

**AUDITORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS
OF BRAC IN BANGLADESH
For the year ended December, 2017**

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INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC

We have audited the accompanying Financial Statements of BRAC, which comprise the Balance Sheet as at 31 December 2017, and the Statement of Income and Expenditure, Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out in note 1 to 33.

Management of BRAC's responsibility for the Financial Statements

The management of BRAC is responsible for the preparation and fair presentation of these financial statements so as to give a true and fair view in accordance with the accounting policies as summarised in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC as at 31 December 2017 and of its financial performance and cash flows for the year ended in accordance with the accounting policies summarised in Note 2 to the financial statements.

Purpose of the report

This report is intended solely for the Governing Body of BRAC as required by Clause 37 of the Rules and Regulation of BRAC and for no other purpose. We do not assume responsibility to any other person for the content of this report.



A. Qasem & Co.
Chartered Accountants

Dated: 15 March 2018

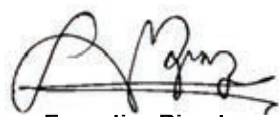
BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Balance Sheet
As at 31 December 2017

| | Notes | 31-Dec-17 Taka | 31-Dec-16 Taka |
|---|-------|------------------------|------------------------|
| ASSETS | | | |
| Cash and bank balances | 3 | 21,024,279,120 | 17,489,571,753 |
| Advance, deposits and prepayments | 4 | 10,012,346,517 | 7,295,740,591 |
| Inventories | 5 | 4,963,482,830 | 3,768,066,753 |
| Grants and accounts receivable | 6 | 3,432,380,353 | 2,407,292,289 |
| Microfinance loans | 7 | 163,229,190,720 | 135,838,491,181 |
| Motor cycle loans | 8 | 692,968,379 | 803,055,814 |
| Investments in securities and others | 9 | 1,925,728,676 | 1,623,801,300 |
| Investments in related undertakings | 10 | 17,361,028,752 | 14,729,921,204 |
| Property, plant and equipment | 11 | 17,350,511,791 | 15,735,398,674 |
| TOTAL ASSETS | | 239,991,917,138 | 199,691,339,559 |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES | | | |
| Liabilities for expenses and materials | 12 | 9,664,233,920 | 7,289,576,607 |
| Bank overdrafts | 13 | 23,688,516,176 | 13,479,844,500 |
| Term loans | 14 | 28,969,558,656 | 32,992,032,670 |
| Members' savings deposits | 15 | 59,880,530,227 | 50,118,837,575 |
| Grants received in advance | 16 | 3,149,635,367 | 1,214,294,835 |
| Deferred income | 17 | 692,029,289 | 456,219,613 |
| Other long term liabilities | 18 | 13,140,029,256 | 12,056,575,743 |
| Provision for taxation | | 2,553,941,030 | 2,037,941,030 |
| TOTAL LIABILITIES | | 141,738,473,921 | 119,645,322,573 |
| NET ASSETS | | | |
| Unrestricted | 27 | 97,097,840,599 | 78,907,318,888 |
| Temporarily restricted | | 1,155,602,618 | 1,138,698,098 |
| | | 98,253,443,217 | 80,046,016,986 |
| TOTAL LIABILITIES AND NET ASSETS | | 239,991,917,138 | 199,691,339,559 |

The annexed notes 1 to 33 form an integral part of these financial statements.


Chairperson, Governing Body
 BRAC


Director Finance
 BRAC & BRAC International


Executive Director
 BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
For the year ended 31 December 2017

| | Notes | Unrestricted Taka | Temporarily Restricted Taka | Total 2017 Taka |
|---|-------|-----------------------|-----------------------------------|-----------------------|
| INCOME | | | | |
| Donor grants | 19 | 308,026 | 11,705,678,787 | 11,705,986,813 |
| Social Enterprises | 20 | 14,970,226,455 | - | 14,970,226,455 |
| Microfinance Programme | 21 | 37,890,583,381 | - | 37,890,583,381 |
| Self-financing Social Development Programme | 22 | 640,295,209 | - | 640,295,209 |
| Investment income | 23 | 543,617,402 | - | 543,617,402 |
| Community Contribution | 24 | - | 1,375,712,028 | 1,375,712,028 |
| House Property | | 93,062,652 | - | 93,062,652 |
| TOTAL INCOME | | 54,138,093,125 | 13,081,390,815 | 67,219,483,940 |
| EXPENDITURE | | | | |
| Social Enterprises | | 13,112,389,739 | - | 13,112,389,739 |
| Micro Finance Programme | | 23,503,895,326 | - | 23,503,895,326 |
| House Property | | 53,500,360 | - | 53,500,360 |
| Agriculture and Food Security | | - | 131,816,903 | 131,816,903 |
| Community Empowerment Programme | | 4,955,808 | 406,217,205 | 411,173,013 |
| Education Programme | | 20,862,261 | 4,459,295,571 | 4,480,157,832 |
| Gender, Justice and Diversity | | - | 166,043,264 | 166,043,264 |
| Health Programme | | 75,872,666 | 3,789,487,246 | 3,865,359,912 |
| Human Rights and Legal Aids Services | | - | 329,312,602 | 329,312,602 |
| Policy Advocacy | | - | 64,429,597 | 64,429,597 |
| Water, Sanitation and Hygiene Programme | | - | 443,028,511 | 443,028,511 |
| Ultra Poor Programme | | 421,532,818 | 1,408,042,615 | 1,829,575,433 |
| Forcibly-displaced Myanmar Nationals | | - | 807,653,622 | 807,653,622 |
| Disaster Management and Climate Change | | - | 334,753,011 | 334,753,011 |
| Skills Development Programme | | - | 305,918,160 | 305,918,160 |
| Other Development Projects | | 270,921,538 | 569,813,184 | 840,734,722 |
| Grants | | 302,730,374 | - | 302,730,374 |
| TOTAL EXPENDITURE | | 37,766,660,890 | 13,215,811,491 | 50,982,472,381 |
| Surplus/(deficit) of income over expenditure | | 16,371,432,235 | (134,420,676) | 16,237,011,559 |
| BRAC Contribution to support Donor Funded Programme | | (151,325,196) | 151,325,196 | - |
| Surplus of income over expenditure before taxation | | 16,220,107,039 | 16,904,520 | 16,237,011,559 |
| Taxation | 28 | (516,000,000) | - | (516,000,000) |
| NET SURPLUS FOR THE YEAR | | 15,704,107,039 | 16,904,520 | 15,721,011,559 |

The annexed notes 1 to 33 form an integral part of these financial statements.



Chairperson, Governing Body
BRAC



Director Finance
BRAC & BRAC International



Executive Director
BRAC

Date: 15 March 2018

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
For the year ended 31 December 2016

| | Notes | Unrestricted Taka | Temporarily Restricted Taka | Total 2016 Taka |
|---|--------------|------------------------------|--|--------------------------------|
| INCOME | | | | |
| Donor grants | 19 | - | 10,576,643,869 | 10,576,643,869 |
| Social Enterprises | 20 | 14,149,911,220 | - | 14,149,911,220 |
| Microfinance Programme | 21 | 31,937,554,303 | - | 31,937,554,303 |
| Self-financing Social Development Programme | 22 | 360,359,527 | - | 360,359,527 |
| Investment income | 23 | 2,147,416,695 | - | 2,147,416,695 |
| Community contribution | 24 | - | 1,277,068,747 | 1,277,068,747 |
| House Property | | 88,616,754 | - | 88,616,754 |
| TOTAL INCOME | | 48,683,858,499 | 11,853,712,616 | 60,537,571,115 |
| EXPENDITURE | | | | |
| Social Enterprises | | 12,316,093,802 | - | 12,316,093,802 |
| Micro Finance Programme | | 18,286,281,951 | - | 18,286,281,951 |
| House Property | | 47,388,905 | - | 47,388,905 |
| Agriculture and Food Security | | - | 152,339,096 | 152,339,096 |
| Community Empowerment Programme | | 4,513,947 | 373,769,948 | 378,283,895 |
| Education Programme | | 224,993,467 | 4,007,403,450 | 4,232,396,917 |
| Gender, Justice and Diversity | | - | 151,869,846 | 151,869,846 |
| Health Programme | | 4,574,480 | 3,736,352,197 | 3,740,926,677 |
| Human Rights and Legal Aids Services | | - | 275,116,681 | 275,116,681 |
| Policy Advocacy | | - | 151,053,311 | 151,053,311 |
| Water, Sanitation and Hygiene Programme | | - | 204,137,601 | 204,137,601 |
| Ultra Poor Programme | | - | 2,053,016,421 | 2,053,016,421 |
| Other Development Projects | | 347,476,077 | 896,337,441 | 1,243,813,518 |
| TOTAL EXPENDITURE | | 31,231,322,629 | 12,001,395,992 | 43,232,718,621 |
| Surplus of income over expenditure before taxation | | 17,452,535,870 | (147,683,376) | 17,304,852,494 |
| BRAC Contribution to support Donor Funded Programme | | (148,800,551) | 148,800,551 | - |
| Surplus of income over expenditure before taxation | | 17,303,735,319 | 1,117,175 | 17,304,852,494 |
| Taxation | 28 | (486,000,000) | - | (486,000,000) |
| NET SURPLUS FOR THE YEAR | | 16,817,735,319 | 1,117,175 | 16,818,852,494 |

The annexed notes 1 to 33 form an integral part of these financial statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Changes in Net Assets
For the year ended 31 December 2017

| | Net Assets | | Total Net assets |
|--|----------------|------------------------|------------------|
| | Unrestricted | Temporarily restricted | |
| | Taka | Taka | Taka |
| At 1 January 2016 | 62,043,960,522 | 1,137,580,923 | 63,181,541,445 |
| Net surplus for the year | 16,817,735,319 | 1,117,175 | 16,818,852,494 |
| Share of non operating changes in net assets in related undertakings | 45,623,047 | - | 45,623,047 |
| At 31 December 2016 | 78,907,318,888 | 1,138,698,098 | 80,046,016,986 |
| At 1 January 2017 | 78,907,318,888 | 1,138,698,098 | 80,046,016,986 |
| Net surplus for the year | 15,704,107,039 | 16,904,520 | 15,721,011,559 |
| Share of non operating changes in net assets in related undertakings | 631,627,987 | - | 631,627,987 |
| Investment Reserve Fund | 1,854,786,685 | | 1,854,786,685 |
| At 31 December 2017 | 97,097,840,599 | 1,155,602,618 | 98,253,443,217 |

The annexed notes 1 to 33 form an integral part of these financial statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
For the year ended 31 December 2017

| | Notes | 2017 Taka | 2016 Taka |
|--|-------|------------------|------------------|
| Cash flows from operating activities: | | | |
| Surplus of income over expenditure before taxation | | 16,237,011,559 | 17,304,852,494 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | | |
| Loan loss provision | 7 | 3,065,446,544 | 2,011,313,856 |
| Depreciation | 11 | 901,172,717 | 793,321,425 |
| Gain on disposal of property, plant and equipment | 23 | (9,494,735) | (4,526,383) |
| Share of results in related undertakings | 22 | (350,208,383) | (1,955,862,048) |
| Donor grants - amortisation of investment in property, plant and equipment and motorcycle replacement fund | 19 | (55,189,265) | (70,011,613) |
| Interest on fixed deposits and bank accounts | 21 | (927,763,657) | (808,132,598) |
| Adjustments for other accounts: | | | |
| Increase in service charge outstanding on microfinance loans | | (633,376,633) | (548,529,321) |
| (Increase)/ decrease in inventories | | (1,195,416,077) | (249,084,352) |
| (Increase) in advances, deposits and prepayments | | (2,716,605,926) | (3,219,021,561) |
| Decrease/(increase) in accounts receivable | | (388,351,568) | (396,140,179) |
| Increase in motorcycle loans | | 110,087,435 | 3,958,613 |
| Decrease/(increase) in liabilities for expenses and materials | | 2,374,657,313 | 929,872,660 |
| Increase in deferred income | | 290,998,941 | 325,761,503 |
| Net cash provided by operating activities | | 16,702,968,265 | 14,117,772,496 |
| Cash flows from investing activities: | | | |
| Increase in microfinance loans | | (29,822,769,450) | (28,959,025,974) |
| Decrease/(increase) in fixed deposits pledged with financial institutions | | (28,524,624) | 2,465,640 |
| Increase in investments in related undertakings | | (157,292,876) | (186,416,110) |
| Interest received on fixed deposits and bank accounts | | 927,763,657 | 732,720,273 |
| Purchase of property, plant and equipment | | (2,519,584,308) | (2,442,102,321) |
| Proceeds from disposal of property, plant and equipment | | 12,793,209 | 7,219,128 |
| Dividends received from related undertakings | | 350,208,383 | 858,640,057 |
| (Investments in)/Realisation of investment in securities and others | | (301,927,376) | (6,651,300) |
| Net cash used in investing activities | | (31,539,333,385) | (29,993,150,607) |

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
For the year ended 31 December 2017

| | Notes | 2017 Taka | 2016 Taka |
|--|--------------|---------------------|---------------------|
| Cash flows from financing activities: | | | |
| Grants received during the year | | 13,219,219,761 | 10,927,094,180 |
| Grants utilised during the year for: | | | |
| -operational expenditure & micro-finance | | (11,617,016,784) | (10,498,600,286) |
| -investment in property, plant and equipment | | (292,643,341) | (321,822,612) |
| -motorcycle replacement funds | | 1,644,400 | (3,938,891) |
| Increase in term loans | | (4,022,474,014) | 6,560,607,595 |
| Increase in members savings deposits | | 9,761,692,652 | 9,890,380,244 |
| Increase/(Decrease) in other long term liabilities | | 1,083,453,513 | 805,328,668 |
| Net cash (used in) provided by financing activities | | 8,133,876,187 | 17,359,048,898 |
| Net (decrease)/increase in cash and cash equivalents | | (6,702,488,933) | 1,483,670,787 |
| Cash and cash equivalents, beginning of the year | | 3,597,299,223 | 2,113,628,436 |
| Cash and cash equivalents at the end of the year | 3.4 | (3,105,189,710) | 3,597,299,223 |

The annexed notes 1 to 33 form an integral part of these financial statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Notes to Financial Statements
For the year ended 31 December 2017

1 Introduction:

BRAC, a development organisation, was formed in 1972 under the Societies Registration Act 1860. Although it was first set up to resettle refugees in post-war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor. At present, BRAC has a large number of development programs that cover the areas of health, education, credit, employment and training for the poor people of Bangladesh. BRAC carries out licensed banking activities through the BRAC Bank Ltd. and also earns from various income generating projects such as Aarong Rural Craft Centre, BRAC Printing Pack, BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as Seed and Agro Enterprises and Prawn Hatcheries.

2 Summary of Significant Accounting Policies:

BRAC prepares its financial statements on a going concern basis, under the historical cost convention, except for investments in shares in listed companies classified within investment in securities and others, which are stated at fair value. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items.

The significant accounting policies, which have been materially consistent over the years, as applied and followed in the preparation and presentation of these financial statements are summarized below:

2.1 Basis of preparation of financial statements

BRAC maintains its books of account and records on a programme or project-wise basis. The Head Office maintains records of all treasury, investment and management functions. All cash balances, including those held for programmes, are held by the Head Office and transferred to programmes as required. Balances between projects are eliminated upon combination for the purposes of presentation of the financial statements.

These financial statements include the financial statements of BRAC and, the related undertakings set out in Note 10 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.5, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

In contrast to the ownership of equity interest in related undertakings, BRAC also extends gratuitous grants or provides donor liaison assistance to certain organisations that, in some instances may bear names with resemblance to BRAC, viz BRAC University, Stitching BRAC International, BRAC International Holdings B.V, BRAC Afghanistan, BRAC Myanmar, BRAC Tanzania, BRAC Uganda, BRAC South Sudan, BRAC Pakistan, BRAC Liberia, BRAC Sierra Leone, BRAC Philippines and BRAC Nepal. However, no equity is held in these entities, and BRAC's financial statements therefore do not include the financial information of these entities.

BRAC's accounting records and financial statements are maintained and presented in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purposes based on the existence or absence of donor-imposed restrictions.

2 Summary of Significant Accounting Policies(contd.):

2.1 Basis of preparation of financial statements (contd.)

In the combined financial statements, funds have been classified within either of two net asset categories - temporarily restricted and unrestricted. Accordingly, the net assets of BRAC and changes therein are classified and reported as follows:

- Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that permit BRAC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time and/or by actions of BRAC. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, any balances of temporarily restricted net assets are either returned to donors in accordance with donor agreements or utilized consequent to donor and management agreements on a temporarily restricted or unrestricted basis.

In case where restrictions expire, it is BRAC's policy to effect the reclassification of assets from temporarily restricted net assets to unrestricted net assets via transfers within the balance sheet.

- Unrestricted net assets - Net assets that are not subject to any donor-imposed restrictions or which arise from internally funded activities. This category of net assets include amongst others, amounts designated by BRAC for income generating activities, programme support enterprises, micro-financing activities and self-financing social development activities.

2.2 Reporting period

These financial statements has been prepared for the period from 1 January 2017 to 31 December 2017.

2.3 Functional and presentation Currency

These financial statement are presented in Bangladesh Taka, which is BRAC's functional currency. Except as indicated the figures have been rounded off to the nearest Taka.

2.4 Use of estimates and judgements

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.

2.5 Non-consolidation

BRAC, being a society registered under the Societies Registration Act, 1860 is not subject to any requirement on the preparation of consolidated financial statements. Accordingly, BRAC's investments in related undertakings wherein the effective equity interests are more than 50% are accounted for as explained in Note 2.14, together with related undertakings in which BRAC has significant influence and/or where effective equity interests are between 20% and 50%.

2.6 Donor grants

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

2 Summary of Significant Accounting Policies(contd.):

2.6 Donor grants (contd.)

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

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

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

2.7 Revenue recognition

Social Enterprises projects

Social Enterprises comprise Aarong Rural Craft Centre, BRAC Printing Pack, BRAC Dairy and Food Project, Seed and Agro Enterprises, Fish and Prawn Hatcheries, Artificial Insemination Center, Horticulture Nurseries, Chilling Centres, Broiler Rearing and Meat Marketing, Salt Production and Marketing, Recycled Hand Made Paper Production and Health Product related activities.

Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discount and VAT. Revenue is recognized at the time, when significant risks and rewards of ownership have been transferred to the buyer and recovery of consideration is probable. Transfer of risks and rewards occur, when the goods are delivered to the distributor/customers along with dispatch documents and invoices.

Service charge on microfinance loans

Service charges on microfinance loans are recognized on an accrual basis as income. The recognition of service charge ceases when a loan is transferred to non-interest bearing loan as described in Note 2.12. Service charge is included in income thereafter only when it is realized. Loans are returned to the accrual basis only when the full amount of the outstanding arrears of loans received and future collectability is reasonably assured.

Interest on bank accounts, fixed deposits, bonds

Interest income is recognised on an accrual basis.

House property income

House property income is recognised on an accrual basis whether cash is received or not.

Other income

Other income is recognized when BRAC's right to receive such income has been reasonably determined.

Community contributions

Community contributions represent fees charged to participants of selected programmes and activities run by BRAC and is recognised when BRAC's right to receive such income has been reasonably determined.

2.8 Expenses

Programme related expenses arise from goods and services being distributed to beneficiaries in accordance with the programme objectives and activities. BRAC's Head Office overhead expenses are allocated to various projects and programmes at a range of 7% to 10% of their costs, based on agreement with donors or management's judgement.

2 Summary of Significant Accounting Policies(contd.):

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if all the following conditions are met:

- a) It is probable that future economic benefits will flow to BRAC
- b) the cost of the item can be measured reliably and exceeds Tk. 2,000
- c) it is expected to be used for more than 3 years

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets at the following annual rates which are consistent with the prior year:

| <u>Item</u> | <u>Annual Depreciation Rate (%)</u> |
|------------------------------|-------------------------------------|
| Buildings | 4-10 |
| Furniture & Fixtures | 10-20 |
| Equipment | 15-33.3 |
| Computer and IT Equipment | 20-33.3 |
| Vehicles | 20 |
| Bicycles | 20 |
| Machinery | 20 |
| Deep tube wells and tanks | 20 |
| Hatcheries | 20 |
| Motorcycles | 20 |
| Camp/Poultry/Livestock sheds | 20 |
| Crates/Mannequins/Samples | 33.33 |
| Software | 20 |

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of income and expenditure in the year the asset is derecognized.

2.10 Microfinance loans

BRAC's activities include providing micro-finance loans to members without collateral, on a service charge basis under various programmes. Loans inclusive of service charge and are stated net of provision for loan losses.

2 Summary of Significant Accounting Policies(contd.):

2.11 Provision for loan losses

Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio and calculates the required provision for loan losses based on the loan classification and following the provisioning methodology which is shown below:

| <u>Loan Classification</u> | <u>Days in Arrears</u> | <u>Provision required</u> |
|----------------------------|------------------------|---------------------------|
| Standard | Current (no arrears) | 1% |
| Watchlist | 1 - 30 | 5% |
| Substandard | 31 - 180 | 25% |
| Doubtful | 181 - 350 | 75% |
| Loss | Over 350 | 100% |

2.12 Loans written off

Loans within their maturity period are classified as "Current Loans". Loans which remain outstanding after one month of their maturity period are considered as "Late Loans". Late Loans which remain unpaid after one year are classified as "Non-Interest Bearing Loans" (NIBL). The total amount of NIBL, which are considered bad and have no possibility of recovery, is referred to the Governing Body of BRAC for approval of write off, generally within one year from the date when a loan is transferred to NIBL. Generally loans are written off twice a year i.e. July and December. Any collections realised from loans previously written off are credited to the statement of income and expenditure.

2.13 Provision for liabilities

Provisions for liabilities are recognised when BRAC has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Investments in related undertakings

Related undertakings refer to separately-established undertakings in which BRAC has significant influence and/or effective equity interests. Details of these undertakings are disclosed in Note 10.

BRAC's investments in these undertakings are initially recorded at cost and subsequently adjusted to reflect BRAC's share of results for each period added to or deducted from the respective investment costs, from the dates of their acquisition and to the dates of their disposal. Distribution received from the undertakings is recognised in the statement of income and expenditure. Unrealised share of profit from undertakings as well as any changes in net assets in the related undertakings other than by the effect of operating results are recognised directly in the statement of changes in net assets. On disposal, gains or losses representing the difference between the proceeds on disposal and the carrying value of the undertakings at the date of disposal are recognised in the statement of income and expenditure. Gain or losses on dilution of interest in related undertakings, representing the difference in BRAC's share of net assets before and after the dilution concerned is also recognised in the statement of income and expenditure. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

2.15 Investment in securities and others

All investments other than investment in associated undertakings are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments in shares of listed companies are subsequently measured at fair value, with unrealized gains or losses recognized in the statement of income and expenditure. Fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset.

2 Summary of Significant Accounting Policies(contd.):

2.15 Investment in securities and others (contd.)

Other long-term investments which are intended to be held to maturity, such as debentures and private debt securities, are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortized cost, apart from the amortization process which is dealt with through the statement of income and expenditure, any gain or loss is recognized in the statement of income and expenditure when the investment is disposed of or suffers a permanent diminution in value.

2.16 Accounts receivable

Accounts receivable arise principally from BRAC's income generating activities and programme support enterprises, and are stated net of provision for doubtful debts. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off when identified.

2.17 Inventories

Retail 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.

2.18 Motorcycle replacement fund

Applicable donor funds are utilized for providing motorcycles to project or programme staffs, and these funds are held in a replacement fund. The cost of providing motorcycles to staff is recovered through monthly salary deductions. Donor funds received and utilized for the purchase of motorcycles are amortized to the statement of income and expenditure over a period of five years, being the average estimated useful life of the motorcycles.

2.19 Self - insurance fund

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities', as depicted in Note 18, and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 1% of the basic salary of employees, to constitute the group self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 12 months 'equivalent of basic salary in the first year of employment, to 50 months' equivalent of basic salary in the 10th year of employment onwards. The self-insurance fund for employees is held as a provision, also within 'Other long term liabilities' and is not externally funded. It is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations.

The employee self-insurance fund is used only for the staff who are working outside Bangladesh and any special cases, which is not covered by the employee group insurance.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuations carried out in 2014 in respect of the funds, and are disclosed in Note 18 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of the fund.

2 Summary of Significant Accounting Policies (contd.):

2.20 Employee gratuity and redundancy fund

BRAC makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's service for each permanent employee (based on basic salary of the last month). The fund is held as a provision within 'Other long term liabilities', as depicted in Note 18, and is not externally funded. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made as a one-time termination benefit in the event of cessation of service from BRAC on grounds of redundancy.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuation carried out in 2014, as disclosed in Note 18 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of the fund.

2.21 Employee provident fund

BRAC makes contribution to a recognised contributory provident fund for its eligible employees which is operated by a Board of Trustees. The contribution by BRAC is 10% of the basic salary of each confirmed employees and this is equivalent to the contribution by each eligible employee. Contributions to this fund are recognised as an expenses in the period in which the employee services are performed.

2.22 Employee group insurance

BRAC is maintaining a Group insurance policy with Guardian Life Insurance Ltd. for covering the risk of life of the employee and family health, on a monthly fixed premium basis. This policy is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 50 months for natural death, permanent injuries and 100 months for accidental death equivalent of last month basic salary. In case of health coverage, it covers inpatient and outpatient medical facilities in all over the Bangladesh as well as in abroad.

2.23 Foreign currencies

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions.

The resulting exchange translation gains and losses are recognised in the statement of income and expenditure.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

| | 2017 Taka | 2016 Taka |
|-----------------------|--------------|--------------|
| United States Dollars | 82.20 | 78.10 |
| Euro | 97.69 | 80.73 |
| Great Britain Pound | 109.62 | 93.58 |
| Australian Dollars | 63.87 | 54.48 |

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 28.

2.24 Taxation

Income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities in accordance with the Income Tax Ordinance, 1984 (Amended) for activities by which BRAC generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 Summary of Significant Accounting Policies (contd.):

2.25 Borrowing costs

Borrowing costs are interest and other costs that BRAC incurs in connection with the borrowing of fund.

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case these costs are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.26 Impairment of assets

At each balance sheet date, BRAC reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use.

An impairment loss is recognised as an expense in the statement of income and expenditure immediately. Reversal of impairment losses recognised in prior years is recorded in the statement of income and expenditure when the impairment losses recognised for the asset no longer exists or have decreased.

2.27 Goodwill

Goodwill represents the excess of the cost of acquisition over BRAC's interest in the fair value of the identifiable assets and liabilities of investments in related undertakings at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.25 above except that an impairment loss for goodwill is not reversed unless the specific external events that caused the impairment loss is reversed by a subsequent external event. Goodwill arising on the acquisition of related undertakings is included within the respective carrying amounts of the related undertakings concerned.

2.28 Financial instruments

Financial instruments are recognised in the balance sheet when BRAC has become a party to the contractual provisions of the instrument.

a) Investments in related undertakings

Investments in related undertakings are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.26

b) Investments in securities and others

Investments in securities and others are stated at cost, subsequently adjusted for fair value or at amortized cost. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.26

c) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and an estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

d) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2 Summary of Significant Accounting Policies (contd.) :

2.28 Financial instruments (Contd.)

e) Interest-bearing borrowings

Interest-bearing bank loans, overdrafts and securitised financing are recorded at the amount of proceeds received, net of transactions costs. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investments of funds drawn down from that borrowing facility.

All borrowing costs are recognized as an expense in the statement of income and expenditure in the period in which they are incurred. The carrying values of these financial instruments approximate their fair values due to their short term maturities.

2.29 Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprises cash and bank balances and unpledged fixed deposits, against bank overdrafts, if any, are deducted. Included in cash and bank balances are donations which are received through donor grants. By virtue of donor agreements, the manner in which such donations are to be applied may be restricted to specific projects and/or assets.

2.30 Contingent liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of BRAC; or any present obligation that arises from past events but is not recognized because:

- * it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- * the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may results in the recognition of income which may never be realized.

2.31 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the organization's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed.

2.32 Segmental reporting

BRAC is organised into operating segments based on projects and programmes which are independently managed by the respective program managers responsible for the performance within the operating segments.

The programme managers report directly to the management of BRAC who regularly review the segment results in order to assess segment performance. Additional disclosures on each of these segments are shown in notes 32 and 33 respectively. BRAC provides segment information voluntarily.

3. Cash and bank balances

Cash in hand and at banks (Note 3.1)
Deposits (Note 3.2)

| 2017 Taka | 2016 Taka |
|-----------------------|-----------------------|
| 6,428,938,497 | 3,808,189,622 |
| 14,595,340,623 | 13,681,382,131 |
| <u>21,024,279,120</u> | <u>17,489,571,753</u> |

3.1 Cash in hand and at banks

Cash in hand
Cash at banks

| | |
|----------------------|----------------------|
| 840,293,412 | 500,381,151 |
| 5,588,645,085 | 3,307,808,471 |
| <u>6,428,938,497</u> | <u>3,808,189,622</u> |

3.2 Deposits

Fixed deposits pledged with financial institutions (Notes 13 and 14)
Fixed deposits unpledged
Short term deposit unpledged

| | |
|-----------------------|-----------------------|
| 440,952,654 | 412,428,030 |
| 11,110,583,143 | 9,334,633,658 |
| 3,043,804,826 | 3,934,320,443 |
| <u>14,595,340,623</u> | <u>13,681,382,131</u> |

Included in the above balance are amounts placed with related undertakings as follows:

| No. | Name of related party | Nature of balances | | |
|-----|-----------------------|-------------------------------|---------------|---------------|
| 1. | BRAC Bank Ltd. | Fixed deposits pledged | 440,952,654 | 412,428,030 |
| | | Fixed deposits unpledged | 1,680,478,028 | 2,782,302,390 |
| | | Short term deposits unpledged | 3,043,804,826 | 3,934,320,443 |
| | | 68 Bank Accounts (2016: 64) | 2,955,242,227 | 1,758,143,975 |

3.3 Deposits analysed by programme:

| | | |
|------------------------|-----------------------|-----------------------|
| Microfinance Programme | 12,418,962,408 | 9,715,228,162 |
| Other Programmes | 2,176,378,215 | 3,966,153,969 |
| | <u>14,595,340,623</u> | <u>13,681,382,131</u> |

3.4 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at December 31:

| | | |
|-------------------------------|------------------------|----------------------|
| Cash in hand and at banks | 6,428,938,497 | 3,808,189,622 |
| Fixed deposits unpledged | 11,110,583,143 | 9,334,633,658 |
| Short term deposits unpledged | 3,043,804,826 | 3,934,320,443 |
| Bank overdrafts (Note 13) | (23,688,516,176) | (13,479,844,500) |
| | <u>(3,105,189,710)</u> | <u>3,597,299,223</u> |

4. Advances, deposits and prepayments

| | 2017 Taka | 2016 Taka |
|---------------------------------------|----------------|---------------|
| Advances: | | |
| Employees | 2,247,372,905 | 903,768,681 |
| Suppliers | 592,472,368 | 571,824,577 |
| Advance for tax | 6,257,564,480 | 4,807,077,668 |
| | 9,097,409,753 | 6,282,670,926 |
| Deposits: | | |
| Deposits for facilities and utilities | 16,280,998 | 14,127,570 |
| Prepayments | 898,655,766 | 998,942,095 |
| | 10,012,346,517 | 7,295,740,591 |

5. Inventories

| | | |
|----------------------------------|---------------|---------------|
| Seeds and feed | 465,037,407 | 545,347,356 |
| Medical supplies and consumables | 138,313,944 | 74,016,374 |
| Printing and stationery | 59,765,620 | 67,824,473 |
| Handicraft goods | 3,893,686,987 | 2,773,278,731 |
| Dairy products | 203,748,962 | 141,825,887 |
| Programme materials | 202,929,910 | 165,773,932 |
| | 4,963,482,830 | 3,768,066,753 |

6. Grants and accounts receivable

| | | |
|---|---------------|---------------|
| Grants receivable | 940,453,649 | 316,317,153 |
| Interest receivable on fixed deposits and bank accounts | 782,521,147 | 594,816,869 |
| Other accounts receivable | 1,794,043,515 | 1,564,204,492 |
| | 3,517,018,311 | 2,475,338,514 |
| Provision for doubtful debts | (84,637,958) | (68,046,225) |
| | 3,432,380,353 | 2,407,292,289 |

Included in interest receivable on fixed deposits is Tk. 188,504,916 (2016: Tk.173,836,949) receivable after 12 months.

7. Microfinance loans

| | Principal outstanding Taka | Service charge receivable Taka | Loan loss provision Taka | Total Taka |
|---------------------|----------------------------------|--------------------------------------|-----------------------------|-------------------|
| At 1 January 2017 | 139,561,357,704 | 1,241,349,731 | (4,964,216,254) | 135,838,491,181 |
| Additions | 293,171,338,300 | 37,037,683,890 | (3,065,446,544) | 327,143,575,646 |
| Realisation | (263,348,568,850) | (36,404,307,257) | - | (299,752,876,107) |
| Write-off | (1,519,976,302) | (271,119,540) | 1,791,095,842 | - |
| At 31 December 2017 | 167,864,150,852 | 1,603,606,824 | (6,238,566,956) | 163,229,190,720 |

7. Microfinance loans (contd.)

Loans to members bear annual service charges 18% to 26% (2016: 18% to 26%) on a declining balance method. Repayments are made in weekly/monthly instalments.

The loan principal outstanding and loan loss provision are analysed as follows:

| Loan Classification | Days in Arrears | Principal Outstanding 2017 Taka | Loan loss Provision 2017 Taka | Loan Principal 2016 Taka | Loan loss Provision 2016 Taka |
|---------------------|----------------------|---------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Standard | Current (no arrears) | 160,620,668,214 | 1,606,206,682 | 134,083,888,019 | 1,340,838,880 |
| Watchlist | 1 - 30 | 1,321,103,030 | 66,055,152 | 921,443,594 | 46,072,180 |
| Substandard | 31 - 180 | 1,697,714,267 | 424,428,567 | 1,259,898,552 | 314,974,638 |
| Doubtful | 181 - 350 | 331,155,144 | 248,366,358 | 135,187,933 | 101,390,950 |
| Loss | Over 350 | 3,893,510,197 | 3,893,510,197 | 3,160,939,606 | 3,160,939,606 |
| | | <u>167,864,150,852</u> | <u>6,238,566,955</u> | <u>139,561,357,704</u> | <u>4,964,216,254</u> |

8. Motor Cycle Loans

| | 2017 Taka | 2016 Taka |
|----------------------------------|--------------------|--------------------|
| At 1 January 2017 | 803,055,814 | 807,014,427 |
| Additions during the year | 32,442,500 | 34,346,272 |
| Loan realisation during the year | (142,529,935) | (38,304,885) |
| At 31 December 2017 | <u>692,968,379</u> | <u>803,055,814</u> |

9. Investment in securities and others

| | | |
|--------------------------------|----------------------|----------------------|
| DBH 1st Mutual Fund | 56,400,000 | 43,800,000 |
| AB Bank Subordinated Bond | 800,000,000 | 1,000,000,000 |
| MTB Subordinated Bond | 250,000,000 | 250,000,000 |
| Bangladesh Sanchay Patra (BSP) | 280,000,000 | 330,000,000 |
| BRAC EPL Investments Ltd. | 539,328,676 | 1,300 |
| | <u>1,925,728,676</u> | <u>1,623,801,300</u> |

Market value of DBH 1st Mutual Fund at 31 December 2017 was Tk. 9.40 per unit (2016: Tk.7.30) and Tk. 9.10 per unit (2016: Tk. 7.30) on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively.

The AB Bank Ltd. Subordinated Bond was purchased during the year, the maturity date of the bond will be on 25 August 2021 with effective interest rate ranging from 11% to 13% (2016: 11% to 13%) per annum.

The maturity date of the Mutual Trust Bank Subordinated Bond will be on 19 October 2022 with effective interest rate ranging from 10.5% to 13.5% (2016: 10.5% to 13.5%) per annum.

The Bangladesh Sanchay Patra (BSP) earned interest at 8.50% to 13.45% (2016: 8.5% to 13.45%) per annum respectively during the year.

BRAC EPL Investments Ltd. earned interest at 7.87% per annum during the year.

10 Investments in related undertakings

| Related undertakings | 2017 | | | | |
|---|----------------------------|---------------------------|----------------------|---|-----------------------|
| | Cost of Investment Taka | Share of Reserves Taka | Loans Taka | Provision for impairment in value Taka | Total Taka |
| BRAC Bank Ltd. | 4,760,329,616 | 8,223,204,283 | - | - | 12,983,533,899 |
| BRAC Industries Ltd. | 24,999,900 | 6,917,983 | - | - | 31,917,883 |
| BRAC BD Mail Network Ltd. | 185,227,000 | (70,473,373) | - | - | 114,753,627 |
| BRAC IT Services Ltd. | 36,134,000 | (30,764,221) | 108,089,004 | - | 113,458,783 |
| BRAC Services Ltd. | 10,000,000 | (211,528,659) | 280,986,872 | - | 79,458,213 |
| Delta BRAC Housing Finance Corp. Ltd | 40,000,000 | 697,893,205 | - | - | 737,893,205 |
| BRAC Karnafuli Tea Company Ltd | 243,908,025 | (163,081,348) | 1,175,960,356 | - | 1,256,787,033 |
| BRAC Kaiyachara Tea Company Ltd | 63,300,695 | 125,306,823 | 219,720,197 | - | 408,327,715 |
| BRAC Kodala Tea Company Ltd | 81,680,954 | (37,608,517) | 401,500,847 | - | 445,573,284 |
| Bangladesh Netting Factory | 17,071,429 | 33,378,091 | 26,242,531 | - | 76,692,051 |
| BRAC Asset Management Company Ltd | 13,000,000 | 3,263,364 | - | - | 16,263,364 |
| BRAC Environmental Enterprises Ltd. | 90,000,000 | (71,014,811) | 124,837,439 | - | 143,822,628 |
| Industrial Promotion and Development Company of Bangladesh Ltd.(IPDC) | 759,023,000 | 177,724,498 | - | - | 936,747,498 |
| Mayalogy Ltd. | 20,000,000 | (4,177,238) | - | - | 15,822,762 |
| BRAC EPL Investment Ltd. | 1,300 | (24,493) | - | - | (23,193) |
| | <u>6,344,675,919</u> | <u>8,679,015,587</u> | <u>2,337,337,246</u> | <u>-</u> | <u>17,361,028,752</u> |

| Related undertakings | 2016 | | | | |
|---|----------------------------|---------------------------|----------------------|---|-----------------------|
| | Cost of Investment Taka | Share of Reserves Taka | Loans Taka | Provision for impairment in value Taka | Total Taka |
| BRAC Bank Ltd. | 4,760,329,616 | 6,092,445,194 | - | - | 10,852,774,810 |
| BRAC Industries Ltd. | 24,999,900 | 5,652,931 | - | - | 30,652,831 |
| BRAC BD Mail Network Ltd. | 186,161,000 | (79,360,692) | - | - | 106,800,308 |
| BRAC IT Services Ltd. | 34,300,000 | (61,446,865) | 108,812,204 | - | 81,665,339 |
| BRAC Services Ltd. | 10,000,000 | (157,633,542) | 225,026,063 | (18,211,239) | 59,181,282 |
| Delta BRAC Housing Finance Corp. Ltd | 40,000,000 | 557,002,930 | - | - | 597,002,930 |
| BRAC Karnafuli Tea Company Ltd | 243,908,025 | (222,705,938) | 1,116,252,588 | - | 1,137,454,675 |
| BRAC Kaiyachara Tea Company Ltd | 63,300,695 | 76,215,905 | 233,252,099 | - | 372,768,699 |
| BRAC Kodala Tea Company Ltd | 81,680,954 | (37,177,711) | 353,652,547 | - | 398,155,790 |
| Bangladesh Netting Factory | 17,071,429 | 33,562,819 | 29,032,361 | - | 79,666,609 |
| BRAC Asset Management Company Ltd | 13,000,000 | 3,099,825 | - | - | 16,099,825 |
| BRAC Impact Ventures Ltd. | 10,200,000 | (9,203,732) | - | - | 996,268 |
| BRAC Environmental Enterprises Ltd. | 90,000,000 | (70,907,143) | 124,717,808 | - | 143,810,665 |
| Industrial Promotion and Development Company of Bangladesh Ltd.(IPDC) | 759,023,000 | 93,868,173 | - | - | 852,891,173 |
| | <u>6,333,974,619</u> | <u>6,223,412,154</u> | <u>2,190,745,670</u> | <u>(18,211,239)</u> | <u>14,729,921,204</u> |

| | 2017 Taka | 2016 Taka |
|------------------------------|-----------------------|-----------------------|
| Represented by: | | |
| Share of net tangible assets | 14,814,085,552 | 12,329,569,580 |
| Goodwill on acquisition | 209,605,954 | 209,605,954 |
| Loans | 2,337,337,246 | 2,190,745,670 |
| | <u>17,361,028,752</u> | <u>14,729,921,204</u> |

10 Investment in related undertakings (contd)

| Related undertakings (All Incorporated in Bangladesh) | 2017 % of share | 2016 % of share | Principal activities |
|---|--------------------|--------------------|--|
| BRAC Bank Ltd. | 44.42 | 44.64 | Banking business, listed on the Dhaka and Chittagong Stock Exchanges |
| BRAC Industries Ltd. | 99.99 | 99.99 | Cold storage |
| BRAC BD Mail Network Ltd. | 19.99 | 19.99 | Internet service provider |
| BRAC IT Services Ltd. | 51.00 | 48.67 | Software Development |
| BRAC Services Ltd. | 100.00 | 100.00 | Hospitality |
| Delta BRAC Housing Finance Corp.Ltd. | 18.39 | 18.39 | Housing finance, listed on the Dhaka and Chittagong Stock Exchanges |
| BRAC Karnafuli Tea Company Ltd. | 99.94 | 99.94 | Tea Plantation |
| BRAC Kaiyachara Tea Company Ltd. | 99.85 | 99.85 | Tea Plantation |
| BRAC Kodala Tea Company Ltd. | 99.12 | 99.12 | Tea Plantation |
| Bangladesh Netting Factory | 93.94 | 93.94 | Poultry Processing |
| BRAC Asset Management Company Ltd | 26.00 | 26.00 | Management of Assets and Portfolio Investment |
| BRAC Impact Ventures Ltd. | 0.00 | 51.00 | Sustainable, conscious, green and ethical Investment |
| BRAC Environmental Enterprises Ltd. | 90.00 | 90.00 | Waste management services |
| Industrial Promotion and Development Company of Bangladesh Ltd. | 25.00 | 25.00 | Finance services |
| Mayalogy Ltd. | 22.06 | 0.00 | Women Empowerment through online in Bangladesh. |

BRAC's investments in the related undertakings are represented by its share in the respective net tangible assets, goodwill and loans extended.

Loans represent finance provided for working capital and earn 6%-12% (2016: 6% -12%) interest per annum. These loans have no fixed repayment terms.

The market value of BRAC Bank Ltd shares at 31 December 2017 was Tk. 108.00 per share (2016: Tk. 64.10) and Tk. 107.60 per share (2016: Tk.63.60) on the Dhaka Stock Exchange(DSE) and Chittagong Stock Exchange (CSE) respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2017 was Tk. 136.30 per share (2016: Tk.102.20) and Tk. 135.90 per share (2016: Tk.102.20) on the DSE and CSE respectively.

The market value of Industrial Promotion and Development Company Ltd. shares at 31 December 2017 was Tk. 47.60 per share and Tk. 47.70 per share on the DSE and CSE respectively.

BRAC Impact Ventures Ltd,has winded-up effective from and commencing on 30, April 2017 as members' voluntarily winding-up.

Significant transactions with related undertakings are as follows:

| Related undertakings | Nature of transaction | 2017 Taka | 2016 Taka |
|---|---|--------------|--------------|
| BRAC Bank Ltd | Interest on fixed deposits and bank balance | 63,467,555 | 83,892,343 |
| Industrial Promotion and Development Company of Bangladesh Ltd. | Interest on fixed deposits | 37,485,000 | - |
| BRAC Services Ltd. | Service facilities | 55,960,809 | 55,744,693 |

11. Property, plant and equipment

| Group of fixed assets | Cost | | | | | Depreciation | | | Amount in Taka | | |
|------------------------------------|-------------------------------|------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|----------------------------|--|-----------------|----------------------------------|----------------------------------|
| | Opening balance 01-01-2017 | Additions during the year | Transferred during the year | Disposals during the year | Closing balance 31-12-2017 | Opening balance 01-01-2017 | Charged during the year | Adjustment/ disposals during the year | Closing Balance | Written down value 31-12-2017 | Written down value 31-12-2016 |
| | | | | | | | | | 31-12-2017 | | |
| Freehold land | 8,578,645,834 | 652,889,436 | - | - | 9,231,535,270 | - | - | - | - | 9,231,535,270 | 8,578,645,834 |
| Buildings | 6,165,315,231 | - | 274,585,756 | (107,050,999) | 6,332,849,988 | 2,089,357,119 | 202,085,379 | (107,050,999) | 2,184,391,499 | 4,148,458,489 | 4,075,958,112 |
| Furniture & fixtures | 1,601,281,033 | 313,601,963 | - | (45,478,464) | 1,869,404,532 | 902,725,078 | 192,255,465 | (45,459,058) | 1,049,521,485 | 819,883,047 | 698,555,955 |
| Equipment | 2,051,047,243 | 522,722,304 | - | (135,258,320) | 2,438,511,227 | 1,346,059,609 | 128,365,567 | (133,733,124) | 1,340,692,052 | 1,097,819,175 | 704,987,634 |
| Computer | 778,457,816 | 100,667,772 | - | (19,527,472) | 859,598,116 | 522,723,423 | 122,353,730 | (19,525,141) | 625,552,012 | 234,046,104 | 255,734,393 |
| Vehicles | 1,044,083,164 | 101,265,659 | - | (16,233,178) | 1,129,115,645 | 731,541,733 | 106,583,908 | (14,534,353) | 823,591,288 | 305,524,357 | 312,541,431 |
| Bicycles | 14,577,456 | 4,276,652 | - | (1,927,695) | 16,926,413 | 8,878,939 | 2,410,023 | (1,927,695) | 9,361,267 | 7,565,146 | 5,698,517 |
| Machineries | 1,178,038,106 | 291,382,247 | - | (70,467,963) | 1,398,952,390 | 876,032,134 | 75,204,874 | (70,467,963) | 880,769,045 | 518,183,345 | 302,005,972 |
| Deep tubewell and tanks | 37,296,245 | 679,709 | - | - | 37,975,954 | 24,351,922 | 5,531,054 | - | 29,882,976 | 8,092,978 | 12,944,323 |
| Hatcheries | 16,976,483 | 34,113 | - | - | 17,010,596 | 16,956,691 | 53,905 | - | 17,010,596 | - | 19,792 |
| Camp/Poultry/Livestock sheds | 288,073,346 | - | (72,145,163) | (215,928,183) | - | 209,495,115 | 6,433,068 | (215,928,183) | 2,727,710 | - | 78,578,231 |
| Motor cycles | 5,203,578 | 819,558 | - | (2,625,275) | 3,397,861 | 2,443,036 | 2,857,233 | (2,572,559) | 2,727,710 | 670,151 | 2,760,542 |
| Construction Work in progress | 607,049,355 | 445,131,123 | (202,440,593) | - | 849,739,885 | - | - | - | - | 849,739,885 | 607,049,355 |
| Crates/Mannequins/Samples/Antiques | 433,980,320 | 86,113,772 | - | - | 520,094,092 | 334,061,737 | 57,038,511 | - | 391,100,248 | 128,993,844 | 99,918,583 |
| Total December 2017 | 22,800,025,210 | 2,519,584,308 | - | (614,497,549) | 24,705,111,969 | 7,064,626,536 | 901,172,717 | (611,199,075) | 7,354,600,178 | 17,350,511,791 | 15,735,398,674 |
| Total December 2016 | 20,470,508,904 | 2,442,102,321 | - | (112,586,015) | 22,800,025,210 | 6,381,198,381 | 793,321,425 | (109,893,270) | 7,064,626,536 | 15,735,398,674 | |

Allocation of depreciation:

| | 2017 Taka | 2016 Taka |
|--|--------------------|--------------------|
| i) included in cost of sales of income generating projects | 25,673,480 | 112,296,702 |
| ii) included in programme related expenses | 875,499,237 | 681,024,723 |
| | 901,172,717 | 793,321,425 |

An amount of Tk.290,998,941 (2016: 325,761,503) has been transferred to the statement of income and expenditure from Deferred income - investment in fixed assets to cover the depreciation charge for donor funded fixed

12. Liabilities for expenses and materials

| | 2017 Taka | 2016 Taka |
|---|---------------|---------------|
| Liabilities for expenses | 3,885,529,041 | 3,973,173,721 |
| Liabilities for goods | 665,676,045 | 659,410,732 |
| Advances received for training, publications, supplies etc. | 5,182,706,265 | 2,765,759,681 |
| | 9,733,911,351 | 7,398,344,134 |
| Provision for stock loss | (69,677,431) | (108,767,527) |
| | 9,664,233,920 | 7,289,576,607 |

13. Bank overdraft

| | | |
|-----------------------------|----------------|----------------|
| Agrani Bank Ltd. | 2,640,018,454 | 205,623,619 |
| Bank Alfalah Ltd. | 193,138,523 | 186,542,482 |
| Bank Asia Ltd. | 785,892,903 | 24,536,924 |
| Dhaka Bank Ltd. | 8,790,388 | 1,392,262,247 |
| Dutch Bangla Bank Ltd. | 117,773,916 | 15,775,419 |
| Eastern Bank Ltd. | 4,253,051 | 6,596,507 |
| Habib Bank Ltd. | 392,774,638 | 388,552,492 |
| HSBC | 258,511 | 543,403 |
| IFIC Bank Ltd. | 51,104,343 | 26,264,861 |
| Jamuna Bank Ltd. | 1,270,180,516 | 545,875,456 |
| Janata Bank Ltd. | 358,917,820 | 5,868,624 |
| Mutual Trust Bank Ltd. | 11,903,848 | 266,097,427 |
| Prime Bank Ltd | 1,748,841,248 | 1,824,623,404 |
| * Pubali Bank Ltd. | 5,827,865,479 | 5,517,411,740 |
| Rupali Bank Ltd. | 472,061,872 | 25,506,723 |
| Sonali Bank Ltd. | 3,634,140,929 | 237,506,768 |
| Southeast Bank Ltd. | 9,285,976 | 1,889,336 |
| Standard Bank Ltd. | 5,658,317 | 4,033,501 |
| The Trust Bank Ltd. | 2,784,812,059 | 9,695,350 |
| United Commercial Bank Ltd. | 479,247,359 | 1,721,340 |
| Uttara Bank Ltd. | 2,891,596,026 | 2,792,916,877 |
| | 23,688,516,176 | 13,479,844,500 |

* The bank overdraft are secured by fixed deposits amounting to Tk. 440,729,187 (2016: Tk. 412,215,490) .

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 5.00% to 10.50% (2016: 5.00% to 12.00%) per annum, and are repayable within 12 months.

14. Term loans

| | 2017 Taka | 2016 Taka |
|---|-----------------------|-----------------------|
| Bangladesh Bank | 5,335,504,000 | 5,187,690,000 |
| Bank Alfalah Ltd | 200,000,000 | 200,000,000 |
| BASIC Bank Ltd. | 1,249,404,029 | 1,075,543,685 |
| BRAC Bank Ltd. | - | 2,886,764,654 |
| Citibank N.A. | 500,000,000 | 500,000,000 |
| Commercial Bank of Ceylon PLC. | 1,200,000,000 | 1,000,000,000 |
| Dhaka Bank Ltd. | - | 599,745,001 |
| Eastern Bank Ltd. | 2,952,690,184 | 2,783,716,167 |
| HSBC | 500,000,000 | - |
| IFIC Bank Ltd. | 2,499,985,878 | 2,299,989,758 |
| Jamuna Bank Ltd. | - | 999,999,660 |
| NCC Bank Ltd. | - | 1,999,987,500 |
| Prime Bank Ltd | 2,000,000,000 | 2,000,000,000 |
| * Rajshahi Krishi Unnyon Bank (RAKUB) | 450,000,000 | 360,000,000 |
| Rupali Bank Ltd. | 1,999,328,327 | 500,000,000 |
| SABINCO | 636,956,159 | 307,134,137 |
| Shahjalal Islami Bank Ltd. | 1,000,000,000 | 1,900,000,000 |
| Standard Chartered Bank (SCB) | 5,846,000,000 | 4,340,000,000 |
| State Bank of India | 1,100,000,000 | - |
| The City Bank Ltd. | - | 2,200,000,000 |
| The Premier Bank Ltd. | - | 1,699,986,859 |
| The UAE-Bangladesh Investment Company Ltd. | - | 151,475,249 |
| United Commercial Bank Ltd. | 1,499,690,079 | - |
| | <u>28,969,558,656</u> | <u>32,992,032,670</u> |
| Term Loans are analysed as follows: | | |
| Amount repayable within 12 months | 27,465,525,949 | 31,274,265,971 |
| Amount repayable after 12 months: | | |
| Repayable after 12 months but less than 24 months | 841,092,271 | 970,249,180 |
| Repayable after 24 months but less than 36 months | 662,940,436 | 747,517,519 |
| | <u>1,504,032,707</u> | <u>1,717,766,699</u> |
| | <u>28,969,558,656</u> | <u>32,992,032,670</u> |

* Secured by fixed deposits amounting to Tk. 223,467; 2016: Tk. 212,540).

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2017

The term loan were obtained to support various micro finance and development projects undertaken by BRAC and for working capital purposes. The loans are repayable at various intervals, i.e., monthly, quarterly, half-yearly, biannually and annually and bear 5% to 8.25% (2016: 5% to 8.25%) interest rates

15. Members' savings deposits

| | | |
|-----------------------------|-----------------------|-----------------------|
| At 1 January 2017 | 50,118,837,575 | 40,228,457,331 |
| Deposits during the year | 34,369,082,730 | 32,187,328,362 |
| Withdrawals during the year | -24,607,390,078 | -22,296,948,118 |
| At 31 December 2017 | <u>59,880,530,227</u> | <u>50,118,837,575</u> |
| Compulsory savings | 49,201,864,819 | 40,906,276,123 |
| Voluntary savings | 7,729,561,568 | 6,139,207,569 |
| Term deposits | 2,949,103,840 | 3,073,353,883 |
| At 31 December 2017 | <u>59,880,530,227</u> | <u>50,118,837,575</u> |

15. Members' savings deposits (contd.)

The rate of interest paid in respect of savings deposits by members was 6%-10% (2016: 6%-10%) per annum.

BRAC has three types of savings deposits initiatives, namely (a) Compulsory savings (b) Voluntary savings and (c) Term deposits, with a view to facilitating and encouraging savings by members in rural areas.

- (a) Compulsory savings
 - (i) Each member deposits a minimum amount of Tk.10 in a weekly meeting. The amount to be deposited weekly is fixed by the member at the inaugural meeting of the year. The interest rate is 6% per annum.
 - (ii) A member can withdraw the entire amount of savings after the loan outstanding balance including service charges thereon has been fully repaid.
 - (iii) BRAC is allowed to offset the amount of loan balance with the equivalent savings balance of the loanee in the event of default.
- (b) Voluntary savings
 - (i) Each member can save for periods ranging from 3 years to 10 years on a monthly basis. The voluntary savings range from Tk. 100 to Tk. 1,000. The interest rate ranges from 7% for a 3 years period to 10% for a 10 year period.
 - (ii) Any member can withdraw his/her savings by giving a seven (7) days written notice.
- (c) Term deposits:

Each member can save for a period 1 to 7 years for a fixed time period. The amount of deposit can range from Tk. 10,000 to 100,000. Interest rate for the maturity period range from 7% in the first year to 10.41% for 7 years.

16. Grants received in advance account

| | Notes | 2017 Taka | 2016 Taka |
|---|-------|------------------------|------------------------|
| At 1 January 2017 | | 1,214,294,835 | 971,166,244 |
| Receivables as at 1 January 2017 | | <u>-316,317,153</u> | <u>-175,920,953</u> |
| | | 897,977,682 | 795,245,291 |
| Donations received during the period | 29 | 13,219,219,761 | 10,927,094,180 |
| Transferred to deferred income: | | | |
| - Investment in fixed assets | 17 | -292,643,341 | -321,822,612 |
| - Motorcycle replacement fund | 17 | 1,644,400 | -3,938,891 |
| Transfer to Statement of Income and | | | |
| Expenditure for expenditure during the period | 19 | <u>-11,617,016,784</u> | <u>-10,498,600,286</u> |
| | | 2,209,181,718 | 897,977,682 |
| Grants receivables | | <u>940,453,649</u> | <u>316,317,153</u> |
| At 31 December 2017 | | <u>3,149,635,367</u> | <u>1,214,294,835</u> |

17. Deferred income

| | Notes | Investment in Fixed Assets Taka | Motorcycle Replacement Fund Taka | Total Taka |
|--|-------|---------------------------------------|--|--------------------|
| At 1 January 2017 | | 434,032,247 | 22,187,366 | 456,219,613 |
| Transferred from Grants received in advance | 16 | 292,643,341 | (1,644,400) | 290,998,941 |
| Amortisation to Statement of Income and Expenditure At 31 December 2017 | 19 | (47,424,805) | (7,764,460) | (55,189,265) |
| | | <u>679,250,783</u> | <u>12,778,506</u> | <u>692,029,289</u> |

18. Other long term liabilities

| | 2017 Taka | 2016 Taka |
|---------------------------------------|-----------------------|-----------------------|
| Employee gratuity and redundancy fund | 11,085,313,230 | 10,150,892,777 |
| Self-insurance fund | | |
| - Employees | 469,907,018 | 458,825,614 |
| - BRAC properties and motorcycles | 823,350,454 | 776,413,656 |
| | <u>1,293,257,472</u> | <u>1,235,239,270</u> |
| Other funds | | |
| - Special fund for scholarship | 6,149,383 | 5,977,099 |
| - Relief and rehabilitation fund | 717,981,199 | 629,936,836 |
| - Staff welfare fund | 37,327,972 | 34,529,761 |
| | <u>761,458,554</u> | <u>670,443,696</u> |
| | <u>13,140,029,256</u> | <u>12,056,575,743</u> |

It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of the fund.

The Special fund for scholarship represents the Catherine H. Lovel memorial fund which will subsequently be utilized for a scholarship programme for poor girls. It is represented by specific fixed deposits, from which interest is added to the fund.

18. Other long term liabilities (contd.)

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, as well as additional amounts accreted by BRAC as deemed appropriate and is held as a liability. This fund is utilized to meet outgoing during natural disasters and climate change and is substantially represented by separate bank balances from which interest is added to the fund.

The staff welfare fund represents deductions from the staff salary which are utilised to defray medical expenses incurred by staff and, under certain instances, their families. The fund is managed by a staff committee who decide upon the quantum to be disbursed as well as the eligibility of staff family members for benefits.

19. Donor grants

Donor grants recognised in the Statement of Income and Expenditure:

| | Notes | 2017 Taka | 2016 Taka |
|---|-------|-----------------------|-----------------------|
| Transferred from grants received in advance | 16 | 11,617,016,784 | 10,498,600,286 |
| Transferred from deferred income: | | | |
| amortisation of investment in fixed assets | | | |
| - unrestricted | | - | - |
| - temporarily restricted | 17 | 47,424,805 | 61,866,455 |
| | | 47,424,805 | 61,866,455 |
| amortisation of motorcycle replacement fund | | | |
| - unrestricted | | 308,026 | - |
| - temporarily restricted | 17 | 7,456,434 | 8,145,158 |
| | | 7,764,460 | 8,145,158 |
| Total donor grants | | 11,672,206,049 | 10,568,611,899 |
| Interest on bank accounts and fixed deposits in respect of donor funds | 23 | 33,591,794 | 5,813,707 |
| Other income-Partial reimbursement on cost of donor funded programme supplies | | 188,970 | 2,218,263 |
| | | <u>11,705,986,813</u> | <u>10,576,643,869</u> |

20. Social Enterprises

| | | |
|--------------------------------|-----------------------|-----------------------|
| Revenue from Sales (Note-20.1) | 14,967,814,992 | 14,132,369,826 |
| Other income (Note-20.2) | 2,411,463 | 17,541,394 |
| | <u>14,970,226,455</u> | <u>14,149,911,220</u> |

20.1 Revenue from Sales

| | | |
|--|-----------------------|-----------------------|
| Aarong Rural Craft Centre | 8,015,150,343 | 6,776,698,470 |
| BRAC Printing Pack | 333,720,684 | 299,942,469 |
| BRAC Dairy and Food Project | 3,442,110,755 | 3,200,642,155 |
| Agro-based program support enterprises | 3,079,722,167 | 3,769,744,336 |
| Non-agro-based program support enterprises | 97,111,043 | 85,342,396 |
| | <u>14,967,814,992</u> | <u>14,132,369,826</u> |

| | 2017 Taka | 2016 Taka |
|---|-----------------------|-----------------------|
| 20.2 <u>Other Income</u> | | |
| Gain/(loss) on disposal of property, plant and equipment | 2,411,463 | 436,100 |
| Sale of waste materials | - | 17,105,294 |
| | <u>2,411,463</u> | <u>17,541,394</u> |
| 21. Microfinance Programme | | |
| Service charge on microfinance loans | 37,240,825,991 | 31,360,054,922 |
| Bank interest against member savings deposits | 649,757,390 | 577,499,381 |
| | <u>37,890,583,381</u> | <u>31,937,554,303</u> |
| 22. Self-financing Social Development Projects | | |
| Interest on bank accounts and fixed deposits | 244,414,473 | 224,819,510 |
| Other income (22.1) | 395,880,736 | 135,540,017 |
| | <u>640,295,209</u> | <u>360,359,527</u> |
| 22.1 <u>Other income</u> | | |
| (Loss)/gain on disposal of property, plant and equipment | 6,894,302 | 4,090,283 |
| Partial reimbursements on cost of programme supplies | 194,557,886 | - |
| Training income | 101,017,020 | 68,718,290 |
| Sale of wastage materials | 54,425,319 | 22,138,287 |
| Interest received on loans and advances | - | 41,449,815 |
| Foreign exchange (loss)/gain - unrealised | 38,986,209 | (856,658) |
| | <u>395,880,736</u> | <u>135,540,017</u> |
| 23. Investment Income | | |
| In respect of investments in related undertakings: | | |
| - Share of profits less losses from investments in related undertakings | 350,208,383 | 1,955,862,048 |
| - Interest on Subordinated bond | 129,092,466 | 136,623,288 |
| - Interest on BSP | 32,975,000 | 35,131,359 |
| - Income on EPL Investment | 39,328,676 | - |
| - Loss on dilution of shares | (10,987,123) | - |
| - Realised profit on DBH 1st Mutual Fund | 3,000,000 | 19,800,000 |
| | <u>543,617,402</u> | <u>2,147,416,695</u> |
| 24. Community contribution | | |
| Education Programme | 1,159,209,056 | 1,102,255,256 |
| Health Nutrition and Population Programme | 201,892,234 | 156,831,516 |
| Community Empowerment Programme | 4,918,397 | 2,879,224 |
| Agriculture and Food Security Programme | - | 15,102,751 |
| Skill Development Programme | 6,153,112 | - |
| Integrated Development Programme | 3,539,229 | - |
| | <u>1,375,712,028</u> | <u>1,277,068,747</u> |
| Community contribution represent feed charged by BRAC to participate of programmes or activities. | | |
| 25. Interest on fixed deposits and bank accounts | | |
| Microfinance Program against member savings deposits | 649,757,390 | 577,499,381 |
| Donor based development Projects | 33,591,794 | 5,813,707 |
| Self-financing social development programmes | 244,414,473 | 224,819,510 |
| | <u>927,763,657</u> | <u>808,132,598</u> |

26. BRAC Contribution to support Donor Funded Programmes

BRAC contributed funds to meet the funding shortfall in donor funded programmes expenditure during the year in order to ensure the continued implementation and execution of such programmes.

27. Unrestricted Capital Fund

| | 2017 Taka | 2016 Taka |
|--------------------------------|-----------------------|-----------------------|
| Unrestricted Capital fund | 88,412,233,354 | 72,702,117,973 |
| Reserve of DBH 1st Mutual fund | 12,600,000 | - |
| Investment reserve fund | 8,673,007,245 | 6,205,200,915 |
| | <u>97,097,840,599</u> | <u>78,907,318,888</u> |

28. Taxation

| | | |
|-----------------------------------|--------------------|--------------------|
| Income tax provision for the year | <u>516,000,000</u> | <u>486,000,000</u> |
|-----------------------------------|--------------------|--------------------|

Under the Income Tax Ordinance, 1984 (Amended), in addition to its commercial activities, BRAC is also subject to taxation on income derived from other non-commercial activities unless they are tax exempt. Income from microfinance and social development activities are tax-exempt.

The tax charge is in respect of taxable income arising from BRAC's taxable activities in 2017, and is subject to agreement with the tax authorities.

For years of assessment 1991-92 to 2011-12, BRAC has been issued directives requesting payment of taxes cumulatively amounting to approximately Tk. 5.5 billion. BRAC has disagreed with the basis of taxation, successfully obtaining stays of execution on the said directives, and has referred the matter to the High Court Division of the Supreme Court of Bangladesh. Similar directives for year of Assessment 2015-16 amounting to Tk. 3.36 billion has been issued by the Deputy Commissioner of Taxation (DCT) for which appeal is pending as at the date of financial statements.

BRAC continues to be of the view that the basis of taxation contained in the above mentioned directives are inappropriate, and therefore BRAC would not be liable to taxation. Accordingly, the amounts referred to above have not been provided for in the financial statements as at 31 December 2017.

29. Foreign currency denominated monetary assets and liabilities

| | | |
|--|-------------|-------------|
| Resident Foreign Currency Deposits (in US\$) | 718,269,216 | 608,282,940 |
| Resident Foreign Currency Deposits (Euro) | 18,488,619 | 15,336,001 |
| Resident Foreign Currency Deposits (in GBP) | 17,532,225 | 14,927,503 |
| Cash at bank (in US\$) | 33,564,798 | 14,260,017 |
| Cash at bank (in Euro) | 3,459,458 | 2,251,582 |
| Cash at bank (in GBP) | 929,958 | 967,551 |
| Cash at bank (in AUD) | - | - |

30. Financial Instruments**a) Financial Risk Management Objectives and Policies**

BRAC's financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not, however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

b) **Interest Rate Risk**

BRAC's financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not, however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

c) **Foreign Exchange Risk**

BRAC's foreign exchange risks comprise transaction risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions. BRAC is exposed to foreign currency fluctuations, mainly in respect of donor grants denominated in United States Dollars, Great Britain Pound and the Euro.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic project cash flow and budget forecasts and are kept to an acceptable level.

d) **Liquidity Risk**

BRAC manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, BRAC maintains banking facilities of a reasonable level.

e) **Credit Risk**

The credit policy of BRAC requires all credit exposures to be measured, monitored and managed proactively. Exposure to credit risk is monitored on an ongoing basis by the commercial ventures' respective management teams. BRAC does not have any significant exposure to any individual customer or counterparty.

31. Schedule of donation received

| Name of the projects | Donor | 2017 Taka | 2016 Taka |
|--|---|---------------|---------------|
| Strategic Partnership Arrangement (SPA) | DFID | 5,887,500,000 | 6,866,700,000 |
| | DFAT | 1,334,850,000 | 1,225,125,000 |
| | Sub Total | 7,222,350,000 | 8,091,825,000 |
| Vision Bangladesh Project | Orbis International | 3,260,999 | 2,180,000 |
| CFPR Phase -IV | BRAC-USA | 2,550,093 | 15,637,185 |
| BRAC New Initiative of HRLS | GIZ | - | 533,780 |
| Char Development and Settlement Program | Euroconsult Mott Mac Donald | 9,202,062 | 20,155,413 |
| BRAC Water, Sanitation and Hygiene Program (WASH-II) | EKN | - | 42,372,881 |
| BRAC-Water Sanitation and Hygiene(WASH) program in urban Areas | Bill and Melinda Gates Foundation | 416,560,644 | - |
| Integration WASH | EKN | 329,548,755 | - |
| Reduction TB Prevalance | The Global Fund | 1,724,381,565 | 1,081,340,115 |
| Reduction Malaria Incidence | The Global Fund | 330,566,816 | 218,170,791 |
| Focus on case Finding Activities in Bangladesh | The Global Fund | 450,375,929 | - |
| Phased Elimination of Malaria from Bangladesh-GFATM | The Global Fund | 83,555,874 | - |
| BRAC Boat School | EAC-QATAR | 26,688,159 | 25,628,608 |
| BRAC Urban Slum School | EAC-QATAR | 88,050,976 | 132,020,202 |
| Community Safety Initiatives | Safer World | - | 2,401,662 |
| Alive and Thrive Integration of Maternal Nutrition Intervention into BRAC MNCH Rural Program in Bangladesh | Family Health International | 98,405,295 | 84,992,436 |
| Bangladesh MYCN-Home Fortification Program | The Global Alliance for Improved Nutrition (GAIN) | 229,396,877 | 166,986,220 |
| BRAC HRLS Property Rights Program | BRAC-USA | 32,571,094 | 36,514,251 |
| Changing Social Norms and Supporting Adolescent Empowerment | UNICEF | 7,627,891 | 32,065,554 |
| Sustainable Human Development and Empowerment of Vulnerable Women affected Climate Change | UN Women | - | (30,932) |
| Engaging Communities for Behaviour Social Change in Cox's Bazar District | UNICEF | 1,125,833 | 11,100,991 |
| Marketing Innovation for Health (MIH) Program | Social Marketing Company (SMC) | 11,094,627 | 30,271,792 |
| Building Young Women's Leadership through Sports | Women Win | 11,029,500 | 5,861,250 |
| Economic Empowerment for Poor and Vulnerable Women in Bangladesh | EC | 8,485,636 | - |
| Improving Maternal & Child Nutrition (MCN) | WFP | 1,494,210 | 3,292,351 |
| Pilot project of distributing reading glasses | Vision Spring | 43,291,952 | 47,610,353 |
| Shikha Project | Family Health International | - | 31,968,210 |
| BRAC School Meal Piloting | WFP | 14,122,545 | 18,857,653 |
| Safe Migration for Bangladesh Workers | World Bank | 30,553,785 | 72,131,109 |
| BRAC Innovation fund for Digital Financial Services | Bill and Melinda Gates Foundation | 437,532,435 | 3,119,239 |
| Developing Interactive Multimedia Digital Version of Primary Education Contents | Information & Communication Technology Division | - | 4,925,770 |
| Ensure Sufficient Food & Nutrition Through Maize Cultivation for Marginalise group of people in Bangladesh | CIMMYT-India | 235,876 | 699,249 |
| Livelihood Skills Training for Out of School Working Children | UNICEF | 44,030,518 | 18,562,430 |
| Road Safety Awareness campaign Project | Chevron Bangladesh | 1,294,423 | 3,855,358 |
| Sustainable Clubfoot Care Bangladesh | The University of British Columbia("UBC")-Canada | - | 15,937,010 |
| Targeting The Ultra poor Nutrition | WFP | 7,483,707 | 24,476,521 |
| Graduation as Resilience | BRAC-UK | 3,354,519 | 3,584,385 |
| Improving Educational Outcome of Female Disadvantaged School Student | MONASH University | 907,036 | - |
| Improving Demand and Referral Linkage for Injectable Long acting and permanent methods of contraceptives | Engender Health | 5,070,483 | 18,211,261 |
| Neuro Developmental Disability (NDD) Project | Apasen International | 1,032,633 | 1,039,086 |
| Prevent and Respond to Sexual and Gender Based Violence | UNDP | 10,472,148 | 12,378,609 |

| Name of the projects | Donor | 2017 Taka | 2016 Taka |
|--|---|--------------|--------------|
| BRAC Splash Wash in School | Splash International | - | 977,500 |
| Building Blocks of Early Years Learning in Bangladesh | PORTICUS | 54,307,500 | 37,908,000 |
| Community Based Digital Fat Testing Project | Care-Bangladesh | - | 1,071,495 |
| Community Based Intervention for the Empowerment of Women | ILO | 903,018 | 1,833,070 |
| National Early Childhood Development Support Program (NECDSP) | UNICEF | 102,586,222 | 162,811,314 |
| School Feeding Program at Gaibandha | WFP | 15,147,840 | 12,565,982 |
| Working with Children at Risk in the Slums of Dhaka | BRAC-UK | 20,267,483 | 14,649,084 |
| Fistula Care Plus Project | Engender Health | 2,784,000 | 3,240,597 |
| Strengthening Strategic Communication for Development Support to Education Priorities | UNICEF | - | 177,145 |
| Community Road Safety Programme | GOB | 6,241,710 | 10,414,026 |
| Skills Development and Self-Employment Program | ILO | 434,465 | - |
| Building capacity to address issues of SRHR, Gender and Emotional wellbeing in technical, vocational, higher and general education | MDF-Trauing (NUFFIC) | 14,506,876 | 6,634,182 |
| Capacity Building to promote day-care services and women's employability in the RMG Sector" | MDF-Trauing (NUFFIC) | 9,293,794 | 5,847,896 |
| SUSTAIN | The International Potato Center (CIP) | 6,392,754 | 20,033,059 |
| Delivering maternal health care through mobile biometrics in Dhaka Urban Slums | SimPrints | | 4,322,775 |
| Technology Adoption and defusion the system of Rice Intensification and Food Security in Rural Bangladesh | Monash University | | 6,047,735 |
| Adolescent Sexual and Reproductive Health in Bangladesh | BRAC - USA | 11,360,412 | 7,263,839 |
| Agri-Business for Trade Competitiveness Project | Katalyst | 221,070 | 1,750,000 |
| BRAC Chevron BPI Enterprise Development Pilot Project (JIBIKA) | BRAC - USA | 129,744,541 | 79,351,960 |
| BRAC Play Lab Project | BRAC - USA | 48,470,145 | 46,826,583 |
| Breast Feeding Promotion and Support at public Health Care | UNICEF | 7,003,088 | 7,351,355 |
| Chitmojol Livelihood Development Programme Lalmonirhat | SCB | 3,018,358 | 2,256,583 |
| Community Fire Prevention Project | IDEO.ORG | 3,577,659 | 782,500 |
| Editorial and publishing Services, within the Teaching and Learning Materials Research and Refinement Programme (TLMRR) | DFID-UK | 3,232,055 | 9,206,289 |
| Effect of BIO Fortified Leantiles on Iron and Selenium Status | University of Saskatchuea | - | 4,934,100 |
| END TB TARGETS | WHO | | 1,185,425 |
| English and digital for Girl's Education | British Council | 4,496,112 | 6,889,396 |
| Ensuring Clean and safe Birthing through Promotion Safe Birth kits at Community Level (TOMS Shoes) | BRAC - USA | 18,035,418 | 10,557,166 |
| Financial Literacy for Adolescent in Chittagong | SCB | 3,376,207 | 2,285,418 |
| Innovation for Improving Early Grad Reading Activity | USAID | 192,824,022 | 71,921,837 |
| Institutional Development Project | DFID | | 4,072,500 |
| Non Communicable Disease Control programme | GOB | | 8,756,370 |
| Unlocking the production Potential of "polder communities" in Coastal Bangladesh through improved Resource use efficiency and diversified cropping systems | IRRI | 3,935,000 | 2,270,651 |
| USAID Livestock production for Improved nutrition Program | ACDI/VOCA | 2,615,634 | 3,703,479 |
| Policy Advocacy Intervention of Bangladesh MIYCN Home Fortification | The Global Alliance for Improved Nutrition (GAIN) | 3,388,016 | 9,750,000 |
| BRAC Water, Sanitation and Hygiene (WASH) Programme in hard to reach and Urban areas | | | 400,470 |
| Guiding Pro-Poor Investments in the Nexus among Domestic Water Quality and Quantity | University of Bonn | | 1,339,225 |

| Name of the projects | Donor | 2017 Taka | 2016 Taka |
|---|--|--------------|--------------|
| Cyclone Roanu Recovery Project (CRRP) | BRAC-USA | 15,236,556 | 14,915,694 |
| Garments Worker Financial diaries | Microfinance Opportunities | 9,682,583 | 3,142,989 |
| Green Super Rice | IRRI | 1,995,000 | 1,945,000 |
| Bangladesh District Eye Care Programme | Sight Savers-UK | 6,447,878 | 2,851,313 |
| Field Evaluation of a Passive Aeration System for Aquaculture (FEPASA) | University of Toronto | 1,619,969 | 1,969,496 |
| Targeting and Re-Aligning Agriculture to Improved Nutrition | International Food Policy | 4,284,210 | 1,199,288 |
| Unit for Body Rights Program (UBR-2) | RHSTEP | 6,579,800 | 2,593,479 |
| Bangladesh Dairy Enhancement Project | Land O Lakes | 20,976,623 | 24,565,950 |
| Empowering Girls on Sexual and Reproductive Health Rights Towards Combating Child Marriage | Mannion Danieals Ltd. | | 2,619,986 |
| Nutrition for Better Livelihood and Linkage of Nutrition Messaging in Design and Branding of Nutrient Rich Produce. | DAI Global LLC. | 1,254,352 | 1,169,568 |
| Promoting Physical and Emotional Wellbeing of Adolescents | EKN | | 2,506,768 |
| Skills for Employment investment Programme (SEIP) Project-Tranch-1 | GOB | 10,167,300 | 2,541,825 |
| Support to Bangladesh Justice Working Paper Series | DFID | 7,409,885 | 8,684,100 |
| Relief and Rehabilitation | Local Donor's | 5,244,454 | 4,323,925 |
| Capture and assess best CwC practices in disaster response and recovery | British Broadcasting Corp. | 2,212,064 | - |
| Contact for Impact Evaluation of Community LED Agricultural Water Management (CAWM) Scheme on Agricultural Production | Euroconsult Mott Mac Donald | 925,840 | - |
| Develop volunteers guideline and facilitate training on two way communication with communities in a disaster situation | British Broadcasting Corp. | 1,903,653 | - |
| Education Watch 2017 | Campaign for Popular Education (CAMPE) | 3,623,420 | - |
| Empowering the readymade garment workers living in slum of Dhaka | Proticus | 56,890,839 | - |
| Empowering Women for Building Social Cohesion project | UN Women | 56,138,887 | - |
| Holistic Enhancement of Early Childhood Development in Rural Bangladesh | BRAC USA | 12,097,719 | - |
| Humanitarian Leadership Academy | HLA | 15,631,386 | - |
| Improvement of the Real Situation of Overcrowding in Prisons(IRSOP) | GIZ | 23,969,212 | - |
| Improving Health and Nutrition Status of Urban Extreme poor In Bangladesh | Concern Worldwide | 47,061,084 | - |
| Income Support Programme for the poorest (ISPP) JAWTNO Project | World Bank | 44,133,865 | - |
| PRO-poor Growth of Rural Enterprises Through Sustainable Skills-development-PROGRESS | EC | 50,643,185 | - |
| Protective environment for Children and Adolescents in Cox Bazar | UNICEF | 4,826,504 | - |
| Regional meeting of Gavicso's from Asia-Pacific Countries | GAVI Alliance | 4,268,159 | - |
| Shishu Niketan: Low cost Schools in Bangladesh | BRAC-UK | 34,781,834 | - |
| Strengthening and cultivating Opportunities in Production for empowerment (SCOPE) Project | Echotex Ltd. | 7,791,900 | - |
| Student Dropout of Secondary Education Level in Bangladesh | Qatar Foundation for Education | 5,529,782 | - |
| Support Socio economic development of 910 vulnerable families from bagerhat District(Bangladesh) through Innovative models of small scale aquaculture | AIDA | 12,489,107 | - |
| BRAC,s Response to Emergency Humatarion of Crisis among the People from the Rakhine State of Myanmar in Coxs Bazar | UNHCR | 160,180,144 | - |
| Challenge TB Bangladesh | Management Sciences for Health | 5,828,960 | - |

| Name of the projects | Donor | 2017 Taka | 2016 Taka |
|---|--|-----------------------|-----------------------|
| Community Mobilization Volunteers(CMV)Network for life Saving Message on health nutrition, Sanitation and Protection in humaterian crisis in coxs Bazar | UNICEF | 16,108,986 | - |
| Construction of Lower Secondary School in Bangladesh | Dubai Care | 13,088,000 | - |
| Early Learning and Non Formal Basic Education for Children from Myanmar in Bangladesh | UNICEF | 29,317,307 | - |
| Emergency Response and Recovery for Flash Floods and Cyclone Mora to Support the Reduction of ongoing Suffering of the most Affected Communities and Assist | BRAC USA | 25,737,553 | - |
| Ensuring Long Term Medical Services & Post Award Livelihood Support for the Victims of Rana Plaza | BRAC USA | 41,408,546 | - |
| Improving Mother and Child Nutrition in Bangladesh (SHIMA) | CIEF | 40,648,537 | - |
| Second Chance Education (SCE) Under PEDP III | Save the Children | 10,000,000 | - |
| Shujog | Google | 2,643,840 | - |
| Sustainable reintegration and Improved Migration Governance In Bangladesh | IOM | 15,943,372 | - |
| The Global Panel on Agriculture and Food System for Nutrition Project | London School of Hygiene and Tropical Medicine | 3,562,020 | - |
| Effects of play based early stimulation in children on self-regulation and executive functioning skills from rural low income households – a randomized control | Grant Challenges Canada | 4,076,173 | - |
| Refugee Programme | Local Donor's | 9,851,871 | - |
| Ensuring protective environment for children and adolescents of Rakhine state of Myanmar in Cox's Bazar District | Unicef | 7,247,588 | - |
| IED-BRACU | Zuerich University | 1,891,520 | - |
| Total | | 13,219,219,761 | 10,927,094,180 |

32. Segmental financial information:

Balance Sheet as at December 31, 2017

Assets:

Cash and bank balances
Advance, deposits and prepayments
Inventories
Grants and accounts receivable
Inter-programme current account
Microfinance loans
Motor cycle loans
Investments in securities and others
Investments in related undertakings
Property, plant and equipments

Total Assets

Liabilities and net Assets

Liabilities

Liabilities for expenses and materials
Bank overdrafts
Term loans
Members savings deposits
Grants received in advance account
Deferred income
Other long term liabilities
Provision for taxation

Total Liabilities

Net assets- Capital fund

Total Liabilities and Net assets

| | Unrestricted | | | | | | | | | | Temporarily restricted | | Total 2017 |
|----------------------|-----------------------------------|----------------------|-----------------------------|---|---|-------------------------|--|---------------------------|----------------------|----------------------|------------------------|------|------------|
| | Aarong Rural Craft Centre Taka | BRAC Printing Pack | BRAC Dairy and Food Project | Agro based Programme Support Enterprise | Non-agro based Programme Support Enterprise | Micro Finance Programme | Self-financing Social Development Projects | House Property (Building) | Total Unrestricted | Development Projects | Taka | | |
| | | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | | | Taka | |
| 228,217,656 | 7,088,827 | 90,282,502 | 487,262,915 | 105,739,197 | 15,346,902,898 | (691,239,139) | 2,113,693,225 | 17,687,948,081 | 3,336,331,039 | | 21,024,279,120 | | |
| 236,522,395 | 204,003,664 | 135,297,797 | 77,597,384 | 1,172,722 | 1,352,352,172 | 7,343,726,284 | 27,736,958 | 9,378,409,376 | 633,937,141 | | 10,012,346,517 | | |
| 3,893,686,987 | 45,937,187 | 205,083,916 | 546,635,383 | 8,959,746 | 84,735,581 | 144,286,272 | - | 4,929,325,072 | 34,157,758 | | 4,963,482,830 | | |
| 259,812,647 | 49,374,574 | 134,801,176 | 650,776,750 | 11,698,952 | 386,669,528 | 892,822,194 | - | 2,385,955,821 | 1,046,424,532 | | 3,432,380,353 | | |
| (267,830,371) | (44,177,463) | 113,757,674 | 50,974,767 | 4,119,972 | - | 135,474,391 | - | (7,681,030) | 7,681,030 | | - | | |
| 553,652 | - | - | 12,306,717 | - | 163,229,190,720 | - | - | 163,229,190,720 | - | | 163,229,190,720 | | |
| - | - | 8,048,634 | - | - | 357,762,017 | 52,284,957 | - | 430,955,977 | 262,012,402 | | 692,968,379 | | |
| - | - | - | - | - | - | 1,925,728,676 | - | 1,925,728,676 | - | | 1,925,728,676 | | |
| - | - | - | - | - | - | 17,361,028,752 | - | 17,361,028,752 | - | | 17,361,028,752 | | |
| 2,252,107,201 | 52,610,230 | 1,119,608,959 | 623,301,213 | 9,432,580 | 4,120,037,991 | 8,291,480,895 | 144,019,138 | 16,612,598,207 | 737,913,584 | | 17,350,511,791 | | |
| 6,603,070,167 | 314,837,019 | 1,806,880,658 | 2,448,855,129 | 141,123,169 | 184,877,650,907 | 35,455,593,282 | 2,285,449,321 | 233,933,459,652 | 6,058,457,486 | | 239,991,917,138 | | |
| 503,389,020 | 20,888,040 | 188,762,126 | 337,022,063 | 25,555,107 | 4,557,445,186 | 2,927,498,583 | 200,000 | 8,560,760,125 | 1,103,473,795 | | 9,664,233,920 | | |
| 117,587,928 | 31,318,295 | - | - | - | 23,539,609,953 | - | - | 23,688,516,176 | - | | 23,688,516,176 | | |
| - | - | - | - | - | 28,969,558,656 | - | - | 28,969,558,656 | - | | 28,969,558,656 | | |
| - | - | - | - | - | 59,880,530,227 | - | - | 59,880,530,227 | - | | 59,880,530,227 | | |
| - | - | - | - | - | - | 9,978,354 | - | 9,978,354 | 3,139,657,013 | | 3,149,635,367 | | |
| - | - | 26,822,803 | - | - | 508,011 | 4,974,415 | - | 32,305,229 | 659,724,060 | | 692,029,289 | | |
| 281,462,351 | 24,352,812 | - | - | - | 171,732,621 | 12,662,481,472 | - | 13,140,029,256 | - | | 13,140,029,256 | | |
| 372,568,777 | 23,622,048 | 55,228,970 | 118,160,673 | 13,647,003 | - | 1,970,713,559 | - | 2,553,941,030 | - | | 2,553,941,030 | | |
| 1,275,008,076 | 100,181,195 | 270,813,899 | 455,182,736 | 39,202,110 | 117,119,384,854 | 17,575,646,383 | 200,000 | 136,835,619,053 | 4,902,854,868 | | 141,738,473,921 | | |
| 5,328,062,091 | 214,655,824 | 1,536,066,759 | 1,993,672,393 | 101,921,059 | 67,758,266,253 | 17,879,946,899 | 2,285,249,321 | 97,097,840,599 | 1,155,602,618 | | 98,253,443,217 | | |
| 6,603,070,167 | 314,837,019 | 1,806,880,658 | 2,448,855,129 | 141,123,169 | 184,877,650,907 | 35,455,593,282 | 2,285,449,321 | 233,933,459,652 | 6,058,457,486 | | 239,991,917,138 | | |

Balance Sheet as at December 31, 2016

Assets:

Cash and bank balances
Advance deposits and prepayments
Inventories
Grants and accounts receivable
Inter-programme current account
Microfinance loans
Motor cycle loans
Investments in securities and others
Investments in related undertakings
Property, plant and equipments

Total Assets

Liabilities and net Assets

Liabilities
Liabilities for expenses and materials
Bank overdrafts
Term loans
Members savings deposits
Grants received in advance account
Deferred income
Other long term liabilities
Provision for taxation

Total Liabilities

Net assets- Capital fund

Total Liabilities and Net assets

| | Unrestricted | | | | | | Temporarily restricted | | Total 2016 | |
|---------------|----------------------------|-------------------------------------|---|---|---------------------------------|--|-----------------------------------|----------------------------|---------------|------------------------------|
| | BRAC Printing Pack Taka | BRAC Dairy and Food Project Taka | Agro based Programme Support Enterprise Taka | Non-agro based Programme Support Enterprise Taka | Micro Finance Programme Taka | Self-financing Social Development Projects Taka | House Property (Building) Taka | Total Unrestricted Taka | | Development Projects Taka |
| 133,562,221 | 8,771,108 | 69,782,470 | 725,479,447 | 112,705,244 | 14,895,022,400 | (1,318,330,713) | 793,826,455 | 15,420,818,632 | 2,068,753,121 | 17,489,571,753 |
| 234,158,683 | 192,573,182 | 153,541,016 | 143,194,783 | 9,410,947 | 335,432,402 | 6,042,085,224 | 27,681,329 | 7,138,077,546 | 157,663,045 | 7,295,740,591 |
| 2,773,278,731 | 52,878,877 | 142,775,472 | 620,569,248 | 51,375,362 | 52,447,469 | 49,273,877 | - | 3,742,599,036 | 25,467,717 | 3,768,066,753 |
| 146,272,491 | 29,515,658 | 88,293,123 | 513,953,700 | 10,485,742 | 274,635,213 | 977,429,313 | - | 2,040,585,240 | 366,707,049 | 2,407,292,289 |
| 1,722,922,791 | (49,858,846) | 362,987,638 | 1,072 | - | - | (2,041,635,152) | - | (5,582,497) | 5,582,497 | - |
| 594,966 | - | 6,157,865 | 10,754,395 | - | 135,838,491,181 | 56,027,052 | - | 135,838,491,181 | - | 135,838,491,181 |
| - | - | - | - | - | 410,854,277 | 1,623,801,300 | - | 484,388,555 | 318,667,259 | 803,055,814 |
| - | - | - | - | - | - | 14,729,921,204 | - | 14,729,921,204 | - | 14,729,921,204 |
| 666,044,344 | 28,557,506 | 762,642,029 | 872,119,572 | 6,074,338 | 3,835,037,292 | 8,946,125,140 | 138,842,450 | 15,255,442,671 | 479,956,003 | 15,735,398,674 |
| 5,676,834,227 | 262,437,465 | 1,586,179,613 | 2,886,072,217 | 190,051,633 | 155,641,920,234 | 29,064,697,245 | 960,350,234 | 196,268,542,868 | 3,422,796,691 | 199,691,339,559 |
| 487,781,357 | 15,020,099 | 180,788,800 | 327,607,410 | 74,394,089 | 3,466,973,212 | 2,117,437,043 | 200,000 | 6,670,202,010 | 619,374,597 | 7,289,576,607 |
| 34,586,553 | - | - | - | - | 13,445,257,947 | - | - | 13,479,844,500 | - | 13,479,844,500 |
| - | - | - | 20,000,000 | - | 32,972,032,670 | - | - | 32,992,032,670 | - | 32,992,032,670 |
| - | - | - | - | - | 50,118,837,575 | - | - | 50,118,837,575 | - | 50,118,837,575 |
| - | - | - | - | - | 508,011 | 5,282,441 | - | 1,214,294,835 | 1,214,294,835 | 1,214,294,835 |
| 263,377,558 | 20,680,900 | - | - | - | 171,732,621 | 11,600,784,664 | - | 5,790,452 | 450,429,161 | 456,219,613 |
| - | - | - | 6,231,438 | - | - | 2,031,709,592 | - | 12,056,575,743 | - | 12,056,575,743 |
| - | - | - | - | - | - | - | - | 2,037,941,030 | - | 2,037,941,030 |
| 785,745,468 | 35,700,999 | 180,788,800 | 353,838,848 | 74,394,089 | 100,175,342,036 | 15,755,213,740 | 200,000 | 117,361,223,980 | 2,284,098,593 | 119,645,322,573 |
| 4,891,088,759 | 226,736,466 | 1,405,390,813 | 2,532,233,369 | 115,657,544 | 55,466,578,198 | 13,309,483,505 | 960,150,234 | 78,907,318,888 | 1,138,698,098 | 80,046,016,986 |
| 5,676,834,227 | 262,437,465 | 1,586,179,613 | 2,886,072,217 | 190,051,633 | 155,641,920,234 | 29,064,697,245 | 960,350,234 | 196,268,542,868 | 3,422,796,691 | 199,691,339,559 |

32. Segmental financial information (Cont'd)

Statement of Income and Expenditure
for the period ended December 31, 2017

| | | | | | | | | | | | | | |
|--|--|-------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Income | Donor grants | - | - | - | - | - | 308,026 | - | 308,026 | 11,672,086,993 | - | 11,672,395,019 | |
| | Social Enterprises | 8,015,150,343 | 333,720,684 | 3,442,198,409 | 3,082,045,976 | 97,111,043 | - | - | 14,970,226,455 | - | - | 14,970,226,455 | |
| | Microfinance Programme | - | - | - | - | - | 37,240,825,991 | - | 37,240,825,991 | - | - | 37,240,825,991 | |
| | Self-financing Social Development Project | - | - | - | - | - | 649,757,390 | 244,414,473 | 894,171,863 | 33,591,794 | 927,763,657 | 927,763,657 | |
| | Investment income | - | - | - | - | - | - | 543,617,402 | 543,617,402 | - | - | 543,617,402 | |
| | Other income | - | - | - | - | - | - | 395,880,736 | 395,880,736 | - | - | 395,880,736 | |
| | Community contribution | - | - | - | - | - | - | - | - | 1,375,712,028 | - | 1,375,712,028 | |
| | House property | - | - | - | - | - | - | - | 93,062,652 | 93,062,652 | - | 93,062,652 | |
| | Total income | 8,015,150,343 | 333,720,684 | 3,442,198,409 | 3,082,045,976 | 97,111,043 | 37,890,583,381 | 1,184,220,637 | 93,062,652 | 54,138,093,125 | 13,081,390,815 | - | 67,219,483,940 |
| | Expenditure | Social Enterprises | 6,771,787,754 | 293,782,668 | 3,256,293,493 | 2,712,820,963 | 77,704,861 | - | - | 13,112,389,739 | - | - | 13,112,389,739 |
| | | Micro Finance Programme | - | - | - | - | - | 23,503,895,326 | - | 23,503,895,326 | - | - | 23,503,895,326 |
| | | House property | - | - | - | - | - | - | 53,500,360 | 53,500,360 | - | - | 53,500,360 |
| | | Agriculture and Food Security | - | - | - | - | - | - | - | - | 131,816,903 | - | 131,816,903 |
| Community Empowerment Programme | | - | - | - | - | - | 4,955,808 | - | 4,955,808 | 406,217,205 | - | 411,173,013 | |
| Education Programme | | - | - | - | - | - | 20,862,261 | - | 20,862,261 | 4,459,295,571 | - | 4,480,157,832 | |
| Gender, Justice and Diversity | | - | - | - | - | - | - | - | - | 166,043,264 | - | 166,043,264 | |
| Health Programme | | - | - | - | - | - | - | 75,872,666 | 75,872,666 | 3,789,487,246 | - | 3,865,359,912 | |
| Human Rights and Legal Aids Services | | - | - | - | - | - | - | - | - | 329,312,602 | - | 329,312,602 | |
| Policy Advocacy | | - | - | - | - | - | - | - | - | 64,429,597 | - | 64,429,597 | |
| Water, Sanitation and Hygiene Programme | | - | - | - | - | - | - | - | - | 443,028,511 | - | 443,028,511 | |
| Ultra Poor Programme | | - | - | - | - | - | - | 421,532,818 | 421,532,818 | 1,408,042,615 | - | 1,829,575,433 | |
| Forcibly-displaced Myanmar Nationals | | - | - | - | - | - | - | - | - | 807,653,622 | - | 807,653,622 | |
| Disaster Management and Climate Change | - | - | - | - | - | - | - | - | 334,753,011 | - | 334,753,011 | | |
| Skills Development Programme | - | - | - | - | - | - | 270,921,538 | 270,921,538 | 305,918,160 | - | 305,918,160 | | |
| Other Development Projects | - | - | - | - | - | - | 302,730,374 | 302,730,374 | 569,813,184 | - | 840,734,722 | | |
| Grants | - | - | - | - | - | - | - | - | - | - | 302,730,374 | | |
| Total Expenses | 6,771,787,754 | 293,782,668 | 3,256,293,493 | 2,712,820,963 | 77,704,861 | 23,503,895,326 | 1,096,875,465 | 53,500,360 | 37,766,660,890 | 13,215,811,491 | - | 50,982,472,381 | |
| Surplus/(deficit) of income over expenditure | before inter-programme allocation | 1,243,362,589 | 39,938,016 | 185,904,916 | 369,225,013 | 19,406,182 | 14,386,688,055 | 87,345,172 | 39,562,292 | 16,371,432,235 | (134,420,676) | 16,237,011,559 | |
| | Inter-programme allocations | (435,396,905) | (14,198,304) | - | (170,251,725) | (8,037,264) | - | 627,884,198 | - | - | - | - | |
| | Net surplus for the year after inter-programme allocations | 807,965,684 | 25,739,712 | 185,904,916 | 198,973,288 | 11,368,918 | 14,386,688,055 | 715,229,370 | 39,562,292 | 16,371,432,235 | (134,420,676) | 16,237,011,559 | |
| | BRAC Contribution to support Donor Funded Programmes | - | - | - | - | - | - | (151,325,196) | - | 151,325,196 | - | - | |
| | before taxation | 807,965,684 | 25,739,712 | 185,904,916 | 198,973,288 | 11,368,918 | 14,386,688,055 | 563,904,174 | 39,562,292 | 16,220,107,039 | 16,904,520 | 16,237,011,559 | |
| Taxation | (372,568,777) | (11,541,406) | (31,935,121) | (70,235,737) | (5,713,321) | - | (24,005,638) | - | (516,000,000) | - | (516,000,000) | | |
| Net surplus for the year | 435,396,907 | 14,198,306 | 153,969,795 | 128,737,551 | 5,655,597 | 14,386,688,055 | 539,898,536 | 39,562,292 | 15,704,107,039 | 16,904,520 | - | 15,721,011,559 | |

32. Segmental financial information (Cont'd)

| | Statement of Income and Expenditure for the year ended December 31, 2016 | | | | | | | | | | |
|---|---|-----------------------|-----------------------------------|--|--|-------------------------------|---|---------------------------------|---------------------------|-------------------------|----------------|
| | Unrestricted | | | | | | | | Temporarily restricted | | |
| | Aarong Rural Craft Centre | BRAC Printing Pack | BRAC Dairy and Food Project | Agro based Programme Support Enterprise | Non-agro based Programme Support Enterprise | Micro Finance Programme | Self-financing Social Development Projects | House Property (Building) | Total Unrestricted | Development Projects | Total 2016 |
| Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| Income | | | | | | | | | | | |
| Donor grants | - | - | - | - | - | - | - | - | - | 10,576,643,869 | 10,576,643,869 |
| Social Enterprises | 6,776,698,470 | 301,394,006 | 3,209,607,514 | 3,776,803,117 | 85,408,113 | - | - | - | 14,149,911,220 | - | 14,149,911,220 |
| Microfinance Programme | - | - | - | - | - | 31,360,054,922 | - | - | 31,360,054,922 | - | 31,360,054,922 |
| Self-financing Social Development Project | - | - | - | - | - | 577,499,381 | 360,359,527 | - | 937,858,908 | - | 937,858,908 |
| Investment income | - | - | - | - | - | - | 2,147,416,695 | - | 2,147,416,695 | - | 2,147,416,695 |
| Community contribution | - | - | - | - | - | - | - | - | - | 1,277,068,747 | 1,277,068,747 |
| House property | - | - | - | - | - | - | - | 88,616,754 | 88,616,754 | - | 88,616,754 |
| Total income | 6,776,698,470 | 301,394,006 | 3,209,607,514 | 3,776,803,117 | 85,408,113 | 31,937,554,303 | 2,507,776,222 | 88,616,754 | 48,683,858,499 | 11,853,712,616 | 60,537,571,115 |
| Expenditure | | | | | | | | | | | |
| Social Enterprises | 5,594,106,073 | 259,658,541 | 3,052,851,770 | 3,353,304,057 | 56,173,361 | - | - | - | 12,316,093,802 | - | 12,316,093,802 |
| Micro Finance Programme | - | - | - | - | - | 18,286,281,951 | - | - | 18,286,281,951 | - | 18,286,281,951 |
| House property | - | - | - | - | - | - | - | 47,388,905 | 47,388,905 | - | 47,388,905 |
| Agriculture and Food Security | - | - | - | - | - | - | - | - | - | 152,339,096 | 152,339,096 |
| Community Empowerment Programme | - | - | - | - | - | - | 4,513,947 | - | 4,513,947 | 373,769,948 | 373,769,948 |
| Education Programme | - | - | - | - | - | - | 224,993,467 | - | 224,993,467 | 4,007,403,450 | 4,232,396,917 |
| Gender, Justice and Diversity | - | - | - | - | - | - | - | - | - | 151,869,846 | 151,869,846 |
| Health Programme | - | - | - | - | - | - | - | - | - | 3,736,352,197 | 3,740,926,677 |
| Human Rights and Legal Aids Services | - | - | - | - | - | - | 4,574,480 | - | 4,574,480 | 275,116,681 | 275,116,681 |
| Policy Advocacy | - | - | - | - | - | - | - | - | - | 151,053,311 | 151,053,311 |
| Water, Sanitation and Hygiene Programme | - | - | - | - | - | - | - | - | - | 204,137,601 | 204,137,601 |
| Ultra Poor Programme | - | - | - | - | - | - | - | - | - | 2,053,016,421 | 2,053,016,421 |
| Other Development Projects | - | - | - | - | - | - | - | - | - | 896,337,441 | 1,243,813,518 |
| Total Expenses | 5,594,106,073 | 259,658,541 | 3,052,851,770 | 3,353,304,057 | 56,173,361 | 18,286,281,951 | 581,557,971 | 47,388,905 | 31,231,322,629 | 12,001,395,992 | 43,232,718,921 |
| Surplus of income over expenditure before taxation | 1,182,592,397 | 41,735,465 | 156,755,744 | 423,499,060 | 29,234,752 | 13,651,272,352 | 1,926,218,251 | 41,227,849 | 17,452,535,870 | (147,683,376) | 17,304,852,494 |
| Taxation | - | - | - | - | - | - | (486,000,000) | - | (486,000,000) | - | (486,000,000) |
| Net surplus stated in statement of income & expenditure before inter-progr. Allocation | 1,182,592,397 | 41,735,465 | 156,755,744 | 423,499,060 | 29,234,752 | 13,651,272,352 | 1,440,218,251 | 41,227,849 | 16,966,535,870 | (147,683,376) | 16,818,852,494 |
| Inter-programme allocations | - | (14,827,412) | (66,732,571) | (252,735,398) | (10,650,535) | - | 344,945,916 | - | - | - | - |
| BRAC Contribution to support Donor Funded Programmes | - | - | - | - | - | - | - | - | (148,800,551) | 148,800,551 | - |
| Net surplus for the period after inter-programme allocations | 1,182,592,397 | 26,908,053 | 90,023,173 | 170,763,662 | 18,584,217 | 13,651,272,352 | 1,636,363,616 | 41,227,849 | 16,817,735,319 | 1,117,175 | 16,818,852,494 |

33. Statement of Functional Expenses

Expenditure Statement for the period ended December 31, 2017

| Expenditure Statement for the period ended December 31, 2017 | | | | | | | | | | | | | | | | | | | |
|---|-----------------------|-------------|-----------------------------------|---------------|--|----------------|--|------------|-------------------------------|----------------|---|----------------|---------------------------------|------|--------------|------|---------------------------|------|---------------|
| Aarong Rural Craft Centre | BRAC Printing Pack | | BRAC Dairy and Food Project | | Agro based Programme Support Enterprise | | Non-agro based Programme Support Enterprise | | Micro Finance Programme | | Self-financing Social Development Projects | | House Property (Building) | | Unrestricted | | Temporarily restricted | | Total 2017 |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Salaries and benefits | 876,293,395 | 18,001,788 | 257,130,775 | 253,408,221 | 10,192,175 | 10,524,292,312 | 95,512,390 | - | 12,034,831,057 | 5,769,432,816 | - | 17,804,263,873 | | | | | | | |
| Travelling and transportation | 85,814,558 | 1,823,307 | 123,567,052 | 41,561,370 | 1,204,543 | 624,616,302 | 13,313,810 | - | 891,900,941 | 589,898,266 | - | 1,481,799,207 | | | | | | | |
| Teachers' salaries | - | - | - | - | - | - | - | - | - | 915,175,344 | - | 915,175,344 | | | | | | | |
| Teachers' training | - | - | - | - | - | - | - | - | - | 169,909,969 | - | 169,909,969 | | | | | | | |
| School rent and maintenance | - | - | - | - | - | - | - | - | - | 204,042,241 | - | 204,042,241 | | | | | | | |
| Stationery, rent and utilities | 320,350,933 | 594,156 | 57,243,151 | 9,119,847 | 1,592,705 | 585,668,370 | 14,718,177 | 18,062,776 | 1,007,350,115 | 336,133,618 | - | 1,343,483,733 | | | | | | | |
| Maintenance and general expenses | 142,084,386 | 5,006,155 | 46,161,232 | 36,971,489 | 12,768,519 | 582,051,956 | 100,977,601 | 12,660,461 | 938,681,799 | 399,141,796 | - | 1,337,823,595 | | | | | | | |
| Members' training | - | - | - | - | - | - | - | - | - | 145,574,877 | - | 145,574,877 | | | | | | | |
| Staff training and development | 4,758,692 | 53,251 | 17,450,372 | 12,391,493 | 68,993 | 314,489,534 | 13,895,381 | - | 363,107,715 | 322,856,210 | - | 685,963,925 | | | | | | | |
| Programme supplies | - | 106,502 | - | 2,200,706 | 137,986 | 357,251,325 | 226,821,198 | - | 586,517,716 | 4,033,640,206 | - | 4,620,157,922 | | | | | | | |
| Interest on members' savings deposits | - | - | - | - | - | 3,617,342,147 | - | - | 3,617,342,147 | - | - | 3,617,342,147 | | | | | | | |
| Interest on long term loans | - | - | - | 10,764,901 | - | 2,332,164,087 | - | - | 2,342,928,988 | - | - | 2,342,928,988 | | | | | | | |
| Bank overdraft interest and charges | 59,574,485 | 6,174,273 | - | - | - | - | 528,967 | - | 1,345,034,762 | 36,630,333 | - | 1,381,665,095 | | | | | | | |
| Cost of goods sold of social enterprises | 5,007,110,745 | 256,373,575 | 2,607,348,297 | 2,144,754,044 | 49,326,529 | - | - | - | 10,064,913,190 | - | - | 10,064,913,190 | | | | | | | |
| Publicity, advertisement and sales commissions | 121,242,597 | - | 76,166,010 | 134,659,159 | 1,310,672 | - | - | - | 346,193,934 | 10,932,167 | - | 357,126,101 | | | | | | | |
| Loan loss provision for microfinance loans | - | - | - | - | - | 3,065,446,544 | - | - | 3,065,446,544 | - | - | 3,065,446,544 | | | | | | | |
| Depreciation of property, plant and equipment | 152,969,573 | 366,010 | 71,226,604 | 54,126,969 | 847,713 | 221,815,712 | 259,950,676 | 22,777,123 | 784,080,380 | 91,418,857 | - | 875,499,237 | | | | | | | |
| Provision for bad and doubtful debts | 1,588,390 | 5,283,651 | - | 12,862,764 | 255,027 | - | - | - | 19,989,832 | 191,024,791 | - | 211,014,623 | | | | | | | |
| Allocation to self- insurance fund | - | - | - | - | - | - | 55,611,396 | - | 55,611,396 | - | - | 55,611,396 | | | | | | | |
| Grants | 6,771,787,754 | 293,782,668 | 3,256,293,493 | 2,712,820,963 | 77,704,861 | 23,503,895,326 | 1,096,875,465 | 53,500,360 | 37,766,660,890 | 13,215,811,491 | - | 50,982,472,381 | | | | | | | |

included in cost of goods sold of (BRAC Dairy, Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 25,673,480

33. Statement of Functional Expenses

Expenditure Statement for the year ended December 31, 2016

| Expenditure Statement for the year ended December 31, 2016 | | | | | | | | | | |
|---|---|-------------------------------|---|--|--|---------------------------------------|---|---------------|---|-------------------------------|
| | Unrestricted | | | | | Temporarily restricted | | Total 2016 | | |
| | Aarong Rural Craft Centre Taka | BRAC Printing Pack Taka | BRAC Dairy and Food Project Taka | Agro based Programme Support Enterprise Taka | Non-agro based Programme Support Enterprise Taka | Micro Finance Programme Taka | Self-financing Social Development Projects Taka | | House Property (Building) Taka | Total Unrestricted Taka |
| Salaries and benefits | 726,747,404 | 11,926,619 | 193,978,805 | 191,205,348 | 6,295,118 | 7,905,523,937 | 58,617,151 | - | 9,094,294,382 | 5,909,340,096 |
| Travelling and transportation | 69,431,278 | 1,273,053 | 102,421,138 | 34,805,570 | 1,078,747 | 530,645,559 | 4,307,153 | - | 743,962,498 | 550,075,293 |
| Teachers' salaries | - | - | - | - | - | - | - | - | - | 974,977,157 |
| Teachers' training | - | - | - | - | - | - | - | - | - | 162,408,874 |
| School rent and maintenance | - | - | - | - | - | - | - | - | - | 176,209,164 |
| Stationery, rent and utilities | 262,199,061 | 555,140 | 28,252,115 | 14,536,072 | 1,061,592 | 475,771,914 | - | 18,440,879 | 800,816,773 | 257,653,966 |
| Maintenance and general expenses | 117,995,640 | 1,831,070 | 50,032,917 | 37,358,136 | 1,415,034 | 409,998,446 | - | 6,774,935 | 625,406,178 | 171,812,030 |
| Members' training | - | - | - | - | - | - | - | - | - | 242,033,964 |
| Staff training and development | 5,963,972 | - | 4,827,118 | 2,464,990 | 25,104 | 211,171,269 | 68,718,290 | - | 293,170,743 | 334,528,950 |
| Programme supplies | - | - | - | - | - | 379,664,357 | 116,207,073 | - | 495,871,430 | 627,699,693 |
| Interest on members' savings deposits | - | - | - | - | - | 2,822,895,780 | - | - | 2,822,895,780 | - |
| Interest on long term loans | - | - | - | - | - | 2,171,462,277 | - | - | 2,171,462,277 | - |
| Bank overdraft interest and charges | 47,173,017 | 6,963,909 | - | 15,294,455 | - | 1,213,544,716 | - | - | 1,282,976,097 | 20,599,837 |
| Cost of goods sold of social enterprises | 4,173,936,984 | 231,863,352 | 2,521,106,059 | 2,897,920,989 | 45,448,613 | - | - | - | 9,870,275,997 | 9,870,275,997 |
| Publicity, advertisement and sales commissions | 59,830,683 | - | 138,790,184 | 104,394,480 | 138,372 | - | - | - | 303,153,719 | 5,620,693 |
| Loan loss provision for microfinance loans | - | - | - | - | - | 2,011,313,856 | - | - | 2,011,313,856 | - |
| Depreciation of property, plant and equipment | 129,913,034 | 479,449 | 3,985,997 | 51,424,979 | 547,818 | 154,289,840 | 228,096,908 | 22,173,091 | 590,911,116 | 90,113,607 |
| Provision for bad and doubtful debts | 915,000 | 4,765,949 | 9,457,437 | 3,899,038 | 162,963 | - | - | - | 19,200,387 | - |
| Allocation to self- insurance fund | - | - | - | - | - | - | 55,611,396 | - | 55,611,396 | - |
| Allocation to Relief and Rehabilitation fund | - | - | - | - | - | - | 50,000,000 | - | 50,000,000 | - |
| | 5,594,106,073 | 259,658,541 | 3,052,851,770 | 3,353,304,057 | 56,173,361 | 18,286,281,951 | 581,557,970 | 47,388,905 | 31,231,322,628 | 12,001,395,993 |
| | | | | | | | | | | 43,232,718,621 |

Included in cost of goods sold of (BRAC Dairy, Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 112,296,702