,576,259	(104)	283
Donation receivables		1,548,013	1,253,442	209	225
		-----	-----	-----	-----
		1,477,890	2,829,701	200	507
		=====	=====	===	===

13.2 Donation received during the year		SLL		USD	
<i>In thousands of Leones/USD</i>		2016	2015	2016	2015
Note					
NAMATI (OSI-ZUG) (HRLE)	-		129,648	-	23
Trocaire (HRLE)	117,535		215,108	16	39
Trocaire (Ebola)	-		262,350	-	47
WFP (School feeding)	-		25,732	-	5
WFP (IVS)	528,157		377,456	71	67
BRAC USA (DECC)	(253,703)		-	(34)	-
BRAC (SOROS)	-		6,129,778	-	1,099
DFID (GPAF- Agri, P&L)	-		2,129,932	-	382
UNICEF(New ELA)	-		1,436,892	-	258
UNICEF (ELA)	395,574		-	53	-
Cordaid (Material box)	-		26,332	-	5
GFATM (CRS – Malaria)	694,612		557,628	94	100
Comic Relief	3,124,107		1,574,427	422	282
Oxfam (DFID) – Ebola	243,718		2,641,238	33	474
DFID (Ebola Recovering)- ELA BUSA	1,170,598		2,161,125	158	387
BRAC UK(DEC)	582,107		165,745	79	30
BRAC UK (Pig Rearing)	892,538		56,516	121	10
BRAC International					
(Emergency Flood)	-		176,303	-	32
World Bank (ELA)	1,143,715		-	154	-
Petty Traders	10,660,102		-	1,441	-
CRS Malaria Phase – 3	701,472		-	95	-
Health Condition	51,374		-	7	-
		-----	-----	-----	-----
		20,051,906	18,066,210	2,710	3,239
		=====	=====	=====	=====

BRAC Sierra Leone
Financial statements
for the year ended 31 December 2016

Notes to the financial statements *(continued)*

14. Donor funds investment in fixed assets		SLL		USD	
<i>In thousands of Leones/USD</i>		2016	2015	2016	2015
Opening balance		745,253	931,294	101	167
Transferred from grant received in advance account		182,697	332,144	24	59
Depreciation charged during the year		(153,386)	(242,892)	(21)	(44)
Disposal		(37,194)	(275,293)	(5)	
Translation difference			-		(48)
		-----	-----	-----	-----
Balance at 31 December		737,370	745,253	99	134
		=====	=====	=====	=====
15. Other payables					
<i>In thousands of Leones/USD</i>					
		2016	2015	2016	2015
Provision for audit fees		93,610	73,762	13	13
Bonus provision		57,491	40,823	8	8
Payables to BRAC Microfinance		1,307,748	11,285	177	2
Salary and other provisions		19,171	679,046	3	122
Self insurance fund		36,156	24,799	5	5
Revolving fund- health		278,768	208,234	38	37
Revolving fund- agriculture		68,369	68,369	9	12
Severance Allowance		105,264	160,466	14	29
Provisions for medical Benefit		20,091	-	2	-
Revolving Fund – P & L		24,255	24,225	3	4
Revolving Fund – New ELA		2,437	-	-	-
		-----	-----	-----	-----
		2,013,360	1,291,039	272	232
		=====	=====	=====	=====
16. Cash flow from operating activities					
<i>In thousands of Leones/USD</i>					
		2016	2015	2016	2015
Excess of income over expenditure		374,903	(2,553,748)	51	(458)
Depreciation		200,206	242,892	27	44
Written off		37,194	-	5	-
		-----	-----	-----	-----
Cash flow before changes in working capital		612,303	(2,310,856)	83	(414)
Changes in working capital					
Changes in other assets		(954,732)	693,278	(129)	124
Changes in other payables		722,321	(413,578)	98	(74)
Changes in related party payables		1,646,255	108,098	222	19
		-----	-----	-----	-----
		2,026,148	(1,923,058)	273	(345)

Notes to the financial statements (continued)

17. Contingent liabilities

There were no contingent liabilities at the financial position date. (2015: Nil)

18. Related party

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

Year - end balance arising from transactions with related party

In thousands of Leones/USD	SLL		USD	
	2016	2015	2016	2015
Payable to Stichting BRAC International	598,466	28,819	81	5
Payable to BRAC Bangladesh	4,423,193	3,346,585	598	600
	<u>5,021,659</u>	<u>,375,404</u>	<u>679</u>	<u>605</u>
	=====	=====	=====	=====
Exchange rate used for the period:		2016	2015	
Average rate: 1 USD=SLL		6,573.75	5,022.08	
Closing rate: 1 USD= SLL		7,400.00	5,577.50	

19. Capital commitments

There were no capital commitments at the financial position date. (2015:Nil)

20. Post balance sheet events

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

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Notes to the financial statements (continued)
21. Segmental income statement (In thousands of Leones/USD)

BRAC Sierra Leone
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	Non Funded			Health Program				Comprehensive development	Education
	Country Office	Research & Evaluation	Total	Malaria	SBI-EHC	Health -Condom	Comic-relief	BUSASOROS +Google)	GEC
	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL
In Thousand of Leones									
INCOME									
Grant Income									
BRAC Contribution	-	-	-	761,897	98,152	60,087	1,930,569	2,083,377	27,423
Foreign exchange gain	-	-	-	-	-	-	-	-	-
Other Income	1,141,377	-	1,141,377	-	-	-	-	-	-
	-	-	-	-	-	-	-	--	-
TOTAL INCOME	1,141,377	-	1,141,377	761,897	598,152	60,087	1,930,569	2,083,377	27,423
EXPENDITURE									
Staff costs and other benefits	667,536	487,756	1,155,292	143,165	433,462	-	465,471	261,288	-
Staff insurance	-	533	533	314	1,873	-	1,520	1,381	-
Medical Expenses	5,736	1,925	7,661	-	2,730	-	4,410	-	-
NASSIT Contribution Expenses	16,572	5,791	22,3	2,222	3,131	-	15,923	3,084	-
Staff Bonus Expenses	12,747	4,834	17,581	1,853	2,422	-	11,910	8,065	-
Severance Allowance Expenses	19,119	7,348	26,467	2,780	3,471	-	17,864	12,930	-
Training, workshops and seminars	-	-	-	513,704	27,059	-	794,174	-	-
Occupancy expenses	10,352	-	10,352	25,490	10,324	-	181,143	34,346	-
Legal fees & audit fees	18,170	-	18,170	-	-	-	-	-	-
Stationery & Supplies	866	-	866	-	2,018	60,087	-	-	-
Maintenance and general expenses	203,168	60,122	263,289	-	31,764	-	54,316	-	-
Research, Evaluation and Monitoring	-	30,705	30,705	24,957	-	-	3,986	-	-
Program supplies	-	6,190	6,190	11,132	37,611	-	201,421	1,456,192	-
Travel and transportation	49,632	102,865	152,497	-	42,286	-	-	113,603	-
HO logistic expenses	(634,037)	(358,277)	(992,314)	36,281	-	-	135,712	132,705	-
Depreciation	46,070	749	46,819	-	-	-	42,719	59,784	27,423
TOTAL EXPENSES	415,930	350,542	766,473	761,897	598,152	60,087	1,930,569	2,083,377	27,423
Operating Surplus/(Deficit)	725,447	(350,542)	374,904	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-
Total comprehensive									
Surplus/(deficit)	725,447	(350,542)	374,904	-	-	-	-	-	-

Notes to the financial statements (continued)

21. Segmental income statement (In thousands of Leones/USD)

	Agriculture, Poultry & Livestock		ELA				Pretty Traders	Emergency Preparedness (EPP)	Namati (OS.U)- Legal Empowerment	Total
	WFP-IVS	Pig Rearing	Food Security (DEC)	ELA unicef	ELA World Bank	ELA (Ebola Recovery)				
In Thousand of Leones	SILL	SILL	SILL	SILL	SILL	SILL	SILL	SILL	SILL	SILL
INCOME										
Grant Income	728,505	932,788	731,625	338,421	865,930	1,227,371	9,566,050	120,516	324	19,973,034
BRAC Contribution	-	-	-	-	-	-	-	-	-	-
Foreign exchange gain	-	-	-	-	-	-	-	-	-	1,141,377
Other Income	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	728,505	932,788	731,625	338,421	865,930	1,227,371	9,566,050	120,516	324	21,114,411
EXPENDITURE										
Staff costs and other benefits	296,945	334,431	399,306	89,337	158,508	202,392	357,685	61,075	-	4,358,356
Staff insurance	786	442	470	594	779	967	405	148	-	10,213
Medical Expenses	2,160	1,028	-	-	-	2,553	-	1,526	-	22,068
NASSIT Contribution Expenses	7,928	3,390	3,259	966	2,248	6,269	4,237	763	-	75,772
Staff Bonus Expenses	6,552	2,917	2,715	713	2,633	4,417	2,547	1,236	-	65,563
Severance Allowance Expenses	9,820	4,194	4,073	1,139	5,680	6,411	3,737	1,854	-	100,419
Training, workshops and seminars	-	50,781	-	-	-	-	441,782	-	-	1,827,500
Occupancy expenses	-	45,217	81,722	24,068	61,548	-	322,358	-	-	796,569
Legal fees & audit fees	-	-	-	-	-	-	-	-	-	18,170
Stationery & Supplies	-	-	-	-	16,711	-	-	19,610	324	99,617
Maintenance and general expenses	105,550	-	116,255	11,340	-	-	-	-	-	582,514
Research, Evaluation and Monitoring	-	12,780	-	-	-	-	169,776	-	-	242,204
Program supplies	251,115	423,081	56,370	187,433	502,900	719,281	7,563,197	-	-	11,415,921
Travel and transportation	-	54,527	59,387	692	58,274	158,095	56,313	33,813	-	729,488
HO logistic expenses	47,659	-	-	22,140	56,650	126,985	629,112	-	-	194,930
Depreciation	-	-	8,068	-	-	-	14,902	490	-	200,205
TOTAL EXPENSES	728,505	932,788	731,625	338,421	865,930	1,227,371	9,566,050	120,516	324	20,739,507
Operating Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	374,903
Taxation	-	-	-	-	-	-	-	-	-	-
Total comprehensive Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	374,903

Notes to the financial statements (continued)

21. Segmental income statement (In thousands of Leones/USD)

	Non Funded		Health Program				Comprehensive development	Education
	Country Office	Research & Evaluation	Total	Malaria	SBI-EHC	Health -Condom	Comic-relief	BIUSA(SOFROS +Google)
Amount in USD	USD	USD	USD	USD	USD	USD	USD	USD
INCOME								
Grant Income	-	-	-	102,959	80,831	8,120	260,888	281,537
BRAC Contribution	-	-	-	-	-	-	-	-
Foreign exchange gain	154,240	-	154,240	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
TOTAL INCOME	154,240	-	154,240	102,959	80,831	8,120	260,888	281,537
3,706								
EXPENDITURE								
Staff costs and other benefits	90,208	65,913	156,121	19,347	58,576	-	62,902	35,309
Staff insurance	-	72	72	42	253	-	205	187
Medical Expenses	775	260	1,035	-	369	-	596	-
NASSIT Contribution Expenses	2,239	783	3,022	300	423	-	2,152	417
Staff Bonus Expenses	1,723	653	2,376	250	327	-	1,609	1,090
Severance Allowance Expenses	2,584	993	3,577	376	469	-	2,414	1,747
Training, workshops and seminars	-	-	-	69,419	3,657	-	107,321	-
Occupancy expenses	1,399	-	1,399	3,445	1,395	-	24,479	4,641
Legal fees & audit fees	2,455	-	2,455	-	-	-	-	-
Stationery & Supplies	117	-	117	-	273	8,120	-	-
Maintenance and general expenses	27,455	8,125	35,580	-	4,292	-	7,340	-
Evaluation and Monitoring	-	4,149	4,149	3,373	-	-	539	-
Program supplies	-	836	836	1,504	5,083	-	27,219	196,783
Travel and transportation	6,707	13,901	20,608	-	5,714	-	-	15,352
HO logistic expenses	(85,681)	(48,416)	(134,096)	4,903	-	-	18,339	17,933
Depreciation	6,226	101	6,327	-	-	-	5,773	8,079
3,706								
TOTAL EXPENSES	56,207	47,371	103,577	102,959	80,831	8,120	260,888	281,537
3,706								
Net surplus/ (loss)	98,033	(47,371)	50,663	-	-	-	-	-
Taxation								
NET SURPLUS/(LOSS) FOR THE YEAR	98,033	(47,371)	50,663	-	-	-	-	-

Notes to the financial statements (continued)

21. Segmental income statement (In thousands of Leones/USD)

	Agriculture, Poultry & Livestock		ELA			Pretty Traders	Emergency Preparedness (EPP)	Namati (OSJI)- Legal Empowerment	Total
	WFP-IVS	Pig Rearing	Food Security (DEC)	ELA unicef	ELA World Bank				
Amount in USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
INCOME									
Grant Income	98,447	126,052	98,868	45,733	117,018	165,861	1,292,709	16,286	44
BRAC Contribution	-	-	-	-	-	-	-	-	-
Foreign exchange gain	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
TOTAL INCOME	98,447	126,052	98,868	45,733	117,018	165,861	1,292,709	16,286	44
EXPENDITURE									
Staff costs and other benefits	40,128	45,193	53,960	12,073	21,420	27,350	48,336	8,253	-
Staff insurance	106	60	64	80	105	131	55	20	-
Medical Expenses	292	139	-	-	-	345	-	206	-
NASSIT Contribution Expenses	1,070	458	440	130	304	847	573	103	-
Staff Bonus Expenses	885	394	367	96	356	597	344	167	-
Severance Allowance Expenses	1,327	567	550	154	768	866	505	251	-
Training, workshops and seminars	-	6,862	-	-	-	-	59,700	-	-
Occupancy expenses	-	6,110	11,043	3,252	8,317	-	43,562	-	-
Legal fees & audit fees	-	-	-	-	-	-	-	-	-
Stationery & Supplies	-	-	-	-	2,258	-	-	2,650	44
Maintenance and general expenses	14,264	-	15,710	1,532	-	-	-	-	-
Evaluation and Monitoring	-	1,727	-	-	-	-	22,943	-	-
Program supplies	33,934	57,173	7,618	25,329	67,959	97,200	1,022,054	-	-
Travel and transportation	-	7,369	8,025	94	7,875	21,364	7,610	4,569	-
HO logistic expenses	6,440	-	-	2,992	7,655	17,160	85,015	-	-
Depreciation	-	-	1,090	-	-	-	2,014	66	-
TOTAL EXPENSES	98,447	126,052	98,868	45,733	117,018	165,861	1,292,709	16,286	44
Net surplus/ (loss)	-	-	-	-	-	-	-	-	50,663
Taxation	-	-	-	-	-	-	-	-	-
NET SURPLUS/(LOSS) FOR THE YEAR	-	-	-	-	-	-	-	-	50,663

BRAC MICROFINANCE (SL) LIMITED

Financial Statements
For the year ended 31 December 2016

General information

Directors	:	Mr Faruque Ahmed	-	Chair
		Mr Shameran Bahar Abed	-	Director
		Ms Lamia Rashid	-	Director
		Mr Saif Md Imran Siddique	-	Director
		Ms Kate Murphy	-	Director
		Mr Tapan Kumar Karmaker	-	Managing Director

Registered office : 174 Wilkinson Road
Freetown
Sierra Leone

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

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

Report of the Directors

The Directors have pleasure in submitting their report and financial statements on the affairs of the Company for the year ended 31 December 2016.

Principal activity

The Company is engaged in micro credit financing activities.

Directors' responsibility statement

The Company's Directors are responsible for the preparation and presentation of the financial statements, comprising the financial position as at 31 December 2016 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the Directors in accordance with note 3 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Capital adequacy

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

Results for the year

The Company made a profit of SLL 0.84 billion for the year ended 31 December 2016, (2015: Loss of SLL 3.2 billion).

Directors and their interest

The names of the Directors are detailed on page 1. None of the Directors had any interest in the share capital of the Company and no Director has or had during the period, a material interest in any contract or arrangement of significance to which the Company was or is a party.

Property and equipment

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

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee of group of employee, if proven, will be regarded as a sanction able offence. There were no disabled people in employment of the Company as at 31 December 2016.

Health, safety and welfare at work

BRAC Microfinance (SL) Limited supports the physical and emotional wellbeing of its employees. Therefore, the Company provides paid sick leave to all personnel.

Employee involvement and training

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

BRAC Microfinance (SL) Limited
Financial statements
for the year ended 31 December 2016



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

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

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

We have audited the financial statements of BRAC Microfinance (SL) Limited which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 29.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Company as stated in note 3 of the financial statements.

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 International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

Auditors’ responsibility for the financial statements

Our 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 the Directors.

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

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

Report of the Directors (continued)

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

The Board Members

The following members served during the period:

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

Auditors

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

Approval of the financial statements

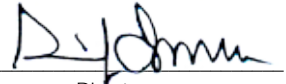
The Board of Directors approved the financial statements on 3rd April 2017.



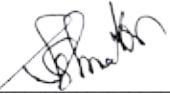
Chairperson



Director



Director



Director



• Independent Auditor’s Report to the Board of Directors of BRAC Microfinance (SL) Limited (continues)

- Conclude on the appropriateness of the Directors’ 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 organisation 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 business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation’s 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.

Other matter

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

The engagement partner on the audit resulting in this independent auditors’ report is Derrick Kawaley.

Freetown

KPMG
Chartered Accountants

Date: 20 March 2017

Statement of Financial Position

As at 31 December 2016

Assets		SLL		USD	
In thousands of Leones/USD	Notes	2016	2015	2016	2015
Cash and bank balances	13	6,114,268	1,927,136	826	346
Loans and advances to customers	14	25,249,031	14,815,970	3,412	2,656
Other assets	15	1,728,339	1,155,467	236	207
Property and equipment	16	478,325	396,755	65	71
Current tax assets	12b	-	62,257	-	11
Total assets		33,569,963	18,357,585	4,539	3,291
Liabilities					
Loan security funds	17	4,527,995	3,079,615	612	552
Related party payables	18	6,279,471	4,786,030	849	858
Borrowings	19	1,462,566	1,660,108	198	298
Other liabilities	20	1,234,588	797,882	167	143
Deferred tax liability	12c	-	-	-	-
Current tax liability	12b	25,556	-	4	-
Total liabilities		13,530,176	10,323,635	1,830	1,851
Capital fund					
Share capital	22	12,244,890	12,244,890	1,655	2,195
Donor funds	21	7,389,136	2,357,622	999	423
Retained earnings	23	(12,668,883)	(13,508,636)	(1,712)	(2,422)
Donated equity	24	13,074,644	6,940,074	1,767	1,244
Total capital fund		20,039,787	8,033,950	2,709	1,440
Total liabilities and capital fund		33,569,963	18,357,585	4,539	3,291

These financial statements were approved by the Board of Directors on 31 April 2017

Chairperson

Director

Director

Director


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

Statement of Comprehensive Income

For the year ended 31 December 2016


In thousands of Leones/USD	Notes	SLL		USD	
		2016	2015	2016	2015
Service charge on loans	5	9,446,761	5,915,535	1,277	1,061
Net income from service charge		9,446,761	5,915,535	1,277	1,061
Membership fees and other charges	6	582,908	307,826	79	55
Other income	7	1,507,084	207,965	204	37
Grant income	8	957,459	-	129	-
Total operating income		12,494,212	6,431,326	1,689	1,153
Net impairment loss on loans	9	(910,641)	(1,723,274)	(123)	(309)
Operating income after impairment charges		11,583,571	4,708,052	1,566	844
Staff costs	10	(5,928,573)	(4,640,238)	(801)	(832)
Other operating costs	11	(4,304,369)	(2,406,714)	(582)	(431)
Depreciation	15	(90,091)	(134,614)	(12)	(24)
Total operating expenditures		(10,323,033)	(7,181,566)	1,395	(1,287)
Profit / (loss) before income tax		1,260,538	(2,473,514)	171	(443)
Income tax expense	12a	(87,813)	-	(12)	-
Net profit / (loss) for the year		1,172,725	(2,473,514)	159	(443)
Exchange gain or loss					
Unrealized exchange loss		(332,972)	(700,335)	(45)	(126)
Total comprehensive profit / (loss) for the year		839,753	(3,173,849)	114	(569)

These financial statements were approved by the Board of Directors on 31 April, 2017


Chairperson


Director


Director


Director

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

Statement of Changes in Equity

For the year ended 31 December 2016

In thousands of Leones/USD	BRAC Microfinance (SL) Limited Financial statements for the year ended 31 December 2016					
	Share capital SLL	Donor funds SLL	Donated equity SLL	Retained earnings SLL	Total capital fund SLL	Total capital fund USD
At 1 January 2016	12,244,890	2,357,622	6,940,074	(13,508,636)	8,033,950	1,440
Profit for the year	-	-	-	1,172,725	1,172,725	159
Unrealized exchange loss	-	-	-	(332,972)	(332,972)	(45)
Donation received during the year	-	5,988,973	6,134,570	-	12,123,543	1,638
Recognised as grant income during the year	-	(957,459)	-	-	(957,459)	(129)
Revolving loan fund for Restless development transferred from other liabilities	-	-	-	-	-	-
Convenience translation effect	-	-	-	-	-	(354)
At 31 December 2016	12,244,890	7,389,136	13,074,644	(12,668,883)	20,039,787	2,709
At 1 January 2015	12,244,890	1,432,860	6,940,074	(10,334,787)	10,283,037	2,151
Loss for the year	-	-	-	(2,473,514)	(2,473,514)	(443)
Unrealized exchange loss	-	-	-	(700,335)	(700,335)	(126)
Donation received during the year	-	797,119	-	-	797,119	142
Revolving loan fund for Restless development transferred from other liabilities	-	127,643	-	-	127,643	23
Convenience translation effect	-	-	-	-	-	(307)
At 31 December 2015	12,244,890	2,357,622	6,940,074	(13,508,636)	8,033,950	1,440

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

Statement of Cash Flows

For the year ended 31 December 2016

In thousands of Leones/USD	Notes	2016	SLL	2016	USD
			2015		2015
Cash flow from operating activities	25	3,043,276	254,494	412	46
Loan disbursements	14.1	(47,684,075)	(23,229,300)	(6,444)	(4,165)
Loan collection	14.1	36,597,686	20,219,986	4,946	3,625
Interest receivable written-off	14.1	(15,016)	(148,295)	(2)	(27)
Net cash flow from operating activities		(8,058,129)	(2,903,115)	(1,088)	(521)
Cash flow from investing activities					
Acquisition of fixed assets	16	(171,661)	(18,780)	(23)	(3)
Net cash flow from investing activities		(171,661)	(18,780)	(23)	(3)
Cash flows from financing activities					
Changes in borrowings		(197,542)	372,995	(27)	67
Changes in loan security fund	17	1,448,380	180,183	196	32
Changes in donated equity	24	6,134,570	-	680	165
Changes in donor funds	21.1	5,031,514	924,762	829	-
Net cash from financing activities		12,416,922	1,477,940	1,678	265
Net increase/ (decrease) in cash and cash equivalents		4,187,132	(1,443,955)	567	(259)
Cash and cash equivalents at 1 January		1,927,136	3,371,091	346	705
Effect of exchange rate fluctuation		-	-	(87)	(100)
Cash and bank balances at 31 December 2016	13	6,114,268	1,927,136	826	346
		=====	=====	=====	=====

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

Notes to the Financial Statements

1. Reporting entity

BRAC Microfinance (SL) Limited was incorporated in Sierra Leone on 23rd January 2009. Its principal activity is the provision of micro finance loans. It commenced full operation in June 2009. The address of its head office is 174 Wilkinson Road in Freetown.

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Fundamental and presentation currency

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

Use of estimates and judgments

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 14.2: Impairment allowance for loan losses.

Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss as other comprehensive income.

(b) Service charge on loan

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

Notes to the Financial Statements (continued)

(c) Other income

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

(b) Fees and commission income

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

(e) Administrative expenses

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

(f) Cash and cash equivalents

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

(g) Property, plant and equipment (operating assets)

(i) Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Notes to the Financial Statements (continued)

Significant accounting policies (continued)

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

	Rates	Useful life
Motor vehicles/Cycles	20%	5 years
Computer equipment	20%	5 years
Furniture and fittings	10%	10 years
Equipment	15%	6.7 years

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

(iv) Disposals

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

(h) Financial assets

Loans and advances to Customers

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

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

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

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

Notes to the Financial Statements (continued)

Significant accounting policies (continued)

(i) Impairment of financial assets

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

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

The organisation first assesses whether objective evidence of impairment exists individually and collectively. If the organisation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

(j) Provisions

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

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

Other Liability also includes Self Insurance Fund for local staffs of BRAC Microfinance (SL) Ltd. The Company sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute this self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months' equivalent of basic salary in the first year of employment, up to 50 months' equivalent of basic salary for 10th year of employment onwards.

(k) Loan security deposit

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

(l) Inventories

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

Notes to the Financial Statements (continued)

Significant accounting policies (continued)

(m) Employee benefit

(i) Pension obligations

The organisation's operates a defined contribution scheme. A defined contribution plan is a pension plan under which the organisation's pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Insurance Trust on a mandatory basis. The organisation's has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

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

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

(n) Share capital

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

(o) Income tax expense

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

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

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

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

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

Notes to the financial statements (continued)

4. Financial risk factors

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

(a) Credit risk

The organisation's takes on exposures to credit risk, which is the risk that a client may be unable to pay amounts in full when due. Credit risk is managed by obtaining moral guarantee from group members to bear responsibility for repayment of both principal and interest amount when they are due. All repayments are made in groups and not individually. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

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

(b) Liquidity risk

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

(c) Market risks

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

5. Service charge on loans

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Group loan (Microfinance)	6,402,149	3,889,516	865	697
Small enterprises program	2,914,264	1,998,453	394	359
ELA	37,137	27,566	5	5
Comic Relief	665	-	-	-
Petty traders	92,546	-	13	-
	9,446,761	5,915,535	1,277	1,061
	=====	=====	=====	=====

6. Interest expense

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
ILoan appraisal fees	456,581	232,293	62	42
Membership fees	115,299	68,371	16	12
Loan application fees	11,028	7,162	1	1
	582,908	307,826	79	55

Notes to the financial statements (continued)

7. Membership fees and other income

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Bank interest	668	316	1	-
Gain on early payment	1,417,012	196,393	191	35
Other income	89,404	11,256	12	2
	1,507,084	207,965	204	37
	=====	=====	=====	=====

8. Grant income

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Amortisation of grant received	941,059	-	127	-
Amortisation of deferred grant (depreciation)	16,400	-	2	-
	957,459	-	129	-
	=====	=====	=====	=====

9. Impairment losses on loans

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
General & specific provision	910,641	1,723,274	123	309
	910,641	1,723,274	123	309
	=====	=====	=====	=====

10. Staff costs

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Salaries & benefits	5,427,840	4,169,373	678	748
Salaries & benefit (Rockefeller)	409,272	-	55	-
Staff bonus cost	120,889	132,974	16	24
Staff severance cost	176,682	184,360	24	33
Staff NASSIT cost	143,875	139,773	20	25
Staff insurance	17,103	13,758	2	2
Medical expenses	42,182	-	6	-
	5,928,573	4,640,238	801	832
	=====	=====	=====	=====

Notes to the financial statements (continued)

11.1 Occupancy expenses are analysed as follows:-

In thousands of Leones/USD	SLL		USD	
	2016	2015	2016	2015
Occupancy expenses	819,546	597,109	111	107
Printing and office stationeries	407,657	138,507	55	25
Audit and other legal fees	232,389	139,083	31	25
Maintenance and general expenses	672,136	353,305	91	63
Staff training & development costs	114,353	12,410	16	2
Transportation and travelling	1,003,231	669,971	136	120
HO logistics & management costs	724,791	496,329	98	89
Internal capacity strengthening (Rockefeller)	149,965	-	20	-
Mobil money scoping and pilot (Rockefeller)	9,490	-	1	-
Research action	170,811	-	23	-
	<u>4,304,369</u>	<u>2,406,714</u>	<u>582</u>	<u>431</u>
	=====	=====	=====	=====

11.1 Occupancy expenses are analysed as follows:-

In thousands of Leones/USD	SLL		USD	
	2016	2015	2016	2015
Rent	521,546	391,830	71	70
Utilities	298,000	205,279	40	37
	<u>819,546</u>	<u>597,109</u>	<u>111</u>	<u>107</u>
	=====	=====	=====	=====

12. Taxation

(a) Tax expense

Recognised in the income statement

In thousands of Leones/USD	SLL		USD	
	2016	2015	2016	2015
Income tax expense	87,813	-	12	-
Deferred tax charge	-	-	-	-
	<u>87,813</u>	<u>-</u>	<u>12</u>	<u>-</u>
	=====	=====	=====	=====

Notes to the financial statements (continued)

(c) Deferred tax asset and liabilities

12. Taxation (continued)

(b) Income tax account

In thousands of Leones/USD	SLL		USD	
	2016	2015	2016	2015
Opening balance	62,257	62,257	11	13
Corporation tax charge	(87,813)	-	(12)	-
Payment during the period	-	-	-	-
Translation difference	-	-	(3)	(2)
	<u>(25,556)</u>	<u>62,257</u>	<u>(4)</u>	<u>11</u>
	=====	=====	=====	=====

Reconciliation of effective tax rate

Profit/ (loss) before income tax	1,260,538	(2,473,514)	171	(443)
	<u>378,161</u>	<u>(742,054)</u>	<u>51</u>	<u>(133)</u>
Income tax on profit/ (loss) before tax				
Tax impact of permanent difference:				
Tax incentives	(2,372)	(281)	-	-
Deferred tax asset not recognised	(287,976)	742,336	(39)	(133)
	<u>87,813</u>	<u>-</u>	<u>12</u>	<u>-</u>
	=====	=====	=====	=====

(c) Deferred tax asset and liabilities

Recognised deferred tax asset and liabilities

In thousands of Leones	2016			2015		
	Asset	Liability	Net	Asset	Liability	Net
Property plant and Equipment	-	16,033	16,033	-	7,624	7,624
Impairment allowance	(147,530)	-	(147,530)	(438,458)	-	(438,458)
Tax loss carry forward	(3,693,815)	-	(3,693,815)	(3,782,346)	-	(3,382,346)
Unrealised exchange						
Loss	(365,845)	-	(365,845)	(265,953)	-	(265,953)
Deferred tax asset not recognized	4,191,157	-	4,191,157	4,479,133	-	4,479,133
	<u>(16,033)</u>	<u>16,033</u>	<u>-</u>	<u>(7,624)</u>	<u>7,624</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====

12. Taxation (continued)

Movement in temporary differences during the year - 2016

c) Deferred tax asset and liabilities (continued)

<i>In thousands of Leones</i>	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property and equipment	7,624	8,409	-	16,033
Impairment allowance	(438,458)	290,928	-	(147,530)
Tax loss carry forward	(3,782,346)	88,531	-	(3,693,815)
Unrealised exchange loss	(265,953)	(99.892)	-	(365,845)
Deferred tax asset not recognised	4,479,133	(287,976)	-	4,191,157
	-	-	-	-
=====				

Movement in temporary differences during the year - 2015

<i>In thousands of Leones</i>	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property, plant and equipment	26,534	(18,910)	-	7,624
Impairment allowance	(299,083)	(139,375)	-	(438,458)
Tax loss carry forward	(3,408,394)	(373,952)	-	(3,782,346)
Unrealised exchange loss	(55,853)	(210,100)	-	(265,953)
Deferred tax asset not recognised	3,736,796	742,337	-	4,479,133
	-	-	-	-
=====				

13. Cash and bank balances

<i>In thousands of Leones/USD</i>	2016	SLL 2015	2016	USD 2015
Cash at bank	6,008,675	1,838,127	812	330
Cash in hand	105,593	89,009	14	16
	<u>6,114,268</u>	<u>1,927,136</u>	<u>826</u>	<u>346</u>

Notes to the financial statements (continued)

13.1 Name of bank and balances

<i>In thousands of Leones/USD</i>	2016	SLL 2015	2016	USD 2015
Community Bank	28,481	61,176	4	11
Eco Bank SL Ltd.	-	985	-	-
First Int. Bank (SL) Ltd.	1,017,892	876,775	138	157
Rokel Com. Bank SL Ltd.	7,259	2,071	1	1
Guaranty Trust Bank (SL) Ltd	353,933	222,588	48	40
Sierra Leone Com. Bank Ltd.	906	1,584	-	-
United Bank of Africa	69,909	79,198	10	14
Union Trust Bank Ltd.	186,920	211,433	25	38
Yoni Community Bank	45,897	26,935	6	5
Zenith Bank (SL) Ltd.	30,516	34,122	4	6
Standard Chartered Bank (SL) Ltd (USD)	3,952,838	75,518	534	14
Standard Chartered Bank (SL) Ltd.	314,124	245,742	42	44
	<u>6,008,675</u>	<u>1,838,127</u>	<u>812</u>	<u>330</u>
	=====	=====	=====	=====

14. Loans and advances to customers

<i>In thousands of Leones/USD</i>	2016	SLL 2015	2016	USD 2015
Group loans	14,540,530	10,159,479	1,965	1,822
Small enterprises program	11,998,526	7,040,007	1,621	1,262
ELA	21,953	39,468	3	7
Petty traders	626,558	-	85	-
Comic relief	29,776	-	4	-
Loan written-off (P)	(427,139)	(1,107,999)	(58)	(199)
Interest receivables	406,250	297,232	55	53
Interest receivables written-off	(15,016)	(148,295)	(2)	(27)
Impairment allowance	(1,932,408)	(1,463,922)	(261)	(262)
	<u>25,249,031</u>	<u>14,815,970</u>	<u>3,412</u>	<u>2,656</u>
	=====	=====	=====	=====

14.1 Movement on the loan account

<i>In thousands of Leones/USD</i>				
Opening balance	16,130,955	14,229,640	2,892	2,977
Loan disbursed	47,684,075	23,229,300	6,444	4,165
Loan repayment	(36,597,686)	(20,219,986)	(4,946)	(3,625)
Translation difference	-	-	(712)	(426)
	<u>27,217,344</u>	<u>17,238,954</u>	<u>3,678</u>	<u>3,091</u>
Written-off (P)	(427,139)	(1,107,999)	(58)	(199)
Interest receivable	406,250	297,232	55	53
Impairment loss on loans	(1,932,408)	(1,463,922)	(261)	(262)
Interest receivables written off	(15,016)	(148,295)	(2)	(27)
	<u>25,249,031</u>	<u>14,815,970</u>	<u>3,412</u>	<u>2,656</u>
	=====	=====	=====	=====

Notes to the financial statements (continued)

14.2 Movement on the impairment on loans

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Opening balance	1,463,922	996,942	262	209
Charge for the year	910,641	1,723,274	123	309
Loan written-off (P)	(427,139)	(1,107,999)	(58)	(199)
interest receivables written-off	(15,016)	(148,295)	(2)	(27)
Translation difference	-	-	67	(30)
	<u>1,932,408</u>	<u>1,463,922</u>	<u>258</u>	<u>262</u>
	=====	=====	=====	=====

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

14.3. Analysis of impairment on loans (SLL):

	Principal outstanding	Provision required	Provision rate
For General provision			
No past due	24,588,292	491,766	2%
For specific provision:			
1-30 days	312,386	15,619	5%
31-180 days	187,767	37,553	20%
181-365 days	4,046	3,034	75%
366 days and above past due	1,071,157	1,071,157	100%
Petty traders outstanding	626,558	313,279	50%
	<u>26,790,206</u>	<u>1,932,408</u>	
	=====	=====	

15. Other assets

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Advance to third party	239,664	317,411	32	57
Receivable from NGO	1,307,748	11,286	177	2
Inventory-stationeries	20,372	98,720	5	18
Current account in transit	153,538	700,839	21	125
Other receivables	7,017	27,211	1	5
	<u>1,728,339</u>	<u>1,155,467</u>	<u>236</u>	<u>207</u>

Notes to the financial statements (continued)

15.1 Other receivables

	SLL		USD	
<i>In thousands of Leones/USD</i>	2016	2015	2016	2015
Receivable from BRAC Sierra Leone (NGO)	1,374,589	11,286	186	2
Payable to BRAC Sierra Leone (NGO)	(66,841)	-	(9)	-
	<u>1,307,748</u>	<u>11,286</u>	<u>177</u>	<u>2</u>
	=====	=====	=====	=====

16. Property and equipment

	Motor vehicles/ Cycles	Furniture and fittings	Office equipment	Total SLL	Total USD
<i>In thousands of Leones/USD</i>					
Cost					
1 January 2016	173,760	562,681	470,677	1,207,118	216
Additions	-	13,520	158,141	171,661	23
Adjustment	(3,795)	(6,735)	10,530	-	-
Translation difference	-	-	-	-	(53)
31 December 2016	169,965	569,466	639,348	1,378,779	186
	=====	=====	=====	=====	=====
1 January 2015	173,760	562,682	451,897	1,188,339	249
Additions	-	-	18,780	18,780	3
Translation difference	-	-	-	-	(36)
31 December 2015	173,760	562,682	470,677	1,207,119	216
	=====	=====	=====	=====	=====
Accumulated depreciation					
1 January 2016	173,473	238,363	398,527	810,363	145
Depreciation charge	7,728	56,234	62,457	126,419	17
Adjustment	(14,075)	9,119	(31,372)	(36,328)	(5)
Translation difference	-	-	-	-	(36)
31 December 2016	167,126	303,715	429,612	900,454	121
	=====	=====	=====	=====	=====
At 1 January 2015	164,042	191,494	320,214	675,750	142
Depreciation charge	9,431	46,869	78,313	134,614	24
Translation difference	-	-	-	-	(21)
At 31 December 2015	173,473	238,363	398,527	810,364	145
	=====	=====	=====	=====	=====
Net book value:					
31 December 2016	2,839	265,751	209,735	478,325	65
	=====	=====	=====	=====	=====
31 December 2015	287	324,319	72,150	396,755	71
	=====	=====	=====	=====	=====

Notes to the financial statements (continued)

17. Loan security fund

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
Opening balance	3,079,615	2,899,432	552	607
Received during the year	2,340,810	887,362	316	159
Paid off/Adjusted during the year	(892,430)	(707,179)	(121)	(127)
Translation difference	-	-	(135)	(87)
	<u>4,527,995</u>	<u>3,079,615</u>	<u>612</u>	<u>552</u>
	=====	=====	=====	=====

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

18. Related party payables

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

Year - end balance arising from transactions with related parties:

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
Payable to BRAC Bangladesh	4,136,385	3,119,202	559	559
Payable to Stichting BRAC International	1,427,638	1,666,828	193	299
Payable to BRAC International B.V	715,448	-	97	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,279,471</u>	<u>4,786,030</u>	<u>849</u>	<u>858</u>
	=====	=====	=====	=====

19. Borrowings

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
KIVA	1,462,566	1,660,108	198	298
	=====	=====	=====	=====

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

20. Other liabilities

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
Accrued expenses	3,855	45,203	1	8
Provision for audit fees	112,758	91,401	15	16
Salary provision	355,940	115,700	48	21
Self- insurance fund	32,175	15,276	4	3
other provision (Bonus & severance)	687,676	530,302	93	95
Medical benefit provision	42,184	-	6	-
	<u>1,234,588</u>	<u>797,882</u>	<u>167</u>	<u>143</u>
	=====	=====	=====	=====

Notes to the financial statements (continued)

21. Donor funds

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
Donor fund received in advance	582,415	329	79	53
Donor funds investment in fixed Asset	115,640	-	16	-
Donor fund investment to: Revolving loan (Restless Dev.)	127,643	127,643	17	23
Loan to group members	6,563,438	2,229,650	887	347
	<u>7,389,136</u>	<u>2,357,622</u>	<u>999</u>	<u>423</u>
	=====	=====	=====	=====

21.1 Donor fund received in advance

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
Opening balance	329	458,210	-	82
Donation received during the year	5,988,973	797,119	809	143
Transferred to statement of income and expenses	(941,059)	-	(127)	-
Transferred to deferred income - Investment in fixed asset	(132,040)	-	(18)	-
Donor funds investment in loans to group members	(4,333,788)	(1,255,000)	(586)	(225)
	<u>582,415</u>	<u>329</u>	<u>78</u>	<u>-</u>
	=====	=====	=====	=====

21.1.1 Donation received during the year

<i>In thousands of Leones/USD</i>		SLL		USD
	2016	2015	2016	2015
Rockefeller Foundation	2,071,939	-	280	-
World Vision SL (Petty traders)	2,155,071	-	291	-
Comic relief	49,600	-	7	-
BRAC USA -Whole Planet Foundation	1,712,363	797,119	231	143
	<u>5,988,973</u>	<u>797,119</u>	<u>803</u>	<u>143</u>
	=====	=====	=====	=====

The grants from the above donors were received for the enhancement of the Microfinance program. The grants had been provided on the basis of the company fulfilling certain conditions, failing to comply with which, part or all of the money may have to be refunded to the donor.

Notes to the financial statements (continued)

21.2 Deferred income fixed asset

	2016	SLL	2015	2016	USD	2015
<i>In thousands of Leones/USD</i>						
Purchase of fixed asset transferred from donor funds	132,040		-	18		-
Depreciation charged during the year	(16,400)		-	(2)		-
	-----		-----	-----		-----
	115,640		-	16		-
	=====		=====	=====		=====

21.3 Donor funds investments in loan to group members

	2016	SLL	2015	2016	USD	2015
<i>In thousands of Leones/USD</i>						
Opening balance	2,229,650		974,650	400		175
Investment in loans to group Members during the year	4,333,788		1,255,000	586		225
Translation adjustment	-		-	-		(53)
	-----		-----	-----		-----
	6,563,438		2,229,650	888		347
	=====		=====	=====		=====

22. Share capital

Name	% of holding	2016	SLL	2015	2016	USD	2015
<i>In thousands of Leones/USD</i>							
BRAC International Holdings BV	51%	9,244,890		6,244,890	1,249		1,119
Omidyar Network	24.5%	3,000,000		3,000,000	406		538
Soros Economic Development Fund (SEDF)	24.5%	-		3,000,000	-		538
		-----		-----	-----		-----
		12,244,890		12,244,890	1,655		2,195
		=====		=====	=====		=====

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

Notes to the financial statements (continued)

23. Retained earnings

	2016	SLL	2015	2016	USD	2015
<i>In thousands of Leones/USD</i>						
Opening balance	(13,508,636)		(10,334,787)	(2,422)		(2,162)
Profit / (loss) for the year	839,753		(3,173,849)	114		(569)
Translation difference	-		-	596		309
	=====		=====	=====		=====
	(12,668,883)		(13,508,636)	(1,712)		(2,422)
	=====		=====	=====		=====

24. Donated equity

	2016	SLL	2015	2016	USD	2015
<i>In thousands of Leones/USD</i>						
Opening balance	6,940,074		6,940,074	1,244		1,452
Grant received during the year	6,134,570		-	829		-
Translation difference	-		-	(306)		(208)
	=====		=====	=====		=====
	13,074,644		6,940,074	1,767		1,244
	=====		=====	=====		=====

25. Cash flow from operating activities

	2016	SLL	2015	2016	USD	2015
<i>In thousands of Leones/USD</i>						
Cash flow from operating activities						
Profit / (loss) for the year	839,753		(3,173,849)	114		(569)
Depreciation	90,091		134,614	12		24
Loan loss provision	910,641		1,723,274	123		309
Tax expense	87,813		-	12		-
	-----		-----	-----		-----
Cash flow before changes in working capital	1,928,298		(1,315,962)	261		(236)
Changes in receivables and other assets	(572,870)		(96,314)	(77)		(17)
Changes in interest receivables	(242,297)		231,016	(33)		41
Changes in current liabilities	436,706		(33,374)	59		(6)
Changes in related party payables	1,493,441		1,469,126	202		264
Tax paid during the year	-		-	-		-
	-----		-----	-----		-----
Net cash from operations	3,043,276		254,494	412		46
	=====		=====	=====		=====
Exchange rate used for the period:						
	2016			2015		
Average rate: 1USD = SLL	6,573.75			5,022.08		
Closing rate: 1USD = SLL	7,400			5,577.50		

Notes to the financial statements (continued)

26. Contingencies

There were no contingent assets or liabilities at 31 December 2016 (2015: Nil).

27. Capital commitments

There were no capital commitments as at 31 December 2016 (2015: Nil).

28. Post balance sheet events

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

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