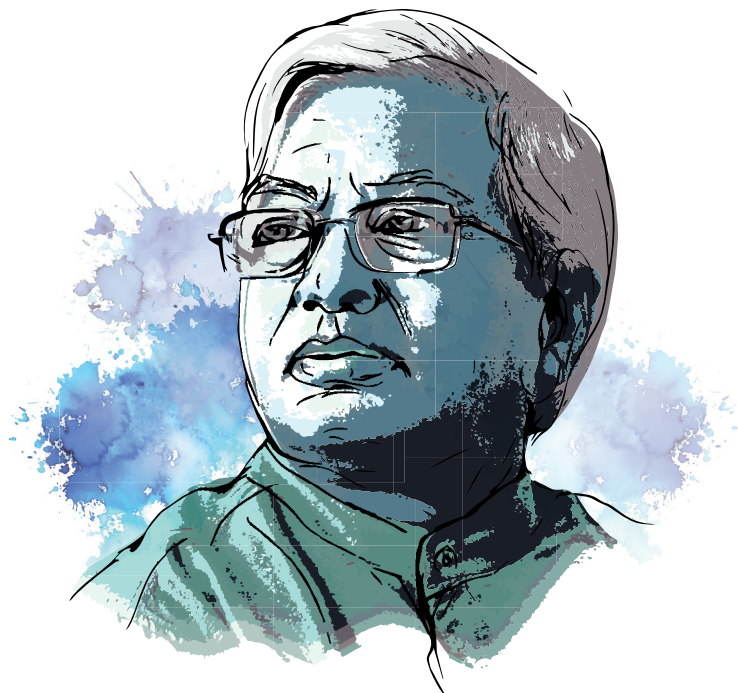




ANNUAL REPORT 2019

BRAC SIERRA LEONE



Sir Fazle Hasan Abed KCMG
1936 - 2019

We will not say 'rest' in peace.

Thank you, Abed bhai.

Thank you for showing us how meaningful one's life can be.

Thank you for instilling the courage in us to take on the impossible.

Thank you for showing us how to listen and learn,
to fail and to get up again in the service of others.

Thank you for making us see that no one is ordinary and
to seek potential in everyone.

We will not say 'rest' in peace.

The Abed bhai we know would not rest until we build an equal world.

We know you would not want us to lament your loss for long.

You would want us to tirelessly fight poverty and inequality,
like you did the last 47 years.

We promise to rise to that responsibility.

We promise to be worthy of your legacy.

CONTENT

2	Letter from the Executive Director
4	Letter from the Country Representative
5	Message from the Managing Director
6	BRAC Safeguarding Framework
8	BRAC International Programmes
10	Our Country-Wise Reach in 2019
11	Programmatic reach of BRAC International in 2019
12	BRAC Across the World
14	Stichting BRAC International Management
15	Stichting BRAC International Supervisory Board
18	BRAC Sierra Leone Governance and Management
19	Development Partners
20	Agriculture, Food Security and Livelihood
22	Emergency Preparedness and Response
24	Empowerment and Livelihood for Adolescents
26	Health
28	Microfinance
30	Programmes in BRAC Sierra Leone
31	Financials

LETTER FROM THE EXECUTIVE DIRECTOR

STRONGER TOGETHER IN TIMES OF TRANSITION



2019 was a year of great change and transition for BRAC International. First and foremost in our hearts, we lost our dear founder, Sir Fazle Hasan Abed. Abed Bhai's guidance, vision, and spirit are irreplaceable and deeply missed. Before his passing, Abed Bhai spearheaded the creation of a new Global Board to lead us in the post-founder era. This body is guided by the new BRAC Global Strategy which sets a bold vision for BRAC over the next decade. This strategy not only helped bring the BRAC family together but provides an enormous amount of guidance for our work, outlining a path to reach at least 250 million people by 2030.

In this spirit of transition, we began 2019 working to build a strong base for the years to come by consolidating and strengthening our programme and organisational management. Our core focus areas included improving our programme quality, both in design and implementation, by developing new program quality standards and improving our front line supervision and monitoring, evaluation, and learning (MEL) systems through targeted in-country pilots.

We also took several steps to build BI's capacity to achieve impact at scale. We developed a Microfinance Growth for Impact Plan: a strategy for converging Microfinance operations with other social development programmes, while opening a new Africa Regional Office in Nairobi, Kenya, to build leadership and greater supervision at the field level. Steps were taken to improve our grants management capacity at all levels to respond to the needs of our donors and those we serve.

While our management focus was on strengthening internal capacity, on the ground we continued to deliver innovative programs to support those living in situations of poverty and inequality. In 2019, we reached a total

of 6.6 million people, predominantly women and girls, across 10 countries in Asia and Africa. BI Microfinance, our signature financial inclusion programme, provided 650,000 program participants and their families access to basic financial services and support in six countries, five in Africa and one in Asia.

The COVID-19 pandemic has emerged as a major challenge while continuing our organisational strengthening work and programming. Building on our existing capacity, we have been working with governments through National Coordination Committees and Task Forces in each of our countries of operation to quickly meet the needs of those affected by the virus. To date, BI has reached over 45 million people through our COVID-19 response programming. We have also worked to develop innovative ways to continue our existing programmes safely and effectively. For example, our early childhood education team has been utilising local radio stations to deliver play-based learning to children stuck in their homes in Uganda and Tanzania.

Our innovative spirit was not limited to fighting COVID, but also fighting the other great challenge of our time: climate change. We see how the changing climate is affecting the people we serve, decimating livelihoods, health, food security, and pushing people into poverty. We are acting now to build and deploy tools that will enable us to fight climate change-induced disasters by strengthening early warning systems and supporting locally-led climate adaptation programmes.

It is through these challenging times that we see the true spirit of BRAC. Abed Bhai always believed in the power of collective action and effort to meet the challenges that face us. It is through the support, compassion, and generosity of our partners, peers, host governments, and donors that we are able to continue fulfilling his vision to protect, help, and uplift vulnerable people everywhere.

We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives. Together we can build towards an even brighter future.

A handwritten signature in black ink, appearing to read 'Dr. Musa', with a long horizontal line extending from the end.

Dr Muhammad Musa
Executive Director
BRAC International

MESSAGE FROM THE COUNTRY REPRESENTATIVE



In 2019, BRAC Sierra Leones' contribution to poverty reduction, especially for women and youth, was evident and appreciated by the Government of Sierra Leone, our client, and various stakeholders. Our integrated programming impacted the lives of over 3 million people in 13 of the country's 16 administrative districts.

Our key achievements in 2019 include the success of our Empowerment and Livelihoods for Adolescents (ELA) programme which has benefited over 4,500 girls; yielding opportunities to pursue technical and vocational education and life skills training. The training was focused on participants who could not continue formal education and those who wanted to initiate small and medium enterprises with financial support provided by the BRAC team.

Our boasting Agriculture, Food Security and Livelihoods (AFSL) programme, funded by the European Union, has established 166 animal producers groups in the five targeted districts, setting the platform for livestock in the communities and Sierra Leone at large. The initiation of the producers groups enables animal farmers to plan and sell collectively and attract more projects to access financial and livestock services easily.

BRAC Sierra Leone has continued to respond to the dire disaster management needs of community members through the Emergency Preparedness and Response Programme (EPRP). Our flood mitigation project in Protee and Rokupa has helped the residents with the construction of drainages and provision of tools to clear the waterways.

Our Microfinance operations have benefited over 56,000 women and girls in 12 districts of the country, operating through 36 branches.

We owe our achievements to the strong partnerships and support of our participants, clients, development partners, the government of Sierra Leone, BRAC Sierra Leone Advisory Council, and the BRAC team. I extend my gratitude to everyone. With hopes to scale up operations, I believe that our integrated programmes will continue to impact the lives of vulnerable community members.

Andrew Chikopa
Country Representative
BRAC Sierra Leone

MESSAGE FROM THE MANAGING DIRECTOR



It gives me great pride to share that BRAC Microfinance Sierra Leone Ltd (BMSLL) has celebrated the significant milestone of 11 years since opening its first branches in 2008 in Sierra Leone.

Over the course of a decade, BMSLL has expanded its network to 35 branches located in 12 out of 16 districts of the country. Up to December 2019, it served 56,874 clients and built a loan portfolio of over USD 8.6 million. BMSLL has become the largest microfinance institution in the country in terms of number of clients served, outstanding loans, and geographical coverage.

BMSLL has maintained its devotion to providing access to finance to women to empower them economically. Its collateral-free, group-based microloans provided exclusively to women, accounted for 96% of overall borrowers. It also provided loans to salaried workers of selected industries, and financed small enterprises through 27 of its 35 branches.

BMSLL is committed to providing access to finance to people living in rural and hard-to-reach communities. Half of its branches are in rural locations and we will continue expanding our rural footprint in the coming years. The company are also emphasising the diversification of loan products and delivery channels to cater to the needs of target clients beyond trade and micro-enterprises. The company follows a customer driven approach to product development and expects to introduce loans for small holder farmers in the near future.

BMSLL has been striving to ensure that its organisational culture is customer-centric and its systems, processes, and relationships with clients. It has introduced a Social

Performance Management system and also commissioned a survey, based on Lean Data methodology, to assess customer satisfaction and the social impact of our work, to inform and further improve our products and services.

We are grateful to the Bank of Sierra Leone, the Ministry of Finance and Development Planning for supporting us to promote financial inclusion in Sierra Leone. We would also like to thank other key stakeholders: Whole Planet Foundation, and KIVA for helping us serve people living in the most marginalised communities.

The strength and resilience of our clients serve as our main inspiration in achieving our mission. We will continue to prioritise reaching people living in poverty, especially women in rural and hard-to-reach areas, to provide them with opportunities to improve their livelihoods and wellbeing.

Silent Clement Gonondo
Managing Director
BRAC Microfinance Sierra Leone Limited

BRAC SAFEGUARDING FRAMEWORK

Since its inception, BRAC has prioritised the safety and wellbeing of all those it works with – stakeholder of all programmes, members of staff and volunteers, and partners and donors. From the beginning of 2018, BRAC strengthened its safeguarding compliance, and has committed to ensure that safeguarding measures are incorporated across all levels of the organisation.

BRAC currently operates with six safeguarding standards: safe governance, safe people practices, safe programming, safe partnering, safe risk management and safe reporting. A safeguarding unit has been formed within BRAC Human Resources and Learning Department to provide technical support in strengthening safeguarding at organisational, programmatic and partnership levels.

BRAC has developed a standalone safeguarding policy as well as specialised policies to address sexual harassment, protection of children and adolescents, prevention of workplace bullying and violence, rights of persons with disabilities, and whistleblowing. All members of staff at BRAC are trained on safeguarding through classroom and online sessions. Different programmes and departments are in the process of developing risk mitigation plans to



curb safeguarding risks associated with their work.

BRAC's overall strategy to safeguard people is firstly through means of prevention. If that fails, each case or incident violating the policy is addressed through a mechanism that is fair, transparent and objective. Our priority is to take safety measures for the complainant if and when an incident arises.

BRAC has a robust internal investigation process and unit with two separate streams to address

safeguarding-related breaches, as well as two independent decision-making committees. A centralised 24/7 call centre has been established to lodge complaints. Additional emphasis is given on awareness and data management related to complaints regarding all forms of harassment and bullying. BRAC's safeguarding unit implements action plans jointly developed with DFID, and in collaboration with all its programmes and departments to build a strong safeguarding culture within the organisation.



BRAC INTERNATIONAL PROGRAMMES



Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment towards breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6 year olds, with a low cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost effective local learning materials to children in marginalised communities.



The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.



Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.



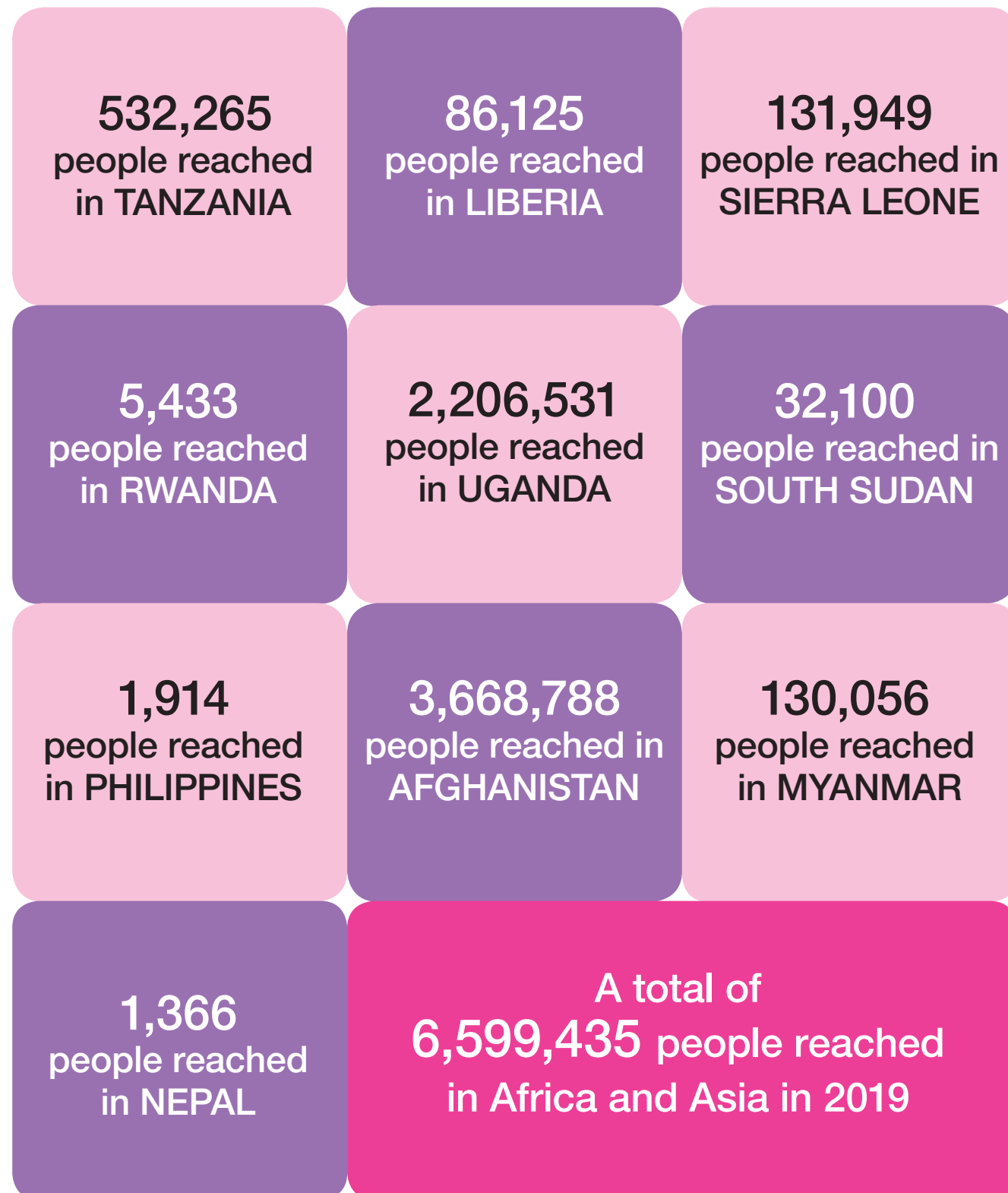
The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.



With the help of **Microfinance**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard to reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

OUR COUNTRY-WISE REACH IN 2019



PROGRAMMATIC REACH OF BRAC INTERNATIONAL IN 2019



833,921

people through the **Education programme** in Afghanistan, Philippines, Uganda, and Liberia



16,623

people through the **Early Childhood Development programme** in Tanzania and Uganda



100,313

people through the **Agriculture, Food Security and Livelihood programme** in Myanmar, Nepal, South Sudan, Uganda, Liberia, and Sierra Leone



59,359

people through the **Youth Empowerment programme** in Nepal, Tanzania, Uganda, Liberia, and Sierra Leone



7,725

people reached through the **Emergency Preparedness and Response programme** in Myanmar, Uganda, and Sierra Leone



3,307,849

people reached through the **Health programme** in Afghanistan, Nepal, Liberia, Uganda, and Sierra Leone



2,401

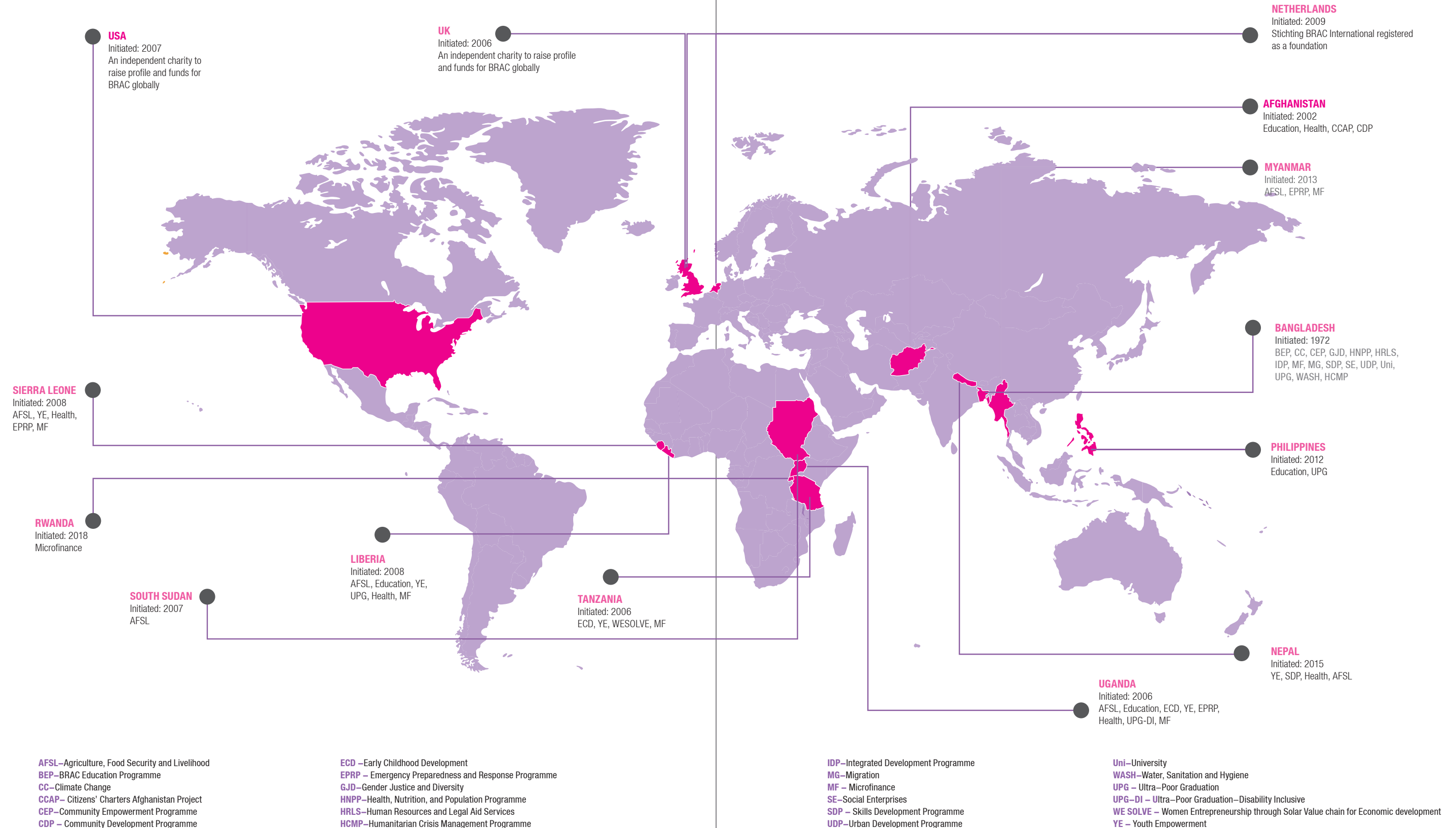
people reached through the **Ultra-Poor Graduation programme** in Uganda and Liberia



646,442

borrowers and 150,231 depositors through the **Microfinance programme** in Myanmar, Uganda, Liberia, Tanzania, Sierra Leone, and Rwanda

BRAC ACROSS THE WORLD



STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 DECEMBER, 2019

MANAGEMENT BOARD



DR MUHAMMAD MUSA
EXECUTIVE DIRECTOR
BRAC International



SYED ABDUL MUNTAKIM
DIRECTOR
Finance
BRAC International



RUTH OKOWA
DIRECTOR
Africa Region
BRAC International



M ANOWAR HOSSAIN
DIRECTOR
Asia Region
BRAC International



SHARMIN SULTAN
DIRECTOR
Human Resources
BRAC International

DIRECTORS



SHAMERAN ABED
SENIOR DIRECTOR
Microfinance, Ultra Poor Graduation
BRAC and BRAC International



DIRK BROER BOOY
SENIOR DIRECTOR
Programme Development, Resource
Mobilisation and Learning,
BRAC and BRAC International



HANS ESKES
DIRECTOR
BRAC International Holding B.V.



SONIA WALLMAN
DIRECTOR
Grant Management, Programme
Development, Resource
Mobilisation & Learning,
BRAC and BRAC International



KENNETH CAROL VAN TOLL
DIRECTOR
Institutional Fundraising
and Partnership
BRAC International



MARJOLEIN VAN DEN HOVEN
DIRECTOR
Private Sector Fundraising
BRAC International



AUDREY AHWAN
DIRECTOR
Programme Development, Resource
Mobilisation and Learning,
BRAC and BRAC International



MOUTUSHI KABIR
DIRECTOR
Communications and Outreach
BRAC and BRAC International



NANDA DULAL SAHA
DIRECTOR
Internal Audit
BRAC and BRAC International



MD SAJEDUL HASAN
DIRECTOR
Humanitarian Programme
BRAC and BRAC International

STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD



Marilou van Golstein Brouwers
Chair (Appointed Chair to the Board on
7 April 2020, member since 28 March 2019)

Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Marilou van Golstein Brouwers is a former chair of the Management Board and founder of Triodos Investment Management BV, a subsidiary of Triodos Bank.

Ms Brouwers is an international entrepreneurial impact investment banker, with more than 30 years of experience in values-driven business and banking, with immense expertise on impact investing.

She started working for Triodos Bank in 1990 and was involved in the founding of Triodos Investment Management, of which she became the managing director in 2003. She was the chair of the Management Board from January 2015 to December 2018.

Ms Brouwers is currently active in a variety of roles. Within Triodos Bank, she is a member of several boards and involved in the start-up of the Triodos Regenerative Money Centre. She is also a member of the Board of Directors of the Global Impact Investing Network and the Special Working Group on impact economy by the Global Steering Group for Impact Investment. She is chair of the Supervisory Board of B Lab Europe and the Supervisory Board of Credits, The Netherlands, one of the Women Entrepreneurs Finance Initiative Leadership Champions.

Ms Brouwers has served on the board of directors of banks in Uganda, Kenya, Tanzania, Russia, Afghanistan and Pakistan. She was a member of the Group of Advisors for the United Nations Year of Microcredit in 2004 and 2005, of the Executive Committee of CCAP (2003-2008), the Board of Trustees of Women's World Banking (2003-2012), the Advisory Committee of the Mastercard Foundation Fund for Rural Prosperity (2014-2017) and the Advisory Council on International Affairs Committee for Development Cooperation in The Netherlands. She was chair of SBI Limited (2011-2013), the Steering Committee of the Principles for Responsible Investment / Principles for Investors in Inclusive Finance (2011-2013) and the Advisory Board of Women in Financial Services in The Netherlands (2011-2016). She was also treasurer of the Max Havelaar Foundation (2008-2015).

Ms Brouwers studied business and economics at Erasmus University in Rotterdam.



Ameerah Haq
(Was appointed as the Board Chair on
6 August 2019 and resigned on 7 April 2020)

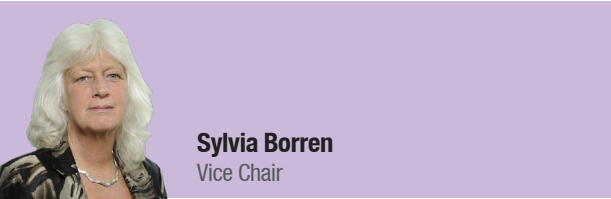
Stichting BRAC International Supervisory Board

Ms Ameerah Haq is the former UN under-secretary-general for the Department of Field Support. She held the position of under-secretary-general from 2009 till her retirement and was the senior-most Bangladeshi national in the United Nations during those years. She most recently served as the vice chair of the high-level independent panel on peace operations for the UN. She has over 39 years of UN experience including 19 years of field experience. She was the last special representative of the secretary-general (SRSG) in the UN Integrated Mission in Timor-Leste. She has also held the positions of deputy SRSG and UN resident coordinator in Sudan, as well as deputy SRSG and UN resident coordinator in Afghanistan. In addition, Ms Haq has held senior positions within the UN development programme and has served as UN resident coordinator in Malaysia and Laos.

Ms Haq currently serves on the Board for the Centre for Humanitarian Dialogue in Geneva, on the secretary-general's senior expert group on Human Rights Up Front, on the Board for the Peace Operations Training Institute, Williamsburg, Virginia. She is also a special advisor to the United Nations Foundation in Washington and a member of the Special Advisory Group of the Challenges Forum of the Folke Bernadette Academy of Sweden. Ms Haq lectures frequently at many universities and speaks at seminars hosted by think tanks and non-governmental organisations.

During her service in the UN, Ms Haq was awarded the highest Presidential Medal in East Timor by President Jose Ramos Horta, the highest civilian medal of the Lao People's Democratic Republic and the Malalai Medal of Honor from President Hamid Karzai of Afghanistan, which is among the highest civilian honors given for courage and dedication. She is also the recipient of the Julia Taft Outstanding Humanitarian Service Award during the time she served as humanitarian coordinator for her work in Darfur, Sudan.

Ms Haq received a bachelor of science degree in psychology from Western College for Women in Oxford, Ohio in 1969. She subsequently went on to receive a master of science degree in Community Organization and Planning from Columbia University, New York in 1972, and a master in business administration from New York University in 1974.



Stichting BRAC International Supervisory Board


Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women’s and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (the Institute on gender equality and women’s history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now the Vice Chair of the Stichting BRAC International Supervisory Board.

She was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is now a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.



Dr Debapriya Bhattacharya
Member

Stichting BRAC International Supervisory Board

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).


He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing

the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh - a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).



Parveen Mahmud FCA
Member

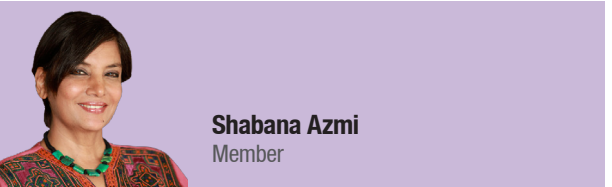
Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh's apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananyinna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.

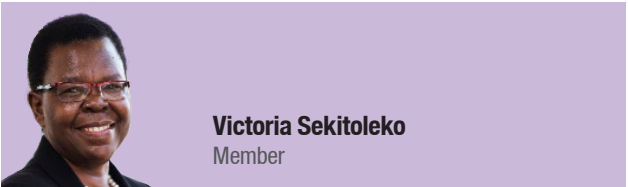


Stichting BRAC International Supervisory Board

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for best actress.

She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to The Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the bicentennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterand of France. She also won the Crystal Award at the World Economic Forum 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Park, and Chavez Awards and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.



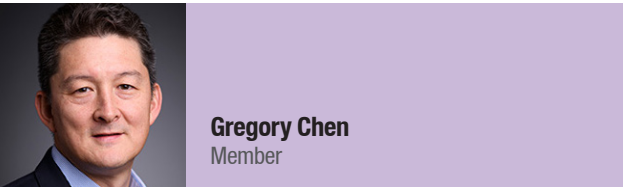
Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO's representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world's largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.



Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Gregory Chen has worked on financial inclusion for 25 years, with most of his work spanning across South Asia. His work focuses on hands-on advisory and implementation with microfinance institutions and, for the past decade, with newer players in digital finance. This has included work with digital players like bKash, Wave Money and also development organisations including the Aga Khan Development Network, BRAC, and Dvara. His work has included deep technical engagements with more than a dozen financial sector regulators. He has also worked as a corporate banker at Bank of America and with the financial services consulting firm Enclude.

Mr Chen is a member of CGAP's management team and oversees CGAP's policy Engagement. He focuses on helping policy makers adapt to the rapid change in the world of financial services brought on by technology, and particularly to ensure that financial systems can responsibly reach the disadvantaged.

Mr Chen is a regular speaker on microfinance and digital finance at the Boulder Institute for Microfinance, BRAC University, Johns Hopkins, Tufts University, Yale University, and American University, among others. He has a master's degree in international development from Harvard Kennedy School and a bachelor's degree from Wesleyan University.

GROUP FINANCE AND AUDIT COMMITTEE

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

- Parveen Mahmud FCA, Chair
- Dr Muhammad Musa, Member
- Syed Abdul Muntakim, Secretary
- Sylvia Borren, Member
- Hans Eskes, Member

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

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

BRAC SIERRA LEONE GOVERNANCE AND MANAGEMENT

Country Advisory Council Members

Dr. Aisha Fofana Ibrahim (PhD)
 Prof. Joe Robert Pemagbi
 Mr. Sonkita Conteh
 Ms. Valnora Edwin
 Mr. John Conteh

Country Management Team

Andrew Chikopa	Country Director;
Silent Gonondo	Managing Director MF
Edwin Jarfoi	Head of HR & Training
Prince Momoh	Head of Finance
Mohammad Saidul Haque	Programme Manager, MF
Regena Kain (Dr.)	Acting Programme Manager, Health
Jenneh Gbao	Programme Manager, ELA
Mohamed G. Alpha	Programme Manager, AFSL
Akhter Hossain Miah	Head of Internal Audit
Victor Kamara	Fundraising and Proposal

BRAC Microfinance Sierra Leone Limited

Board members

Dr Muhammad Musa	Chairperson
Mr. Shameran Abed	
Mr. Silent Gonondo	Managing Director
Mr. Syed Abdul Muntakim	
Mr. Johannes Maria Antonius Eskes	
Ms. Ruth Adhiambo Okowa	

DEVELOPMENT PARTNERS



AGRICULTURE, FOOD SECURITY AND LIVELIHOODS

Sierra Leone’s agriculture, including forestry and fisheries, is the mainstay of its economy, employing over 60% of the labor force mostly at the subsistence level. Rice and cassava are the staple food. The country is food insecure, however, is also the net importer of rice. The agricultural sector is constrained by several factors including lack of improved inputs, low capacity of farmers’ skills and knowledge in modern agriculture and poor extension services among many others.

OUR APPROACH

BRAC’s Agriculture, Food Security and Livelihood (AFSL) programme aims to improve food security and livelihoods, reduce hunger, malnutrition and poverty through increased income and environmentally sustainable agriculture production. Our projects employ a holistic approach that seeks to enhance the community and markets, through technical training, input support, access to finance and the creation of value chain linkages. This approach helps to increase productivity and household income, create jobs for rural communities, enhance food security and improve nutrition for the rapidly-growing population of Sierra Leone.

In November 2019, we launched a 36-month long project titled “Improving Food Security and Increasing Income for smallholder farmers through sustainable livestock Production in Sierra Leone”. The project directly targets 4,140 smallholder farmers, of whom are 60% women and 25% youths, 130 livestock health services volunteers and 223 market actors.

MOVING FORWARD

We will continue to work with the Government of Sierra Leone to help the vulnerable population by improving food security and livelihood through environmentally sustainable agriculture production and increased income of the poor. Our drive is to attract funding that will enable us to venture into new and improved agriculture methods and technologies.

HIGHLIGHTS

Completed the implementation of WFP Nutrition Sensitive project in both Kambia and Pujehun districts

Distributed **110.191** MT of food to **1,140** participants in targeted communities

Trained **1,140** farmers and **100** school management committee members on agronomic practices: crop production, consumption, and post harvest management

Provided quality inputs on seeds, OFSP vine and yellow cassava stems to **1,240** people in the targeted communities and schools

3,150 people (52% women and 16% children under-5) have benefited from increased household income and improved food and nutrition security from the ECOWAS project

434 vulnerable and poor households were supported with enhanced knowledge and skills of farm management

34 buck rearers, **50** service providers, and **50** stakeholders now have strengthened market linkages with **400** vulnerable households



A LITTLE HELP ALONG THE WAY

Dick S. Johnson, a pig farmer for 35 years. Currently lives with his wife, four children, and four grandchildren in Waterloo, Freetown, Sierra Leone.

In the course of pig farming, Johnson has always sought effective ways and methods to find improvements. “I am one of the few pig framers that opted for cross breeding with exotic breeds. That method has earned some of the biggest and commercially viable pigs in the recent years for me”, shares Johnson.

In 2019, BRAC Sierra Leone provided training on pig farming and livestock biosecurity to Johnson which covered many aspects of technicalities he was not aware of. They learnt how to take proper care of the pigs and piglets in a hygienic way and not leave them unattended; they should have their designated pots to drink and eat so that they don’t consume their own feces.

Farmers like Johnson in the community now regularly meet and share experiences as an organised group in order to sharpen their knowledge further. BRAC Sierra Leone’s training helps build the capacity of farmers.

“BRAC helped me build a new structure in my pig farming expertise. Most importantly I have been able to educate two of my children till their university with the earning from pig farming. I am incredibly proud of this achievement. I am grateful to the support I received from BRAC which helped me to enhance my farming and living standard”, shares Johnson.

SUSTAINABLE DEVELOPMENT GOALS



EMERGENCY PREPAREDNESS AND RESPONSE

Sierra Leone is exposed to a large range of natural and man-made disasters, particularly floods, epidemics, landslides and mudslides, drought/dry spells, coastal erosion, fires and water sources pollution. Since 2000 to date, over 1,312,951 people have been affected by disasters in Sierra Leone. Furthermore, it is estimated that climate change is likely to increase average temperatures up to 1.5 degrees centigrade by 2030 and 4.3 degrees centigrade by 2080, which will cause higher incidences of droughts and water scarcity. According to United Nations Framework Convention on Climate Change, Sierra Leone is the third most vulnerable country to the effects of climate change.

OUR APPROACH

Our Emergency Preparedness and Response Programme (EPRP) strengthens humanitarian localisation through a participatory, community-based, and inclusive approach. We started working in two schools, two communities, and two local governments in Freetown and Port Loko district. In addition, with tremendous progress, we have expanded into 2 more communities and 2 more schools in these areas respectively, bringing the total number to 4 communities and 4 schools.

The main objectives of the EPRP is to build a model of disaster preparedness and emergency response capabilities of local actors, institutions, vulnerable communities, and within BRAC Sierra Leone programme team, and also establish a community led disaster risk reduction culture in Sierra Leone. We also focus on providing livelihood activities to youths in order to enable them to build community resilience.

MOVING FORWARD

In the future, we want to train 1,000 adolescents, amongst whom 50% will be urban slum dwellers and 50% from rural communities, on disaster management and mitigation. We will continue to work with communities, schools, local governments, the Ministry of Environment, the Office of National Security (ONS), and other key stakeholders to build a culture of community led disaster preparedness and resilience in Sierra Leone.

HIGHLIGHTS

Trained **160** community volunteers

Established and trained **122** school disaster management club volunteers

Trained **60** government staff on Disaster Management and response

Established **4** community disaster management volunteer groups

Established **4** school disaster management club committees in the **4** communities and schools respectively

Constructed risk mitigation drainage for one of the project communities

Expanded and rehabilitated a drainage and footpath in a second project community.



CONQUERING THE FLOOD

“The construction of the drainage has given relief to the communities,” mentions Mohamed Barrie, a primary school teacher and BRAC Emergency Preparedness and Response Programme (EPRP) volunteer.

The residents of Portee and Rokupa Wharf are no strangers to the devastating effects of the flash floods; it has been a perennial problem of these coastal fishing communities which are home to hundreds of fishermen and their families. Each year during the rainy season, the people in these communities face immense difficulty in controlling these floods.

“The floods have been very harsh with our communities. Whenever this season comes our lives will change for the worse,” he states. Barrie also shares that the women and children suffer the most during this period as water enters the home and destroys their trading items. Barrie explained that in some instances infants would drift away in flood water until any adult would see and rescue them.

But with BRAC Sierra Leone’s intervention through its Emergency Preparedness and Response Programme, the much dreaded floods will soon be a thing of the past. With funds from Bill and Melinda Gates Foundation, BRAC has supported the mitigation of floods in these communities with the construction of drainage systems that carry water from heavy downpour of rains to empty into the sea.

“We are thankful for BRAC Sierra Leone’s intervention; we have been provided with equipment such as wheelbarrows, shovels, and a rain gauge which informs us if a downpour of rain will result in a flood,” said Barrie.

According to Barrie, the heavy rains that didn’t result in a flood has signaled hope that the floods can be conquered.

SUSTAINABLE DEVELOPMENT GOALS



EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS

Adolescent and youth represent 31.3% of the total population in Sierra Leone and accounts for the largest share of the working age population (66%) and more than half the employed population (56%). They face multiple challenges for schooling, feeding and living a healthy life. Adolescent girls' sexual and reproductive health issues coupled with their economic dependency make them more vulnerable in both the urban and rural areas.



OUR APPROACH

Empowerment and Livelihoods for Adolescents (ELA) project, under the Youth Empowerment programme, started in Sierra Leone in 2012 to socially and economically empower adolescents to participate meaningfully in decisions that affect their lives and create a supportive environment for youth development.

At present, our ELA operations are implemented in Bo district, two chiefdoms, and 10 communities, mentoring 300 girls between the ages 10-22. We empower adolescent girls by enhancing their economic potential, self-esteem, and health. Our adolescent clubs serve as a social space for girls who learn and share their reproductive and sexual health issues and receive life skills, technical, and vocational training. In addition, we provide relevant learning materials and support recreational activities such as reading, dancing, indoor and outdoor games such as scrabble, snake and leather, ludo, skipping rope and football. Our interventions are in line with the local context where 70% of the young people are unemployed, economically vulnerable, and socially isolated due to lack of knowledge and have scarce access to sexual and reproductive health care.



MOVING FORWARD

Bo district is believed to bear the highest rate of adolescent dropouts, sexual reproductive health challenges and teenage pregnancy. We will expand our operations in vulnerable and hard-to-reach areas, and continue to work with line ministries, local government, community stakeholders and other partners in order to minimize the risk and ensure healthier communities.



HIGHLIGHTS

We have **10** ELA clubs in Bo district

Engaged **600** parents during community forums across **10** communities

Trained **150** ELA club mentors who are in charge of 30 girls each, helping them overcome their challenges through peer learning

702 girls that are out of school received training in tailoring, hair dressing, gara tie dying, soap making, poultry, and livestock farming and agriculture

Produced BRAC girls readers' series



GRATEFUL TO THE HARDSHIPS OF LIFE

Emma Princess Mbayo is a 21-year old and a mother to a healthy and beautiful daughter. Emma was living with her grandmother while attending Saint Paul Secondary school and sat for the West African Senior School Certificate Examination in 2012. She was very determined to continue her education and receive a university degree. But when she got pregnant all her dreams were shattered.

"My grandmother, who used to pay for my education, was not able to support me after I gave birth. She loves me very much and wants the best for me, but she is too old to work in order to afford my expenses now" shares Emma. BRAC Sierra Leone came to Emma's community one day and announced that they were starting the Empowerment and Livelihood for Adolescents Programme (ELA) for the young mothers, dropouts, and the uneducated girls. Although Emma was hesitant at first, her grandmother encouraged her to participate. 56 girls were selected as programme participants to be trained, however, only 10 of them were able to complete the training and graduate.

The ELA club was a bit far from Emma's home, but she never stopped attending. "I am happy that I endured all those struggles to acquire the skills that greatly benefit me today" says Emma.

After Emma graduated, BRAC team provided her with a sewing machine which she uses for tailoring and earning a living. She is now capable of taking care of her daughter and grandmother.

"I am proud to be a mentor for other girls in the ELA club and I also encourage them to join the programme. I am extremely grateful to BRAC for shedding a light that has helped me to find a way to support my family and feel empowered" states Emma.

SUSTAINABLE DEVELOPMENT GOALS



HEALTH

The maternal mortality rate in Sierra Leone is the highest in the world with 1,360 mothers dying in every 100,000 live births. The mortality rates of neonates, infants and children under five are also amongst the highest globally at 34, 82, and 111 deaths per 1,000 live births, respectively. Maternal deaths account for 36 per cent of all deaths amongst women aged 15-49 years (Unicef, 2019). Moreover, the high occurrence of teenage pregnancy, which is ranked amongst the 10 highest in the world with 28% girls, aged 15-19, being pregnant or already having given birth at least once (UNFPA 2015). According to estimation, one in nine children lose their life before their fifth birthday due to preventable diseases such as malaria.



OUR APPROACH

Our Health programme trains Community Health Promoters (CHPs) to embark on robust engagement and sensitisation at schools and communities. We train CHPs on how to prevent and control malaria, focusing on selected key messages for better understanding. We build the capacity of our programme staff who conduct static health forums and supervise community and school health clubs in carrying out their daily outreach activities.

We work together with the district Health Management Teams to conduct awareness sessions and radio shows on the prevention and control of communicable diseases. BRAC Sierra Leone is geared towards ensuring a Malaria Free Zone through establishing community and school health clubs in the communities. Our Health programme is supported by Global Fund New Funding Model (NFM) II Malaria Project. The clubs help in community mobilisation and sensitisation on social behavioral change awareness campaigns for the prevention and control of malaria across the country.



MOVING FORWARD

BRAC Sierra Leone's Health programme will continue to be at the forefront of global efforts to end malaria, preventable child deaths, with a focus on maternal healthcare, newborn and child health, nutrition, and preventing communicable diseases



HIGHLIGHTS

Mobilized **1,066** functional community health clubs with **10,660** club members

Reached **2,558,000** People with key messages on the prevention and control of malaria

Mobilised **360** functional school health clubs with **3,600** club members who reached **324,000** peers with key malaria messages

Conducted **8** static malaria health forums

Held **7** radio discussions on malaria prevention and treatment

Trained **750** on malaria prevention and control



MY WAY OF SERVING HUMANITY

Ibrahim Sesay lives in Waterloo in the Western Rural of Sierra Leone. He is a Community Health Worker involved in the Lumpa Community Health Post.

Ibrahim lives in a community which has been recorded with high numbers of malaria cases for the past 35 years. His community still does not have a hospital, however, only a small health post.

In 2019, he was chosen by BRAC Sierra Leone as a member of the Community Health Club, one of the community structures set up by the organisation as part of their Malaria Project.

Ibrahim's main tasks were to raise awareness about how people get malaria through mosquito bites. He also focused on prevention measures like cleaning the environment to get rid of mosquitoes and emphasising the use of bed nets. In addition, he encouraged pregnant women to attend regular antenatal clinics so that they can be treated if they have malaria and other health issues. Ibrahim and his team also encouraged mothers, especially lactating ones, to take their babies and kids under-five for regular health checkups.

"BRAC Sierra Leone trained us on the major malaria prevention interventions, awareness campaigns, and motivated us to render the service to our communities. We are provided with health monitoring forms where we collect health information of pregnant women and kids. We then make referrals based on the symptoms the person complained of in the forms," shares Ibrahim. "I feel happy and content in helping my community. This is my way of serving humanity".

SUSTAINABLE DEVELOPMENT GOALS



MICROFINANCE

Sierra Leone has one of the lowest rates of financial inclusion on the African continent. Only 1 in 5 adults have access to formal financial services in the country. Financial inclusion is even lower for women and people living in poverty. A significant proportion of the population depends on subsistence agriculture yet only 14% of people living in rural areas have access to formal credit services.



OUR APPROACH

Launched in 2008, BRAC Microfinance Sierra Leone Limited (BMSLL) is driven by a mission to provide a range of financial services responsibly to people at the bottom of the pyramid, particularly to women living in poverty in rural and hard-to-reach areas. BMSLL enables these underserved populations to create self-employment opportunities, build their financial resilience, and harness their entrepreneurial spirit by empowering them economically.

According to a 2019 baseline impact assessment (based on Lean Data surveys), clients noted improvements in their financial resilience in emergencies and 98% of our clients stated that their quality of life has improved since engaging with BRAC. Further, almost all of our clients could not easily name a good alternative to BRAC, indicating that we are successfully reaching clients who may not otherwise have access to critical financial services.

We offer three loan products: a collateral-free, group-based microloan for women, small enterprise loans for entrepreneurs seeking to grow their businesses, and loans for job holders working in the public or private sector so that they can meet their family's emergency needs. Across all endeavours, we are committed to abiding by the Universal Standards for Social Performance Management and the Client Protection Principles.



MOVING FORWARD

We seek to increase client outreach in rural and hard-to-reach areas to serve more people living at the bottom of the pyramid in line with our mission and the government's financial inclusion agenda. We are also emphasising the diversification of loan products and delivery channels to cater to the needs of target clients beyond trade and micro-enterprises, especially in agriculture.



OPERATIONAL HIGHLIGHTS

Largest microfinance institution in the country, serving **56,874** clients through 35 branches in 11 districts

96% of the clients we serve are women

Disbursed a total of **USD 17.61** million in loans among **72,354** group microloan borrowers and **6,529** small entrepreneurs

BASELINE IMPACT ASSESSMENT HIGHLIGHTS

97% of our clients reported increases in income

96% of our clients saw improvements in their ability to save money, and 63% reported improved ability to better plan finances

92% of our clients reported using savings to pay for an emergency expense after working with BRAC, compared with only 54% before

49% of our clients reported contributing to family decisions more frequently

61% our clients reported spending more on home improvements, and 59% spend more on children's education



A CONFIDENT ENTREPRENEUR

Kadiatu Conteh is a 46-year-old mother of three children. She is a petty trader living at Wilkinson Road in Freetown, Sierra Leone. "I did not have the opportunity to get a formal education because my parents did not know the value of education for girls and could not afford it", says Kadiatu.

Kadiatu was 20 when she got married, her husband was working in a construction firm as a day labourer and was the only breadwinner of the family. He has been out of a job for the past few years since he is too old for work now. It became difficult for Kadiatu's family to manage food and shelter for survival. She started her fight to get out of poverty by starting her business with only one crate of soft drinks and a cooler.

"My sister, who had once received loans from BRAC Sierra Leone, introduced me to the Microfinance programme. After receiving my first loan, I bought more crates of drinks and invested the profit to expand my business. I have been with BRAC Microfinance programme for almost four years now, and it continues to help my business grow. I now have a shop where I sell drinks and other household items", says Kadiatu.

With more loans in 2019, Kadiatu bought her second freezer to keep the drinks chilled. She is now able to support her children's education and has become the breadwinner of the household.

"My two children are now a step away from university and my eldest son is learning a trade. I am thankful for BRAC Sierra Leone's support for helping me become the proud owner of a flourishing shop", shares Kadiatu.

SUSTAINABLE DEVELOPMENT GOALS



PROGRAMMES IN BRAC SIERRA LEONE



FINANCIALS

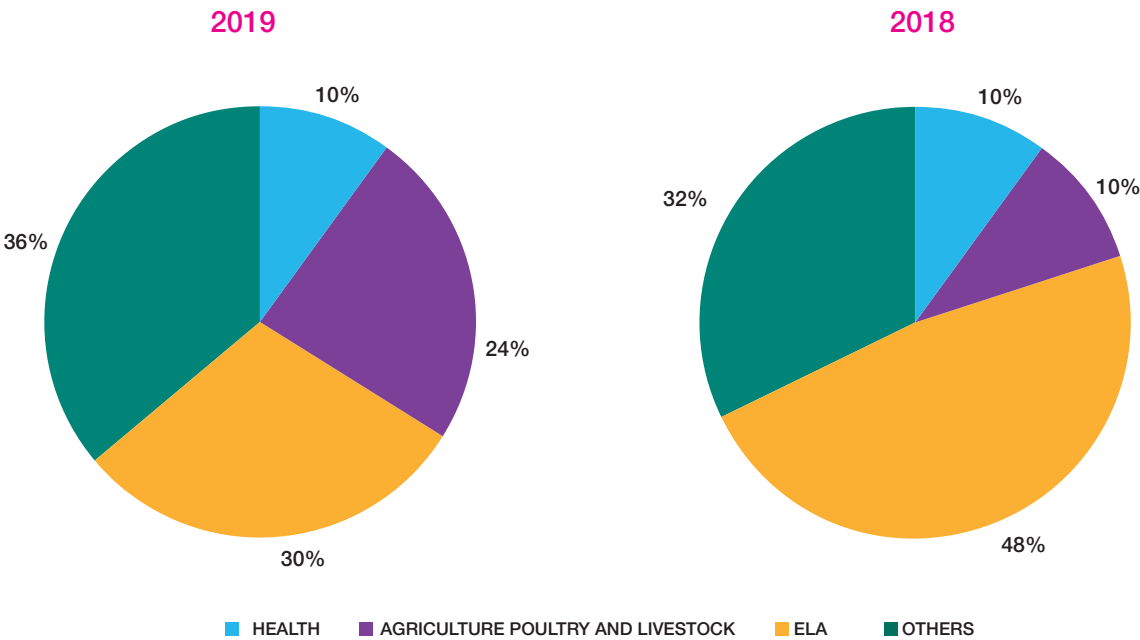
OPERATIONAL AND FINANCIAL HIGHLIGHTS OF BRAC SIERRA LEONE

BRAC Sierra Leone received USD 1,210,000 as grants compared to USD 1,046,094 in 2018. Total Project expenses for the year were decreased by 36% to USD 916,000. Out of the total expenses Novo Foundation, ECOWAS, Global Fund & Bill & Melinda Gates Foundation holds the majority of the portion. About 75 % of total expenditure has been used for program services.

Total Equity as at 31 December 2019 stands at USD (46,000) compared to USD (441,347) in 2018.

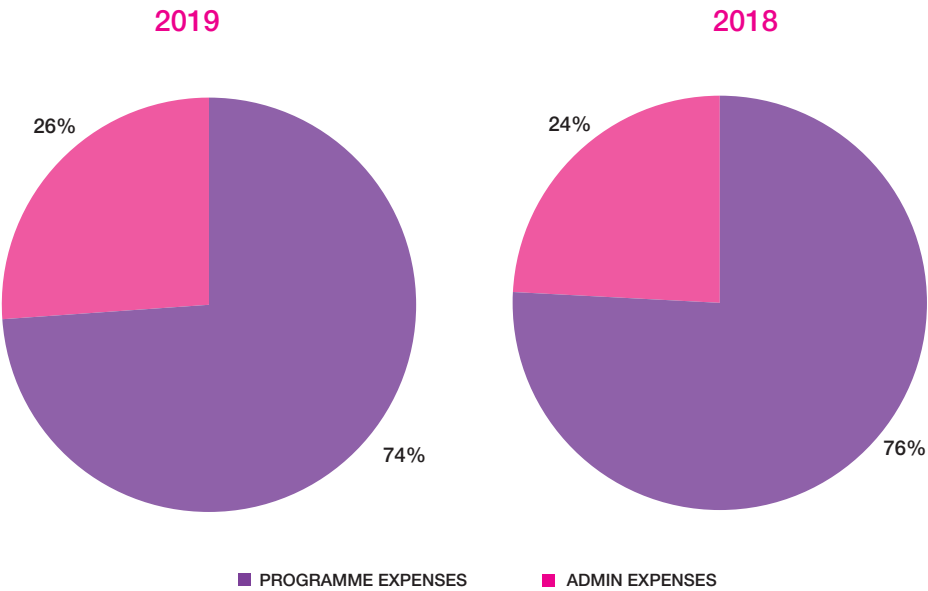
PROGRAMME COST BY NATURE OF PROGRAMME (IN USD)

Programme	2019	%	2018	%
	USD		USD	
Health	89,000	10%	137,222	10%
Ariculture & Poultry and livestock	220,000	24%	141,566	10%
ELA	272,000	30%	649,719	48%
Others	335,000	37%	427,832	32%
Total	916,000	100%	1,356,339	100%



PROGRAMME COST BY NATURE OF EXPENSES (IN USD)

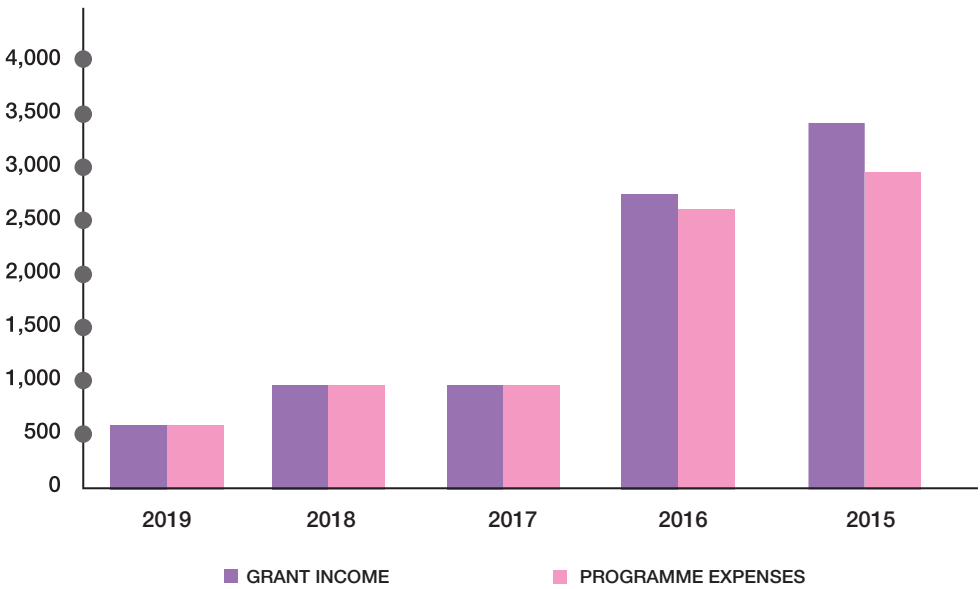
Expenses	2019	%	2018	%
	USD		USD	
Programme Expenses	682,000	74%	1,025,621	76%
Admin expenses	234,000	26%	330,718	24%
Total	916,000	100%	1,356,339	100%



PERFORMANCE REVIEW (IN USD)

Particulars	2019	2018	2017	2016	2015
	USD	USD	USD	USD	USD
Income Statement					
Grant Income	674,000	1,014,486	1,010,070	2,699,059	3,454,000
Other Income	80,000	-	-	-	105,000
Programme Expenses	682,000	1,025,621	1,000,333	2,500,310	3,109,920
Admin expenses	234,000	330,718	239,342	302,326	424,080
Financial Position					
Net Equity	(46,000)	(441,347)	87,894	(37,056)	127,000
Cash at Bank	142,000	252,246	589,043	512,209	593,000
Operational Statistics					
No. of Projects	8	6	7	13	21

GRANT INCOME AND EXPENSES IN THOUSAND USD



Last five years grant used as income vs. programme expenses (In '000 USD)

CONTRIBUTION TO GOVERNMENT EXCHEQUER

	2019	2018
	USD	USD
Withholding tax	73,114	142,537
Social Security and pension	12,415	16,114
Total	85,529	158,650

OPERATIONAL AND FINANCIAL HIGHLIGHTS OF BRAC MICROFINANCE (SL) LIMITED.

NET INCOME

In 2019 BRAC Microfinance (SL) Limited maintained its profit trend and posted Profit before tax was USD 2,186,000 as against USD 1,234,733 (2018). Interest income has increased by 31% due to growth in loan disbursement by 33%.

OPERATING EXPENSES

Total operating expenses for the year was USD 2,221,000 as compared to USD 2,073,361 in 2018 showing an increase of 7% from previous year.

PROVISIONS FOR IMPAIRMENT LOSSES

This year amount charged for impairment on loans was USD 153,000 as against USD 164,460 in 2018, decreased by 7%. This is due to decrease in overdue loans. Portfolio at Risk (PAR>30) is 2.14% as to 2.27% in 2018. Total reserve for impairment was USD 175,000 in 2019 compared to 168,433 in 2018, representing 2.01% of Gross portfolio.

FINANCIAL POSITION

In 2019, BRAC Microfinance (SL) Limited's total assets increased by 21.55% to USD 9,513,000. The increase is mainly due to growth of loan portfolio which has been increased by 27% to USD 8,605,000

VALUE ADDED STATEMENTS

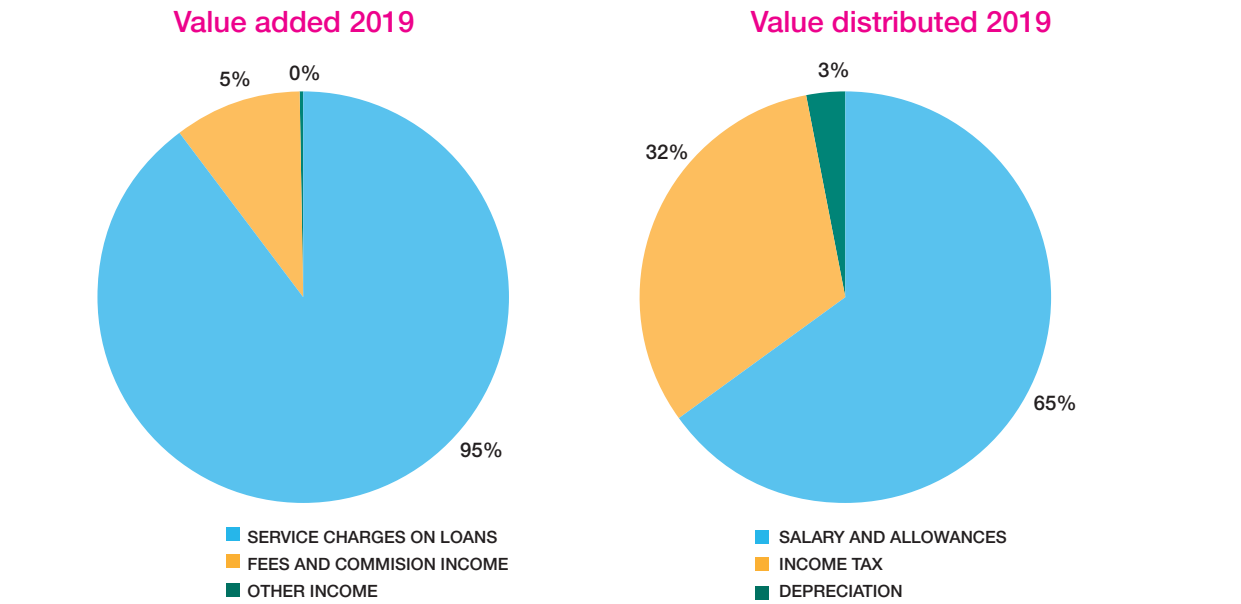
A value added statement provides a detail information of the total addition and distribution of value created by the organization. BRAC Microfinance (SL) Limited contributes positively to overall economic development by empowering the poor people (specially women) through micro-credit, employees through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

VALUE ADDED STATEMENTS (USD)

Value added	2019	%	2018	%
Service Charges on loans	4,342,000	124%	3,307,743	135%
Fees and commission income	216,000	6%	163,803	7%
Other income	2,000	0%	1,008	0%
Other operating expense	(911,000)	-26%	(854,987)	-35%
Loan prov. (doubtful losses)	(153,000)	-4%	(164,460)	-7%
Total value added	3,496,000	100%	2,453,107	100%

VALUE DISTRIBUTED STATEMENTS (USD)

Value Distributed	2019	%	2018	%
Employees				
Salary and allowances	1,346,000	39%	1,237,193	50%
Local Authorities				
Income Tax	656,000	19%	370,322	15%
Depriciation	55,000	2%	40,562	2%
Growth				
Retained Income	1,439,000	41%	805,031	33%
Total	3,496,000	100%	2,453,107	100%



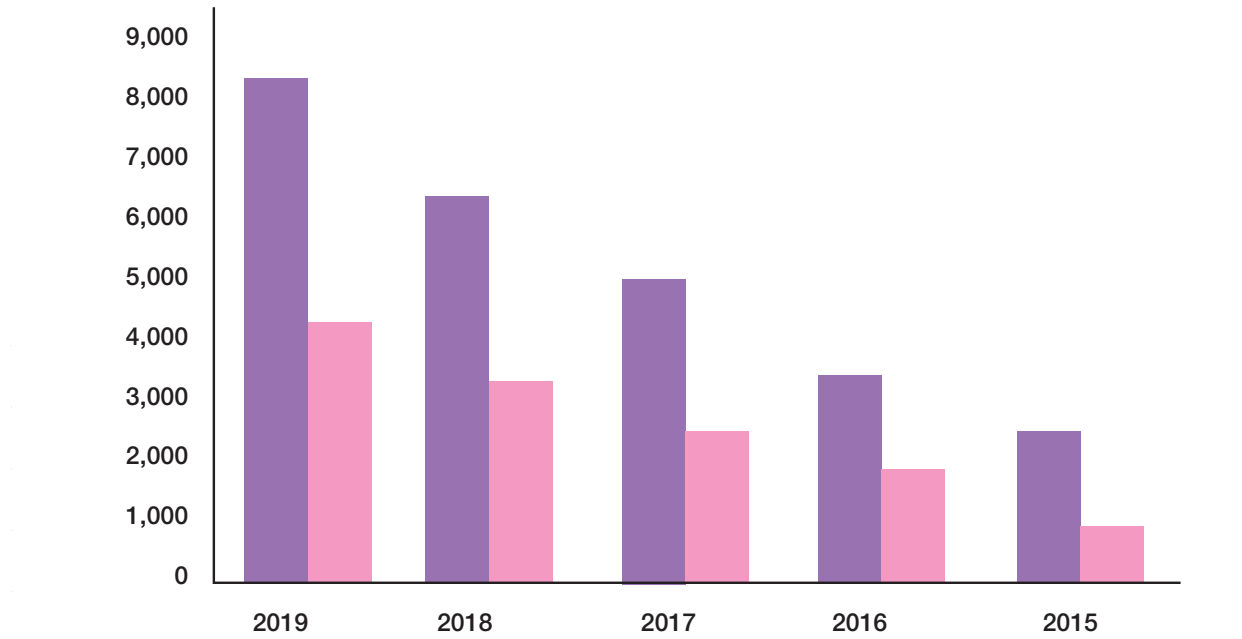
CONTRIBUTION TO GOVERNMENT EXCHEQUER

	2019	2018
Income Tax	656,000	370,322
Withholding tax	127,766	119,847
Social Security and pension	51,528	50,929
Total	835,294	541,099

PERFORMANCE REVIEW (IN USD)

Particulars	2019	2018	2017	2016	2015
Income Statement					
Operating Income	4,560,000	3,472,554	2,629,465	1,688,407	1,153,000
Net profit/(loss) before tax	2,186,000	1,234,733	686,946	170,343	(443,000)
Total Expenditure	3,121,000	2,667,223	1,964,960	1,563,060	1,722,000
Financial Position					
Total assets	9,513,000	7,826,106	6,350,796	4,536,481	3,291,000
Net Equity	5,982,000	5,110,760	4,108,594	2,708,079	1,440,000
Loans to customers (net)	8,605,000	6,773,112	4,903,221	3,412,031	2,656,000
Cash at Bank	657,000	661,185	673,376	826,252	346,000
Returns and Ratio					
Return on Asset	23%	16%	11%	4%	-13%
Cost to income	68%	77%	75%	93%	149%
Operational Statistics					
Total Borrowers	56,874	45,870	37,615	35,377	24,815
PAR>30	2.14%	2.27%	3.67%	5.77%	10.16%

ANNUAL INCOME AND PORTFOLIO IN THOUSAND USD



Last five years income and portfolio (in'000 USD)

BRAC SIERRA LEONE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

GENERAL INFORMATION

Board of Directors:	Mr. Faruque Ahmed	-	Chairperson (Retired on 30 April 2019)
	Dr. Muhammad Musa	-	Chairperson (Appointed on 1 May 2019)
	Ms. Lamia Rashid	-	Member (Retired on 1 October 2019)
	Mr Syed Abdul Muntakim	-	Member (Appointed on 1 October 2019)
	Ms. Ruth Okowa	-	Member (Appointed on 1 October 2019)
Office:	BRAC Sierra Leone 174 Wilkinson Road Freetown Sierra Leone		
Project Coordinator	:	BRAC Sierra Leone	
Bankers :	Standard Chartered Bank First International Bank		
Auditors :	Baker Tilly SL Chartered Accountants Baker Tilly House 37 Siaka Stevens Street Freetown		




Baker Tilly SL
Baker Tilly House
37 Siaka Stevens Street
P.O Bo 100
Freetown
Sierra Leone
Telephone +(232) 30-444-100

Management’s Responsibility Statement

The Directors’ are responsible for the preparation and presentation of these financial statements, which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information, on the basis of accounting policies described in note 3 of the financial statements; and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement whether due to fraud and error.

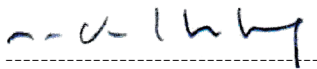
Approval of the financial statements

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



24.03.2020

Head of Finance
Prince Momoh
BRAC Sierra Leone



Country Director
Andrew Chikopa
BRAC Sierra Leone



Board Member
Syed Abdul Muntakim
Director, Finance
Stichting BRAC International

INDEPENDENT AUDITORS’ REPORT TO THE BOARD OF DIRECTORS OF BRAC SIERRA LEONE

Opinion

We have audited the financial statements of BRAC Sierra Leone which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 22.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Sierra Leone as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Organisation as stated in note 3 of the financial statements.

Basis for Opinion

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

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

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

Auditors’ responsibility for the financial statements

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

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

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



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF BRAC SIERRA LEONE

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

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

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

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 of the financial statements, for the purpose of determining the financial position of BRAC Sierra Leone for use by its management, BRAC and other donors, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for the management of BRAC Sierra Leone of 174 Wilkinson Road, Freetown and should not be distributed to or used by parties other than the management of BRAC Sierra Leone, BRAC and other donors.

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



Chartered Accountants

Freetown
Date: 24.03.2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

In thousands of Leones/USD		SLL		USD	
	Notes	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property and equipment	9	457,994	315,433	47	38
Right of use asset		101,558	-	10	-
Total non-current assets		559,552	315,433	57	38
Current Assets					
Cash and cash equivalents	10	1,377,921	2,131,479	142	253
Receivables	11	5,275,551	567,203	543	67
Total current asset		6,653,472	2,698,682	685	320
Total assets		7,213,024	3,014,115	742	358
LIABILITIES AND CAPITAL FUND					
Lease Liability					
		65,198	-	7	-
Total long term liabilities		65,198	-	7	-
Current Liabilities					
Other payables	13	1,294,885	1,105,600	133	130
Related party payables	15	6,293,621	5,637,895	648	668
Total current liabilities		7,588,506	6,743,495	781	798
Total liabilities		7,653,704	6,743,495	788	798
Capital Fund					
Donor funds	12	9,135,204	3,617,531	940	429
Retained surplus		(9,575,884)	(7,346,911)	(986)	(869)
Total capital fund		(440,680)	(3,729,380)	(46)	(440)
Total liabilities and capital fund		7,213,024	3,014,115	742	358

These financial statements were approved by the Board of Directors on 24 March, 2020


Head of Finance
Prince Momoh
BRAC Sierra Leone


Country Director
Andrew Chikopa
BRAC Sierra Leone


Board Member
Syed Abdul Muntakim
Director, Finance
Stichting BRAC International

The notes on pages 45 to 55 are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Leones/USD	Note	SLL		USD	
		2019	2018	2019	2018
Income					
Grant income	4	6,197,217	8,572,409	674	1,015
BRAC Contribution		712,000	-	80	-
Total income		6,909,217	8,572,409	754	1,015
Expenditure					
Staff costs and other benefits	5	(2,868,039)	(3,771,780)	(312)	(446)
Other general & administrative expenses	6	(4,075,413)	(5,221,429)	(443)	(618)
Training, workshops & seminars	7	(1,068,137)	(2,034,223)	(116)	(240)
Occupancy expenses	8	(130,109)	(264,010)	(14)	(31)
Depreciation	9	(141,943)	(169,623)	(15)	(20)
Depreciation on right of use assets		(135,213)	-	(15)	-
Interest expense on lease		(5,860)	-	(1)	-
Total Expenditure		(8,424,714)	(11,461,065)	(916)	(1,355)
Operating deficit		(1,515,497)	(2,888,656)	(162)	(340)
Other comprehensive income					
Foreign exchange loss unrealized		(715,429)	(131,483)	(78)	(16)
Total comprehensive income		(2,230,926)	(3,020,139)	(240)	(356)

These financial statements were approved by the Board of Directors on 24 March, 2020

Head of Finance
Prince Momoh, BRAC Sierra Leone

Country Director
Andrew Chikopa, BRAC Sierra Leone

Board Member
Syed Abdul Muntakim
Director, Finance
Stichting BRAC International

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Leones/USD	Donor Funds	Retained Surplus	Total Capital Fund	Total Capital Fund
	SLL	SLL	SLL	USD
At 1 January 2019	3,617,531	(7,346,911)	(3,729,380)	(440)
Adjustment on initial application of IFRS16	-	1,953	1,953	-
Donor Fund increase/(decrease)	5,517,673	-	5,517,673	511
Surplus for the year	-	(2,230,926)	(2,230,926)	(240)
Effect of translation difference	-	-	-	123
As at 31 December 2019	9,135,204	(9,575,884)	(440,680)	(46)
=====				
At 1 January 2018	4,999,160	(4,326,772)	672,388	88
Donor Fund increase/(decrease)	(1,381,629)	-	(1,381,629)	(164)
Surplus for the year	-	(3,020,139)	(3,020,139)	(356)
Effect of translation difference	-	-	-	(8)
As at 31 December 2018	3,617,531	(7,346,911)	(3,729,380)	(440)
=====				

The notes on pages 45 to 55 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Leones/USD	Note	SLL		USD	
		2019	2018	2019	2018
Net cash used in operating activities	14	(5,952,320)	(944,552)	(718)	(112)
Cash flow from Investing Activities					
Acquisition of property & equipment		(284,504)	(48,517)	(31)	(6)
Acquisition of fixed assets (ROU)		(101,558)	-	(10)	-
Net cash used in Investing Activities		(386,062)	(48,517)	(41)	(6)
Cash flow from Financing Activities					
Increase/(decrease) in donor funds investment in fixed assets		(19,800)	6,246	(14)	1
Increase/(decrease) in grants received in advance		5,537,473	(1,387,874)	525	(164)
Increase in lease liability		65,198	-	7	-
Adjustment to retained earnings (effect of IFRS 16)		1,953	-	-	-
Net cash provided by/(used in) Financing Activities		5,584,824	(1,381,628)	518	(163)
Net (decrease)/increase in cash and cash equivalents		(753,558)	(2,374,697)	(241)	(281)
Cash and cash bank balances at 1 January		2,131,479	4,506,176	253	589
Effect of translation difference		-	-	130	(55)
Cash and cash equivalents 31 December	10	1,377,921	2,131,479	142	253

The notes on pages 45 to 55 are an integral part of these financial statements.

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Reporting entity

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

BRAC Sierra Leone's principal activities are the provision of health services, education, agriculture, livestock and legal empowerment programs. They are presently operating in the western area and some parts of the Northern Province.

2. Basis of preparation

Basis of measurement

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

Functional and presentation currency

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

3 Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions and conversions

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

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

b) Property, plant and equipment

(i) Recognition and measurement

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

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

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

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(iv) Disposals

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

(c) Investments

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

(d) Cash and cash equivalents

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

(e) Employee benefits

Defined contribution plan

The organisation operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security and Insurance Trust or trustee administrated funds. A defined contribution is a pension plan under which the company pays fixed contribution into the separate entity. The organisation has no legal or

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees' service in the current and prior period.

(f) Donor grants

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

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

(g) Grant income

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

(h) Other income

Other income comprises foreign exchange gains and bank interest.

(i) Self Insurance Fund

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

(j) Segmental reporting

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

(k) Staff costs

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

(l) Training costs

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

(m) Administrative expenses

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

(n) Income tax expense

The organisation is exempt from paying taxes.

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(o) Changes in significant accounting policies

IFRS 16 Leases

The Organisation applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Organisation determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 .Determining whether an Arrangement contains a Lease. The Organisation now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Organisation elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Organisation applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and were not reassessed for whether there is a lease under IFRS

As a lessee

As a lessee, the Organisation leases some branch and office premises. The Organisation previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Organisation. Under IFRS 16, the Organisation recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Organisation allocates the consideration in the contract to each lease component on the basis of its relative stand- alone prices.

However, for leases of branches and office premises the Organisation has elected not to separate non lease components and account for the lease and associated non-lease components as a single lease component.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Organisation's incremental borrowing rate as at 1 January 2019

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Organisation used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Organisation:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment);
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition

On transition to IFRS 16, the Organisation recognised, right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below;

<i>In thousands of Leones/USD</i>	SLL	USD
Right of use asset	101,558	10
Lease Liability	(65,198)	(7)
Income statement - lease operating expenses 2019	(1,994)	-
Retained earnings	(1,953)	-
Leasehold prepayment	(32,413)	(3)
	<hr/>	<hr/>
	-	-
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NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Grant income	2019	SLL 2018	2019	USD 2016
<i>In thousands of Leones/USD</i>				
Grant Income (Grant received in advance)	6,177,417	8,559,228	672	1,013
Grant income (Deferred grant for fixed assets)	19,800	13,181	2	2
BRAC Contribution	712,000	-	80	-
	<u>6,909,217</u>	<u>8,572,409</u>	<u>754</u>	<u>1,015</u>
	=====	=====	=====	=====
5. Staff cost and other benefits				
<i>In thousands of Leones/USD</i>				
Salaries	2,415,899	3,291,726	263	390
NASSIT Contribution	95,517	85,776	10	10
Staff Bonus	45,932	94,504	5	11
Severance allowance	97,912	106,988	11	13
Medical Expenses	104,225	163,387	11	19
Staff insurance	108,554	29,399	12	3
	<u>2,868,039</u>	<u>3,771,780</u>	<u>312</u>	<u>446</u>
	=====	=====	=====	=====
6. Other general and administrative expenses				
<i>In thousands of Leones/USD</i>				
Audit fees	58,620	70,185	6	8
Stationery & Supplies	69,220	135,173	8	16
Maintenance and general expenses	663,649	409,959	72	49
Loss on fixed asset write off	-	145,607	-	17
Monitoring and Evaluation	2,675	96,549	-	11
Program supplies	1,937,568	3,110,326	211	368
Travel and transportation	1,332,028	1,188,813	145	141
HO logistic expenses	11,653	64,817	1	8
	<u>4,075,413</u>	<u>5,221,429</u>	<u>443</u>	<u>618</u>
	=====	=====	=====	=====
7. Training, workshop and seminars				
<i>In thousands of Leones/USD</i>				
Staff Training	1,243	3,510	-	-
External member trainings	1,066,894	2,030,713	116	240
	<u>1,068,137</u>	<u>2,034,223</u>	<u>116</u>	<u>240</u>
	=====	=====	=====	=====

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8.	Occupancy expenses		SLL	USD		
	<i>In thousands of Leones/USD</i>		2018	2019	2018	
	Rent and utilities	130,109	264,010	14	31	
		<u>130,109</u>	<u>264,010</u>	<u>14</u>	<u>31</u>	
		=====	=====	=====	=====	
9.	Property and equipment					
	<i>In thousands of Leones/USD</i>					
		Furniture & Fixtures	Plant & Machinery	Motor Vehicles	Total SLL	Total USD
	Cost					
	At 1 January 2019	126,400	309,797	439,818	876,015	104
	Additions	-	284,504	-	284,504	31
	Disposal	-	-	-	-	-
	Translation difference	-	-	-	-	(16)
	As at 31 December 2019	<u>126,400</u>	<u>594,301</u>	<u>439,818</u>	<u>1,160,519</u>	<u>119</u>
		=====	=====	=====	=====	=====
	At 1 January 2018	403,843	606,729	480,708	1,491,280	195
	Additions	9,727	38,790	-	48,517	6
	Disposal	(287,170)	(335,722)	(40,890)	(663,782)	(79)
	Translation difference	-	-	-	-	(18)
	At 31 December 2018	<u>126,400</u>	<u>309,797</u>	<u>439,818</u>	<u>876,015</u>	<u>104</u>
		=====	=====	=====	=====	=====
	Accumulated depreciation					
	At 1 January 2019	61,795	150,850	347,937	560,582	66
	Charge for the year	28,698	42,441	70,804	141,943	15
	Disposal	-	-	-	-	-
	Translation difference	-	-	-	-	(9)
	At 31 December 2019	<u>90,493</u>	<u>193,291</u>	<u>418,741</u>	<u>702,525</u>	<u>72</u>
		=====	=====	=====	=====	=====
	At 1 January 2018	195,418	409,561	300,528	905,507	118
	Charge for the year	34,295	50,717	84,611	169,623	20
	Disposal	(167,918)	(309,428)	(37,202)	(514,548)	(61)
	Translation difference	-	-	-	-	(11)
	At 31 December 2018	<u>61,795</u>	<u>150,850</u>	<u>347,937</u>	<u>560,582</u>	<u>66</u>
		=====	=====	=====	=====	=====
	Net book Value:					
	At 31 December 2019	<u>35,907</u>	<u>401,010</u>	<u>21,077</u>	<u>457,994</u>	<u>47</u>
		=====	=====	=====	=====	=====
	At 31 December 2018	<u>64,605</u>	<u>158,947</u>	<u>91,881</u>	<u>315,433</u>	<u>38</u>
		=====	=====	=====	=====	=====

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Cash and bank balances

		SLL		USD
<i>In thousands of Leones/USD</i>	2019	2018	2019	2018
Cash at Bank	1,361,021	2,084,847	140	247
Cash in hand	16,900	46,632	2	6
	<u>1,377,921</u>	<u>2,131,479</u>	<u>142</u>	<u>253</u>
	=====	=====	=====	=====

10.1 Name of bank and balance

<i>In thousands of Leones/USD</i>				
Standard Chartered Bank (SL) Ltd	1,228,663	557,971	127	66
Standard Chartered Bank (SL) Ltd (USD A/C)	-	936,510	-	111
First International Bank(USD)	110,989	379,184	11	45
Marampa Masimera Community Bank	767	9,498	-	1
Rokel Commercial Bank	768	22,382	-	3
First International Bank	-	132,855	-	16
Union Trust Bank	1,864	45,600	-	5
Sierra Leone Commercial Bank	17,970	847	2	-
	<u>1,361,021</u>	<u>2,084,847</u>	<u>140</u>	<u>247</u>
	=====	=====	=====	=====

11. Receivables

<i>In thousands of Leones/USD</i>				
Current account in transit	-	-	-	-
Advance to 3rd party	2,439,683	322,227	251	38
Receivable from BRAC Microfinance	706,034	-	73	-
Receivable from donors	2,129,834	244,976	219	29
	<u>5,275,551</u>	<u>567,203</u>	<u>543</u>	<u>67</u>
	=====	=====	=====	=====

12. Donor funds

<i>In thousands of Leones/USD</i>				
Donor funds received in advance	8,405,252	2,867,779	865	340
Donor funds investment in fixed assets	729,952	749,752	75	89
	<u>9,135,204</u>	<u>3,617,531</u>	<u>940</u>	<u>429</u>
	=====	=====	=====	=====

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12.1 Donor fund received in advance

		SLL		USD
<i>In thousands of Leones/USD</i>	2019	2018	2019	2018
Opening balance	2,867,779	4,255,654	340	556
Donations received during the year (14.01a)	11,212,879	7,477,078	1,210	1,046
Adjustment for donation receivable	(244,976)	(531,274)	(29)	(63)
Transferred to deferred investment in fixed assets	-	(19,427)	-	(2)
Transferred to statement of income and expenses	(6,177,417)	(8,559,228)	(672)	(1,013)
Transfers to Sub- Sub Recipients (SSR)	(1,382,847)	-	(150)	-
Fluctuation adjustment	-	-	(53)	(213)
	<u>6,275,418</u>	<u>2,622,803</u>	<u>646</u>	<u>311</u>
Donor fund receivable	2,129,834	244,976	219	29
Closing balance	<u>8,405,252</u>	<u>2,867,779</u>	<u>865</u>	<u>340</u>
	=====	=====	=====	=====

12.2 Donation received during the year

		SLL		USD
<i>In thousands of Leones/USD</i>	2019	2018	2019	2018
WFP (IVS)	483,902	181,894	53	24
WFP (IVS) 2018	-	1,149,386	-	136
BRAC USA(ELA Tie Off)	458,816	-	50	-
Comic Relief	-	143,097	-	17
EU-BAFS	5,619,124	-	595	-
NOVO Foundation (ELA)	-	4,318,632	-	563
BRAC USA (EPP)	1,003,669	-	113	-
BRAC UK (PSPP)	690,040	-	75	-
BRAC UK (Pig Rearing)	-	208,038	-	33
CRS (Malaria Phase-3)	1,963,975	610,516	221	171
ECOWAS	773,746	-	80	-
BRAC USA (ELA - Research)	48,064	843,441	5	100
BRAC USA (Health under SDP)/PSPP	171,543	22,074	18	3
	<u>11,212,879</u>	<u>7,477,078</u>	<u>1,210</u>	<u>1,047</u>
	=====	=====	=====	=====

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12.3.Donor funds investment in fixed assets

		SLL		USD
<i>In thousands of Leones/USD</i>	2019	2018	2019	2018
Opening balance	749,752	743,506	77	88
Transferred from donor funds received in advance	-	19,427	-	2
Depreciation charged during the year	(19,800)	(13,181)	(2)	(1)
	<u>729,952</u>	<u>749,752</u>	<u>75</u>	<u>89</u>
	=====	=====	=====	=====

13. Other payables

<i>In thousands of Leones/USD</i>				
Outstanding Liabilities	408,135	508,854	42	60
Audit fee provision	57,870	58,305	6	7
Bonus provision	-	19,984	-	2
Self - insurance provision	145,985	52,698	15	6
Provision for Medical Benefit	342,569	261,926	35	31
NASSIT provision	1,155	-	-	-
Provision for Leave Encashment	-	-	-	-
Severance allowance provision	245,287	203,833	25	24
Withholding tax provision	93,884	-	10	-
	<u>1,294,885</u>	<u>1,105,600</u>	<u>133</u>	<u>130</u>
	=====	=====	=====	=====

14. Cash flow from operating activities

<i>In thousands of Leones/USD</i>				
Excess of income over expenditure	(2,230,926)	(3,020,139)	(240)	(356)
Depreciation	141,943	169,623	15	20
Written off	-	149,234	-	18
	<u>(2,088,983)</u>	<u>(2,701,282)</u>	<u>(225)</u>	<u>(318)</u>
Cash flow before changes in working capital				
Changes in working capital				
Changes in other assets	(4,708,348)	1,262,146	(476)	149
Changes in other payables	189,285	415,447	3	48
Changes in Related party payables	655,726	79,137	(20)	9
	<u>(5,952,320)</u>	<u>(944,552)</u>	<u>(718)</u>	<u>(112)</u>
	=====	=====	=====	=====

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Related party

The organisation has a related party relationship with Stichting BRAC International and BRAC Bangladesh which provides management and administrative service to the organization. The organisation also does inter office transactions with BRAC Microfinance.

		SLL		USD
<i>In thousands of Leones/USD</i>	2019	2018	2019	2018
Payable to Stichting BRAC International	569,674	565,572	59	67
Payable to BRAC Bangladesh	5,723,947	4,972,994	589	589
Payable to BRAC Microfinance (SL) Limited	-	99,329	-	12
	<u>6,293,621</u>	<u>5,637,895</u>	<u>648</u>	<u>668</u>
	=====	=====	=====	=====

Exchange rate used for the period:

	2019	2018
Average Rate: 1 USD = SLL	9,192.72	8,120.00
Closing Rate: 1 USD = SLL	9,717.71	8,450.00

16. Contingent liabilities

There were no contingent liabilities at the financial position date. (2018: Nil)

17. Capital commitments

There were no capital commitments at the financial position date. (2018: Nil)

18. Post balance sheet events

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

PROJECT WISE INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2019 (SLL)

	Country office (Control)	Research & Evaluation (Control)	Total	CRS Malaria Phase-3 (Health)	WFP-IVS (Agriculture)	Novo Foundation- USA-ELA	Emergency Preparedness (EPP)	BRAC USA - ELA Research	ECOWAS (Agriculture)	PSPP	ELA Tie off Grant (ELA)	BAFS (EU)	Total
	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL
Income													
Grant Income (Grant received in advance)	(106,125)	-	(106,125)	818,460	567,397	1,505,928	872,966	-	1,069,254	657,246	319,091	367,074	6,177,417
Grant income (Deferred grant for fixed assets)	-	-	-	1,481	-	7,536	1,854	-	1,800	542	-	6,587	19,800
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
BRAC Contribution	712,000	-	712,000	-	-	-	-	-	-	-	-	-	712,000
Total Income	605,875	-	605,875	819,941	567,397	1,513,464	874,820	-	1,071,054	657,788	319,091	373,661	6,909,217
Expenditure													
Salaries	(696,179)	(30,002)	(726,181)	(198,572)	(157,357)	(183,781)	(299,333)	-	(346,952)	(111,398)	(107,662)	(284,663)	(2,415,899)
Staff insurance	(9,050)	(114)	(9,164)	(690)	(467)	(18,551)	(14,588)	-	(37,298)	-	(6,475)	(21,320)	(108,554)
Medical Expenses	(67,514)	(1,510)	(69,024)	(20,983)	(674)	-	(12,526)	-	-	(1,018)	-	-	(104,225)
NASSIT Contribution	(75,975)	-	(75,975)	(4,062)	(5,919)	(3,621)	(1,462)	-	(976)	(175)	(1,011)	(2,316)	(95,517)
Staff Bonus	(39,837)	2,656	(37,181)	(510)	2,588	(2,205)	(141)	-	361	(586)	(2,907)	(5,348)	(45,932)
Severance allowance	(40,609)	(1,422)	(42,031)	(7,789)	(5,842)	(7,441)	(8,689)	-	-	(12,108)	(14,012)	-	(97,912)
External member trainings	-	-	-	-	-	(654,813)	(108,690)	-	(303,392)	-	(1,243)	-	(1,068,138)
Rent and utilities	(81,172)	-	(81,172)	(8,455)	(6,976)	(29,319)	(45,878)	-	(48,984)	(39,420)	(5,087)	(7,886)	(273,177)
Audit fees	(57,904)	-	(57,904)	-	-	-	-	-	-	-	(716)	-	(58,620)

PROJECT WISE INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2019 (SLL) (continued)

	Country office (Control)	Research & Evaluation (Control)	Total	CRS Malaria Phase-3 (Health)	WFP-IVS (Agriculture)	Novo Foundation- USA-ELA	Emergency Preparedness (EPP)	BRAC USA - ELA Research	ECOWAS (Agriculture)	PSPP	ELA Tie off Grant (ELA)	BAFS (EU)	Total
	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL
Stationery & Supplies	(38,172)	-	(38,172)	(1,287)	-	-	(3,788)	-	(7,663)	(250)	(574)	(17,487)	(69,220)
Loss on fixed asset write off	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance and general expenses	(217,882)	(1,612)	(219,494)	(31,623)	(28,962)	(39,676)	(49,967)	-	(217,465)	(77,924)	(51,313)	52,774	(663,648)
Monitoring and Evaluation	-	(2,675)	(2,675)	-	-	-	-	-	-	-	-	-	(2,675)
Program supplies	(1,265)	(47,123)	(48,388)	(337,771)	(295,632)	(450,589)	(278,725)	-	-	(409,357)	(57,912)	(59,195)	(1,935,573)
Travel and transportation	(705,502)	(1,256)	(706,758)	(188,295)	(68,155)	(115,934)	(49,179)	-	(106,885)	(5,010)	(70,180)	(21,633)	(1,332,028)
HO logistic expenses	6,770	-	6,770	(18,423)	-	-	-	-	-	-	-	-	(11,653)
Depreciation	(118,164)	(3,979)	(122,143)	(1,481)	-	(7,536)	(1,854)	-	(1,800)	(542)	-	(6,587)	(141,943)
Total expenses	(2,142,455)	(87,037)	(2,229,492)	(819,941)	(567,396)	(1,513,466)	(874,820)	-	(1,071,054)	(657,788)	(319,092)	(373,661)	(8,424,714)
Net surplus/ (loss)	(1,536,581)	(87,036)	(1,623,617)	-	-	-	-	-	-	-	-	-	(1,515,497)
Foreign exchange (Loss)/gain- Unrealized	(715,429)	-	(715,429)	-	-	-	-	-	-	-	-	-	(715,429)
Net surplus/(loss) for the year	(2,252,010)	(87,036)	(2,339,046)	-	-	-	-	-	-	-	-	-	(2,230,926)

PROJECT WISE INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2019 (USD)

	Country office	Research & Evaluation		CRS Malaria Phase-3	WFP-IVS		Novo Foundation-USA-ELA	Emergency Preparedness (EPP)		BRAC USA – ELA Research	ECOWAS (Agriculture)		PSPP		ELA Tie off Grant (ELA)		BAFS (EU)		Total	
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Income																				
Grant Income (Grant received in advance)	(11.54)					61.72	163.82	94.96		-	116.32		71.50		34.71		53.93		672	
Grant income (Deferred grant for fixed assets)	-	-	-	0	-	-	1	0		-	0		0		-		1		2	
Other income	-	-	-	-	-	-	-	-		-	-		-		-		-		-	
BRAC Contribution	77	-	-	-	-	-	-	-		-	-		-		-		-		80	
Total income	66	-	66	89	62	165	95	95		-	117		72		35		55		754	
Expenditure																				
Salaries	(76)	(3)	(79.0)	(21.6)	(17.1)		(20.0)	(32.6)		-	(37.7)		(12.1)		(11.7)		(31.0)		(262.8)	
Staff insurance	(1)	(0)	(1.0)	(0.1)	(0.1)		(2.0)	(1.6)		-	(4.1)		-		(0.7)		(2.3)		(11.8)	
Medical Expenses	(7)	(0)	(7.5)	(2.3)	(0.1)		-	(1.4)		-	-		(0.1)		-		-		(11.3)	
NASSIT Contribution	(8)	-	(8.3)	(0.4)	(0.6)		(0.4)	(0.2)		-	(0.1)		(0.0)		(0.1)		(0.3)		(10.4)	
Staff Bonus	(4)	0	(4.0)	(0.1)	0.3		(0.2)	(0.0)		-	0.0		(0.1)		(0.3)		(0.6)		(5.0)	
Severance allowance	(4)	(0)	(4.6)	(0.8)	(0.6)		(0.8)	(0.9)		-	-		(1.3)		(1.5)		-		(10.7)	
Training, workshops and seminars	-	-	-	-	-		(71.2)	(11.8)		-	(33.0)		-		(0.1)		-		(116.2)	
Occupancy Expenses	(9)	-	(8.8)	(0.9)	(0.8)		(3.2)	(5.0)		-	(5.3)		(4.3)		(0.6)		(0.9)		(29.7)	
Audit fees	(6)	-	(6.3)	-	-		-	-		-	-		-		(0.1)		-		(6.4)	

PROJECT WISE INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2019 (USD) (continued)

	Country office	Research & Evaluation		CRS Malaria Phase-3	WFP-IVS		Novo Foundation-USA-ELA	Emergency Preparedness (EPP)		BRAC USA – ELA Research	ECOWAS (Agriculture)		PSPP		ELA Tie off Grant (ELA)		BAFS (EU)		Total	
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Stationery & Supplies	(4)	-	(4.2)	(0.1)	-		-	(0.4)		-	(0.8)		(0.0)		(0.1)		(1.9)		(7.5)	
Loss on fixed asset write off	-	-	-	-	-		-	-		-	-		-		-		-		-	
Maintenance and general expenses	(24)	(0)	(23.9)	(3.4)	(3.2)		(4.3)	(5.4)		-	(23.7)		(8.5)		(5.6)		5.7		(72.2)	
Monitoring and Evaluation	-	(0)	(0.3)	-	-		-	-		-	-		-		-		-		(0.3)	
Program supplies	(0)	(5)	(5.3)	(36.7)	(32.2)		(49.0)	(30.3)		-	-		(44.5)		(6.3)		(6.4)		(210.8)	
Travel and transportation	(77)	(0)	(76.9)	(20.5)	(7.4)		(12.6)	(5.3)		-	(11.6)		(0.5)		(7.6)		(2.4)		(144.9)	
HO logistic expenses	1	-	0.7	(2.0)	-		-	-		-	-		-		-		-		(0.3)	
Depreciation	(13)	(0)	(13.3)	(0.2)	-		(0.8)	(0.2)		-	(0.2)		(0.1)		-		(0.7)		(15.4)	
Total expenses	(233)	(9)	(243)	(89)	(62)		(165)	(95)		-	(117)		(72)		(35)		(41)		(916)	
Net surplus/ (loss)	(167)	(9)	(177)	-	0		(0)	-		-	-		-		(0)		14		(162)	
Foreign exchange (loss)/gain- Unrealized	(78)	-	(78)	-	-		-	-		-	-		-		-		-		(78)	
Net surplus/(loss) for the year	(245)	(9)	(254)	-	0		(0)	-		-	-		-		(0)		14		(240)	

PROJECT WISE FINANCIAL POSITION AS AT 31 DECEMBER 2019 (SLL)

	Country office (Control)	Research & Evaluation (Control)	Total	CRS Malaria Phase-3 (Health)	WFP-IVS (Agriculture)	Novo Foundation-USA-ELA	Emergency Preparedness (EPP)	BRAC USA - ELA Research	ECOWAS (Agriculture)	PSP	ELA Tie off Grant (ELA)	BAFS (EU)	Total
Assets	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL
Non-current assets													
Property and equipment	153,149	13,591	166,740	3,457	-	25,942	4,383	-	7,200	5,958	-	244,313	457,994
Right of Use Asset	101,558		101,558										101,558
Total non-current asset	254,707	13,591	268,298	3,457	-	25,942	4,383	-	7,200	5,958	-	244,313	559,552
Current assets													
Cash and Cash Equivalents	192,918	-	192,918	94,292	-	797	-	-	189,237	-	-	900,676	1,377,921
Receivable from Donors	-	-	-	-	-	-	-	-	-	1,810,743	319,091	-	2,129,834
Other receivables	(504,642)	(901,771)	(1,406,413)	301,475	(94,415)	379,426	(36,963)	509,874	329,349	(1,138,688)	159,596	4,174,890	3,145,717
	(311,724)	(901,771)	(1,213,495)	395,767	(94,415)	380,223	(36,963)	509,874	518,586	672,055	478,687	5,075,566	6,653,472
Total assets	(158,575)	(888,180)	(1,046,755)	399,224	(94,415)	406,165	(32,580)	509,874	525,786	678,013	478,687	5,319,879	7,213,024
Liabilities and capital fund													
Long- term liabilities													
Lease Liability	65,198	-	65,198	-	-	-	-	-	-	-	-	-	65,198
	65,198	-	65,198	-	-	-	-	-	-	-	-	-	65,198
Other payables	551,105	163,885	714,989	74,607	108,701	260,681	122,547	-	37,358	14,578	30,867	(69,444)	1,294,885
Related party payables	6,117,468	-	6,117,468	67,787	108,592	(226)	-	-	-	-	-	-	6,293,621

PROJECT WISE FINANCIAL POSITION AS AT 31 DECEMBER 2019 (SLL) (continued)

	Country office (Control)	Research & Evaluation (Control)	Total	CRS Malaria Phase-3 (Health)	WFP-IVS Foundation-USA-ELA (Agriculture)	Novo Foundation-USA-ELA	Emergency Preparedness (EPP)	BRAC USA - ELA Research	ECOWAS (Agriculture)	PSP	ELA Tie off Grant (ELA)	BAFS (EU)	Total
	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL	SLL
Total Current liabilities	6,668,573	163,885	6,832,457	142,394	217,293	260,455	122,547	-	37,358	14,578	30,867	(69,444)	7,588,506
Total liabilities	6,733,771	163,885	6,897,655	142,394	217,293	260,455	122,547	0	37,358	14,578	30,867	(69,444)	7,653,704
Capital fund													
Donor funds received in advance	1,726,193	-	1,726,193	725,655	37,915	109,508	(168,436)	509,874	547,933	-	-	4,916,611	8,405,253
Deferred grant for fixed asset retained surplus	691,429	-	691,428	3,457	-	36,202	4,736	-	(1,800)	(541)	3,057	(6,588)	729,952
	(9,244,770)	(1,052,065)	(10,296,835)	(472,282)	(349,623)	-	8,573	-	(57,705)	663,976	444,763	479,300	(9,575,884)
Total capital fund	(6,827,148)	(1,052,065)	(7,879,214)	256,830	(311,708)	145,710	(155,127)	509,874	488,428	663,435	447,820	5,389,323	(440,680)
Total liabilities and capital fund	(158,575)	(888,180)	(1,046,757)	399,224	(94,415)	406,165	(32,580)	509,874	525,786	678,013	478,687	5,319,879	7,213,024

PROJECT WISE FINANCIAL POSITION AS AT 31 DECEMBER 2019 (USD)

	Country office		Research & Evaluation		Total		CRS Malaria Phase-3		WFP-IVS		Novo Foundation-USA-ELA		Emergency Preparedness (EPP)		BRAC USA - ELA Research		ECOWAS (Agriculture)		PSPP		ELA Tie off Grant (ELA)		BAFS (EU)		Total	
	USD		USD		USD		USD		USD		USD		USD		USD		USD		USD		USD		USD		USD	
Assets																										
Non-current assets																										
Property and equipment	15.76		1.40		17		0.36		-		2.67		0.45		-		0.74		0.61		-		25.14		47	
Right of Use Asset	10.45				10		-		-		-		-		-		-		-		-		-		10	
	26.21		1.4		27		0.36		-		2.67		0.45		-		0.74		0.61		-		25.14		57	
Current assets																										
Cash and Bank	20		-		20		10		-		0		-		-		19		-		-		93		142	
Receivable from Donors	-		-		-		-		-		-		-		-		-		186		33		-		219	
Other receivables	(52)		(93)		(145)		31		(10)		39		(4)		52		34		(117)		16		430		324	
	(32)		(93)		(125)		41		(10)		39		(4)		52		53		69		49		522		685	
Total assets	(16)		(91)		(108)		41		(10)		42		(3)		52		54		70		49		547		742	
Liabilities and capital fund																										
Lease Liability	7		-		7		-		-		-		-		-		-		-		-		-		7	
Liabilities																										
Other payables	57		17		74		8		11		27		13		-		4		2		3		(7)		133	
Due to related parties	630		-		630		7		11		(0)		-		-		-		-		-		-		648	
Total Current liabilities	686		17		703		15		22		27		13		-		4		2		3		(7)		781	
	693		17		710		15		22		27		13		-		4		2		3		(7)		788	
Total liabilities																										

PROJECT WISE FINANCIAL POSITION AS AT 31 DECEMBER 2019 (USD) (continued)

	Country office	Research & Evaluation		Total	CRS Malaria Phase-3	WFP-IVS	Novo Foundation-USA-ELA	Emergency Preparedness (EPP)	BRAC USA - ELA Research		ECOWAS (Agriculture)		PSP	ELA Tie off Grant (ELA)	BAFS (EU)	Total
		USD	USD						USD	USD	USD	USD				
Capital fund																
Donor funds received in advance	178	-		178	75	4	11	(17)		52	56	-		-	506	865
Deferred grant for fixed asset	71	-		71	0	-	4	0		-	(0)	(0)		0	(1)	75
Retained surplus	(951)	(108)		(1,060)	(49)	(36)	-	1		-	(6)	68		46	49	(986)
Total capital fund	(703)	(108)		(811)	26	(32)	15	(16)		52	50	68		46	555	(46)
Total liabilities and capital fund	(16)	(91)		(108)	41	(10)	42	(3)		52	54	70		49	547	742

BRAC MICROFINANCE (SL) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

BRAC Microfinance (SL) Limited
Financial statements for the year ended 31
December 2019

GENERAL INFORMATION

Directors:	Mr Faruque Ahmed	-	Chairperson (retired on 30 April 2019)
	Dr. Muhammad Musa	-	Chairperson (appointed on 30 April 2019)
	Mr. Johannes Maria Antonius Eskes	-	Director
	Mr Shameran Abed	-	Director
	Mr. Syed Abdul Muntakim	-	Director (appointed on 14 October 2019)
	Ms. Ruth Okowa	-	Director (appointed on 14 October 2019)
	Mr Rakibul Bari Khan	-	Managing Director (transferred to Head Quarter 30 April 2019
		-	Managing Director (appointed on 30 April 2019)
	Mr. Silent Clement Gonondo	-	
		-	

Registered office : 174 Wilkinson Road
Freetown
Sierra Leone

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

Auditors : Baker Tilly SL
Chartered Accountants
Baker Tilly House
37 Siaka Stevens Street
Freetown.

Report of the Directors

The Directors have pleasure in submitting their report and financial statements on the affairs of the Company for the year ended 31 December 2019.

Principal activity

The Company is engaged in micro credit financing activities.

Directors’ responsibility statement

The Company’s Directors are responsible for the preparation and presentation of the financial statements, comprising the financial position as at 31 December 2019 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the Directors in accordance with note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Capital adequacy

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

Results for the year

The Company made a profit of SLL 13.24 billion for the year ended 31 December 2019 (2018: profit of SLL 6.54 billion).

Directors and their interest

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

Property and equipment

Details of the Company’s property and equipment are shown in note 17 to the financial statements

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee or group of employee, if proven, will be regarded as a sanctionable offence. There were no disabled people in employment of the Company as at 31 December 2019.

Health, safety and welfare at work

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

Employee involvement and training

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

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

The Board Members

The following members served during the year:

Mr Faruque Ahmed Chairpeson (retired on 30 April 2019)
Dr. Muhammad Musa Chairperson (appointed on 30 April 2019)
Mr. Johannes Maria Antonius Eskes
Mr Shameran Abed
Mr. Syed Abdul Muntakim (appointed on 14 October 2019)
Ms. Ruth Okowa (appointed on 14 October 2019)
Mr Rakibul Bari Khan (transferred to Head quarter 30 April 2019)
Mr. Silent Clement Gonondo (appointed on 30 April 2019)

Auditors

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

Approval of the financial statements

The Board of Directors approved the financial statements on 24 March, 2020.



Director
Syed Abdul Muntakim
Director, Finance
Stichting BRAC International



Managing Director
Silent Clement Gonondo
BRAC Microfinance (SL) Limited

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

Opinion

We have audited the financial statements of BRAC Microfinance (SL) Limited which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 11 to 35.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Company as stated in note 3 of the financial statements.

Basis for Opinion

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

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

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

Auditors’ responsibility for the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation’s audit. We remain solely responsible for our audit opinion.

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

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

Other matter

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

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

Freetown

Date: 24 March, 2020


Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

In thousands of Leones/USD		SLL		USD	
	Notes	2019	2018	2019	2018
Assets					
Cash and cash equivalents	12	6,386,536	5,587,016	657	662
Loans and advances to customers	13	83,611,459	57,232,797	8,605	6,774
Other assets	14	629,955	656,460	64	77
Intangible assets	15	185,226	302,211	19	36
Property and equipment	16	730,924	704,680	75	82
Right of use asset	17	179,820	-	18	-
Deferred tax asset	11(c)	735,599	1,647,430	75	195
Total assets		92,459,519	66,130,594	9,513	7,826
Liabilities					
Loan security fund	18	14,435,598	10,044,890	1,486	1,189
Related party payables	19	11,466,826	8,355,174	1,180	990
Borrowings	20	2,568,829	2,018,008	264	239
Lease liabilities	21	101,364	-	10	-
Other liabilities	22	2,653,988	2,021,664	273	238
Current tax liability	11b	3,094,347	504,939	318	59
Total liabilities		34,320,952	22,944,675	3,531	2,715
Capital fund					
Share capital	24(a)	12,244,890	12,244,890	3,061	3061
Share premium	24(b)	8,058,000	6,345,000	1,000	800
Donor funds	23	1,969,000	1,969,000	203	233
Retained earnings	25	15,542,570	2,302,922	1,682	243
Donated equity	26	20,324,107	20,324,107	2,656	2,656
Translation reserve	27	-	-	(2,620)	(1,882)
Total capital fund		58,138,567	43,185,919	5,982	5,111
Total liabilities and capital fund		92,459,519	66,130,594	9,513	7,826

These financial statements were approved by the Board of Directors on 24 March, 2020.

Head of Finance
Prince Momoh
BRAC Sierra Leone (MF) Limited

Managing Director
Silent Clement Gonondo
BRAC Sierra Leone (MF) Limited

Board Member
Syed Abdul Muntakim
Director, Finance
Stichting BRAC International

The notes on pages 74 to 95 are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Leones/USD		SLL		USD	
	Notes	2019	2018	2019	2018
Service charge on loans	5	39,912,672	26,858,870	4,342	3,308
Net income from service charge		39,912,672	26,858,870	4,342	3,308
Membership and other fees	6	1,986,086	1,330,082	216	164
Other income	7	15,133	8,187	2	1
Total operating income		41,913,891	28,197,139	4,560	3,473
Net impairment loss on loans and advances to customers	8	(1,405,889)	(1,335,415)	(153)	(164)
Operating income after impairment charges		40,508,002	26,861,724	4,407	3,309
Staff costs	9	(12,374,031)	(10,046,005)	(1,346)	(1,238)
Other operating expenses	10	(7,535,167)	(6,460,326)	(820)	(795)
Depreciation & amortization	15 & 16	(316,947)	(329,365)	(34)	(41)
Depreciation on right of use asset		(179,816)	-	(20)	-
Interest on lease liability		(8,317)	-	(1)	-
Total operating expenditure		(20,414,278)	(16,835,696)	(2,221)	(2,074)
Profit before income tax		20,093,724	10,026,028	2,186	1,235
Income tax credit/ (expense)	11(a)	(6,024,089)	(3,007,013)	(656)	(370)
Net profit for the year		14,069,635	7,019,015	1,530	865
Other comprehensive income:					
Unrealized exchange loss		(834,345)	(482,167)	(91)	(59)
Total other comprehensive income		(834,345)	(482,167)	(91)	(59)
Total comprehensive profit for the year		13,235,290	6,536,848	1,439	806

These financial statements were approved by the Board of Directors on 24 March, 2020.

Head of Finance
Prince Momoh
BRAC Sierra Leone (MF) Limited

Managing Director
Silent Clement Gonondo
BRAC Sierra Leone (MF) Limited

Board Member
Syed Abdul Muntakim
Director, Finance
Stichting BRAC International

The notes on pages 74 to 95 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Leones/USD		Share capital SLL	Share premium SLL	Donar funds SLL	Retained earnings SLL	Donated equity SLL	Total SLL	Total USD	Translation reserve USD	Total Capital fund USD
At 1 January 2019	Adjustment on initial application of IFRS 16	12,244,890	6,345,000	1,969,000	2,302,922	20,324,107	43,185,919	6,993	(1,882)	5,111
	Donations received during the year	-	-	-	4,358	-	4,358	-	-	-
	Share premium	-	-	-	-	-	-	-	-	-
	Profit for the year	-	1,713,000	-	-	-	1,713,000	200	-	200
	Unrealized exchange (loss)	-	-	-	14,069,635	-	14,069,635	1,530	-	1,530
	Other adjustment	-	-	-	(834,345)	-	(834,345)	(91)	-	(91)
	Translation adjustment	-	-	-	-	-	-	(30)	-	(30)
As at 31 December 2019		12,244,890	8,058,000	1,969,000	15,542,570	20,324,107	58,138,567	8,602	(2,620)	5,982
At 1 January 2018	Recognition of additional impairment on loans & Advances to customers as at 31 Dec 2017 under IFRS 9	12,244,890	3,825,000	118,500	(4,963,252)	20,205,607	31,430,745	4,109	-	4,109
	Donations received during the year	-	-	-	729,326	-	729,326	86	-	86
	Share premium	-	-	1,969,000	-	-	1,969,000	233	-	233
	Profit for the year	-	2,520,000	-	-	-	2,520,000	298	2	300
	Unrealized exchange (loss)	-	-	-	7,019,015	-	7,019,015	865	-	865
	Transferred to donated equity	-	-	(118,500)	(482,167)	-	(482,167)	(59)	-	(59)
	Adjustment to opening balances for translation differences	-	-	-	-	118,500	-	-	-	-
As at 31 December 2018		12,244,890	6,345,000	1,969,000	2,302,922	20,324,107	43,185,919	6,993	(1,882)	5,111

The notes on pages 74 to 95 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Leones/USD		Notes	2019	SLL	2018	2019	USD
Cash flow from operating activities		28	21,509,287	11,930,614		2,165	1,366
Loan disbursements			(170,688,650)	(111,785,600)		(17,567)	(13,229)
Loan collection			143,629,016	91,893,151		14,782	10,875
Net cash flow from operating activities			(5,550,347)	(7,961,835)		(620)	(988)
Cash flow from investing activities							
Acquisition of property and equipment			(226,206)	(137,104)		(25)	(16)
Acquisition of intangible assets			-	(33,898)		-	(4)
Acquisition of right use			(179,820)	-		(18)	-
Write-off of property and equipment			-	91,333		-	11
Net cash used in Investing Activities			(406,026)	(79,669)		(43)	(9)
Cash flow from financing activities							
Changes in borrowing			550,821	630,155		25	75
Changes in lease liability			101,364	-		10	-
Changes in loan security fund			4,390,708	3,358,035		297	397
Changes in donor fund			-	1,850,500		-	219
Increase in share premium			1,713,000	2,520,000		200	298
Changes in donated equity			-	118,500		-	14
Net cash from financing activities			6,755,893	8,477,190		532	1,003
Net (decrease)/increase in cash and cash equivalents			799,520	435,686		(131)	6
Cash and cash equivalents at 1 January			5,587,016	5,151,330		662	673
Translation adjustment			-	-		126	(17)
Cash and cash equivalents at 31 December		12	6,386,536	5,587,016		657	662

The notes on pages 74 to 95 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Fundamental and presentation currency

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

(d) Use of estimates and judgments

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

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

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

3. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions and conversions

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

(b) Service charge on loan

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

NOTES TO THE FINANCIAL STATEMENTS

(c) Other income

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

(d) Fees and commission income

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

(e) Administrative expenses

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

(f) Cash and cash equivalents

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

(g) Property and equipment (operating assets)

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

(iv) Disposals

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

(h) Intangible (operating assets)

Accounting software

Accounting Software is shown at historic cost. Software has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight line method to allocate the cost of the licenses over their useful lives. The expected useful life of the Software is four years or 25%

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Changes in accounting policies resulting from adoption of IFRS9 have been applied retrospectively. The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

Retained earnings	SLL ('000)
(ii) Recognition of expected credit losses under IFRS 9	(729,326)
Impact as at 1 January 2018	(729,326) =====

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial assets and financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

NOTES TO THE FINANCIAL STATEMENTS

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below. The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (SLL'000)	New carrying amount under IFRS 9 (SLL'000)
Cash and Bank	Loans and receivables	Amortized cost	5,151,330	5,151,330
Loans and advance to customers	Loans and receivables	Amortized cost	37,509,640	38,238,966
Other assets	Loans and receivables	Amortized cost	1,025,271	1,025,271
Total financial assets			43,686,241	44,422,9667

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

Loans and advances to customers that were classified as loans and receivables under IAS 39 are now classified at amortized cost. A decrease of Le 729.33 million (USD 86,000) in the allowance for impairment over these loans and advances to customers was recognized in opening retained earnings at 1 January 2018 on transition to IFRS 9.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of Loans and advances to customers, cash and cash equivalents, short term deposits and trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of financial assets have increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing loan fund security; or
- the financial asset is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. Financial assets are ‘credit-impaired’ when one or more events that have detrimental impacts on the estimated future cash flows of the financial assets have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to loans and advances to customers are presented in the statement of profit or loss under “Net movement in impairment losses on loans and advances”

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9’s impairment requirements at 1 January 2018 results in an additional impairment allowance as follows;

	SLL ('000)
Loss allowance at 31 December 2017 under IAS 39	1,952,063
Additional impairment recognized at 1 January 2018 on:	
Loans and advances to customers	
Additional trade receivables recognized on adoption of IFRS 15	(729,326)
Contract assets recognized on adoption of IFRS 15	-
Debt securities	-
Cash and cash equivalents	-
Loss allowance at 1 January 2018 under IFRS 9	1,222,737 =====

2. IFRS 15 Revenue from contracts with Customers

IFRS 15, revenue from contracts with customers, which replaced IAS 18, revenue and IAS 11, construction contracts, has been applied effective from 1 January 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. the five-step model requires the Company to (i) identify

NOTES TO THE FINANCIAL STATEMENTS

the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on requirements of IFRS 9.

3. IFRS 16 Leases

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and were not reassessed for whether there is a lease under IFRS 16.

As a lessee

As a lessee, the Company leases some branch and office premises. The Company previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand- alone prices.

However, for leases of branches and office premises the Company has elected not to separate non lease components and account for the lease and associated non-lease components as a single lease component.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company’s incremental borrowing rate as at 1 January 2019

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee’s incremental borrowing rate at the date of initial application. See note 17 and 21 for details of right of use assets and lease liability respectively.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

NOTES TO THE FINANCIAL STATEMENTS

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment);
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition

On transition to IFRS 16, the Company recognised, right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below;

In thousands of Leones/USD	SLL	USD
Right of use asset	179,820	18
Lease Liability	(101,364)	(10)
Income statement - lease operating expenses 2019	(1,310)	-
Retained earnings	(4,358)	-
Leasehold prepayment	(72,788)	(8)
	-	-

(j) Provisions

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

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

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

(k) Loan security deposit

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

(l) Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

(m) Employee benefit

i) Pension obligations

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

(ii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

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

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

(iv) Medical benefits

The Company provides medical cost reimbursement to all its staff. The maximum benefit availed by staff is USD 1,200/pa.

(n) Share capital

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

(o) Income tax expense

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

4. Financial risk factors

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

(a) Credit risk

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

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

(b) Liquidity risk

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

(c) Market risks

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

(d) Currency risk

Currency exchange risks comprise transactions 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.

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

NOTES TO THE FINANCIAL STATEMENTS

5. Service charge on loans

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Group loans (Microfinance)	22,307,309	15,196,273	2,427
Small Enterprises program	17,604,560	11,649,607	1,915
ELA	577	7,201	-
Comic Relief	226	2,041	-
Petty Traders	-	3,748	-
	<u>39,912,672</u>	<u>26,858,870</u>	<u>4,342</u>

6. Membership and other fees

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Loan appraisal fee	1,706,887	1,117,856	186
Membership fee	233,496	181,104	25
Loan application fee	45,703	31,122	5
	<u>1,986,086</u>	<u>1,330,082</u>	<u>216</u>

7. Other income

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Gain due to early repayment	4,910	2,455	1
Other income	10,223	5,732	1
	<u>15,133</u>	<u>8,187</u>	<u>2</u>

8. Impairment losses on loans

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
General Provision & specific	1,405,889	1,335,415	153
	<u>1,405,889</u>	<u>1,335,415</u>	<u>153</u>

9. Staff costs

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Salaries and benefits	10,639,593	8,741,786	1,157
Bonus cost	624,656	328,669	68
Severance allowances Cost	618,120	590,037	67
NASSIT Cost	335,170	276,334	36
Insurance costs	36,817	29,745	4
Medical expenses	119,675	79,434	14
	<u>12,374,031</u>	<u>10,046,005</u>	<u>1,346</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Other operating expenses

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Occupancy expenses (Note-11.1)	774,963	1,060,967	84
Staff training and development	185,021	227,771	20
Travel and transportation	2,280,766	1,766,734	248
General expenses	579,051	520,284	63
Printing and office stationery	404,349	387,330	44
Legal and professional fees	148,305	42,090	16
Audit fees	115,255	129,241	13
Bank Charges	671,707	405,258	73
Internet expenses	364,777	286,150	40
Insurance claim	95,900	58,800	10
Software cost (ERP)	636,997	408,213	69
Loss on fixed asset disposal	-	77,138	-
HO logistics and management expenses	1,278,076	1,013,771	140
Current account balance write off		76,579	9
	<u>7,535,167</u>	<u>6,460,326</u>	<u>820</u>

10.1. Occupancy expenses

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Rent	545,083	700,923	59
Utilities	229,880	360,044	25
	<u>774,963</u>	<u>1,060,967</u>	<u>84</u>

11. Taxation

11(a) Tax expense

Recognised in the income statement

In thousands of Leones/USD

	SLL		USD
2019	2018	2019	2018
Income tax expense	5,112,258	1,447,999	557
Deferred tax credit	911,831	1,559,014	99
	<u>6,024,089</u>	<u>3,007,013</u>	<u>656</u>

NOTES TO THE FINANCIAL STATEMENTS

11(b) Income tax account

In thousands of Leones/USD

	2019	SLL 2018	2019	USD 2018
Reconciliation of Effective Tax Rate				
Opening balance	(504,939)	434,320	(59)	57
Corporation tax charge	(5,112,258)	(1,447,999)	(557)	(178)
Payment during the year	2,522,850	508,740	274	60
Translation difference	-	-	24	2
Current tax (liability) asset	(3,094,347)	(504,939)	(318)	(59)
Profit before income tax	20,093,724	10,026,028	2,186	1,235
Income tax on profit before tax	6,028,117	3,007,809	656	370
Tax impact of permanent difference:				
Tax adjustment	(2,438)	-	-	-
Tax incentives	(1,590)	(796)	-	-
	6,024,089	3,007,013	656	370

11(c) Deferred tax asset and liabilities (continued) Recognised deferred tax asset and liabilities

In thousands of Leones/USD

	Asset	2019 Liability	Net	Asset	2018 Liability	Net
Property and equipment	-	(68,745)	(68,745)	-	8,891	8,891
Impairment allowance	(416,551)	-	(416,551)	5,216	-	5,216
Tax loss Carried /forward	-	-	-	(1,661,537)	-	(1,661,537)
Unrealised exchange Loss	(250,303)	-	(250,303)	-	-	-
Deferred tax asset not recognised	-	-	-	-	-	-
	(666,854)	(68,745)	(735,599)	(1,656,321)	8,891	(1,647,430)

Movement in temporary differences during the year - 2019

In thousands of Leones	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property and equipment	8,891	(77,637)	-	(68,746)
Impairment allowance	5,216	(421,765)	-	(416,549)
Tax loss carried forward	(1,661,537)	1,661,537	-	-
Unrealised exchange loss	-	(250,304)	-	(250,304)
Deferred tax asset not recognised	-	-	-	-
	(1,647,430)	911,831	-	(735,599)

NOTES TO THE FINANCIAL STATEMENTS

Movement in temporary differences during the year - 2018

In thousands of Leones/USD	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property and equipment	56,518	(47,627)	-	8,891
Impairment allowance	(153,426)	158,642	-	5,216
Tax loss carried forward	(3,109,536)	1,447,999	-	(1,661,537)
Unrealised exchange loss	-	-	-	-
Deferred tax asset not recognised	-	-	-	-
	(3,206,444)	1,559,014	-	(1,647,430)

12. Cash and cash equivalents

In thousands of Leones/USD

	SLL 2019	2018	USD 2019	2018
Cash at bank	6,020,623	5,378,432	620	637
Cash in hand	365,913	208,584	37	25
	6,386,536	5,587,016	657	662

12.1 Cash at Bank

In thousands of Leones/USD

First International Bank (SI) Ltd	5,384,118	2,527,745	554	299
Rokel Commercial Bank SI Ltd	70,662	327,859	7	39
Union Trust Bank LTD.	294,237	570,960	30	68
Yoni Community Bank	112,955	100,317	12	12
Zenith Bank (SL) Ltd	65,078	139,163	7	16
Standard Chartered Bank (SL) Ltd USD	-	287,755	-	34
Standard Chartered Bank (SL) Ltd	36,955	1,334,324	4	158
Marampa Masimera Community Bank	56,618	90,309	6	11
	6,020,623	5,378,432	620	637

13. Loans and advances to customers

In thousands of Leones/USD

	2019	SLL 2018	2019	USD 2018
Group loans	40,573,755	29,752,337	4,176	3,521
Small enterprises program	43,864,827	28,600,740	4,514	3,385
ELA loans	-	8,234	-	1
Petty traders	-	-	-	-
Comic relief	-	35,212	-	4
Loan written off (P)	(1,002,697)	(1,017,575)	(103)	(120)
Interest receivable	2,002,023	1,394,425	206	165
Interest receivable written off	(128,820)	(117,319)	(13)	(14)
Impairment loss on loans and advances	(1,697,629)	(1,423,257)	(175)	(168)
	83,611,459	57,232,797	8,605	6,774

NOTES TO THE FINANCIAL STATEMENTS

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

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

13.1 Movement on the loan account

In thousands of Leones/USD

	SLL		USD	
	2019	2018	2019	2018
Opening balance	57,378,948	38,504,074	6,790	5,033
Loans disbursed	170,688,650	111,785,600	17,567	13,229
Loans repayments(P)	(143,629,016)	(91,893,151)	(14,782)	(10,875)
Translation difference	-	-	(885)	(477)
Gross loans to customers	84,438,582	58,396,523	8,690	6,910
Principal -written off	(1,002,697)	(1,017,575)	(103)	(120)
Interest receivable	2,002,023	1,394,425	206	165
Interest receivable: written off	(128,820)	(117,319)	(13)	(14)
Impairment loss on loans advance	(1,697,629)	(1,423,257)	(175)	(168)
	<u>83,611,459</u>	<u>57,232,797</u>	<u>8,605</u>	<u>6,773</u>

13.2 Movement on the impairment on loans

In thousands of Leones/USD

Opening balance	1,423,257	1,952,062	168	255
Changes in opening balance due to IFRS 9 adoption	-	(729,326)	-	(86)
Charge for the year	1,405,889	1,335,415	153	164
Loan written off	(1,002,697)	(1,017,575)	(103)	(120)
Interest receivable written off	(128,820)	(117,319)	(13)	(14)
Translation difference	-	-	(30)	(31)
Closing balance	<u>1,697,629</u>	<u>1,423,257</u>	<u>175</u>	<u>168</u>

The Company has adopted IFRS 9 financial instruments. The impairment on loans was computed in accordance with IFRS 9. See 3(i) for details.

NOTES TO THE FINANCIAL STATEMENTS

14. Other assets

In thousands of Leones/USD

	SLL		USD
	2019	2018	2019
Advance to third party	434,336	366,472	43
Receivable from BRAC SL	-	99,329	12
Others receivables	91,516	94,050	10
Inventory - Passbook	104,103	96,609	11
	<u>629,955</u>	<u>656,460</u>	<u>64</u>
	<u>77</u>		

15. Intangible assets:

In thousands of Leones/USD

Cost software development and purchase (ERP)

At 1 January	467,940	434,042	55	57
Additions during the year	-	33,898	-	4
Translation difference	-	-	(7)	(6)
Total At 31 December	<u>467,940</u>	<u>467,940</u>	<u>48</u>	<u>55</u>

Accumulated amortisation :

At 1 January	165,729	45,213	20	6
Amortisation (25%) charge for the year	116,985	120,516	12	14
Translation difference	-	-	(3)	(1)
Total Accumulated amortisation	<u>282,714</u>	<u>165,729</u>	<u>29</u>	<u>19</u>

Net book value

	<u>185,226</u>	<u>302,211</u>	<u>19</u>	<u>36</u>
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16. Property and equipment

In thousands of Leones/USD

	Motor vehicles SLL	Furniture SLL	Equipment SLL	Total SLL	Total USD
Cost					
At 1 January 2019	416,791	495,150	476,997	1,388,938	163
Additions	-	120,172	106,034	226,206	25
Disposals	-	-	-	-	-
Translation difference	-	-	-	-	(22)
At 31 December 2019	<u>416,791</u>	<u>615,322</u>	<u>583,031</u>	<u>1,615,144</u>	<u>166</u>
At 1 January 2018	544,926	604,376	767,779	1,917,081	250
Additions	-	84,036	53,068	137,104	16
Disposals	(128,135)	(193,262)	(343,850)	(665,247)	(79)
Translation difference	-	-	-	-	(24)
At 31 December 2018	<u>416,791</u>	<u>495,150</u>	<u>476,997</u>	<u>1,388,938</u>	<u>163</u>

NOTES TO THE FINANCIAL STATEMENTS

	Motor vehicles SLL	Furniture SLL	Equipment SLL	Total SLL	Total USD
<i>In thousands of Leones/USD</i>					
Accumulated depreciation					
At 1 January 2019	129,321	280,414	274,523	684,258	81
Charge for the year	74,992	54,953	70,017	199,962	22
Disposals	-	-	-	-	-
Translation difference	-	-	-	-	(12)
At 31 December 2019	204,313	335,367	344,540	884,220	91
At 1 January 2018	181,424	361,759	506,139	1,049,322	137
Charge for the year	76,032	53,032	79,786	208,850	26
Disposals	(128,135)	(134,377)	(311,402)	(573,914)	(68)
Translation difference	-	-	-	-	(14)
At 31 December 2018	129,321	280,414	274,523	684,258	81
Net book value					
At 31 December 2019	212,478	279,955	238,491	730,924	75
At 31 December 2018	287,470	214,736	202,474	704,680	82
17. Right of use assets					
<i>In thousands of Leones/USD</i>					
	2019	SLL 2018	2019		USD 2018
Cost					
At 1 January	-	-	-	-	-
Recognition of right of asset on application of IFRS 16	171,694	-	18	-	-
Additions	187,942	-	20	-	-
	359,636	-	38	-	-
	=====	=====	=====	=====	=====
Accumulated depreciation					
At 1 January	-	-	-	-	-
Recognition of right of asset on application of IFRS 16	-	-	-	-	-
Depreciation charge for the year	179,816	-	20	-	-
	179,816	-	20	-	-
	=====	=====	=====	=====	=====
Net book value	179,820	-	18	-	-
	=====	=====	=====	=====	=====
18. Loan security fund					
<i>In thousands of Leones/USD</i>					
	2019	SLL 2018	2019		USD 2018
Opening balance	10,044,890	6,686,855	1,189	874	
Received during the year	9,083,640	6,411,920	935	759	
Paid off /adjusted during the year	(4,692,932)	(3,053,885)	(483)	(361)	
Translation difference	-	-	(155)	(83)	
	14,435,598	10,044,890	1,486	1,189	
	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

19. Related party payables				
<i>In thousands of Leones/USD</i>				
	2019	SLL 2018	2019	USD 2018
Payable to Stichting BRAC International	1,416,298	1,416,298	146	168
Payable to BRAC Bangladesh	5,515,984	4,735,175	568	563
Payable to BRAC International Holdings B.V.	3,201,895	1,923,819	330	228
Payable to BRAC Sierra Leone	706,034	-	73	-
Payable to BRAC IT Services Limited	626,615	261,882	63	31
	11,466,826	8,355,174	1,180	990
	=====	=====	=====	=====
20. Borrowings				
20.1 Borrowings from KIVA (at 0% interest)				
Opening balance	2,018,008	1,387,853	239	181
Received during the year	373,289	1,070,041	38	127
Paid during the year	(1,609,468)	(439,886)	(166)	(52)
Foreign exchange adjustment	-	-	(31)	(17)
	781,829	2,018,008	80	239
	=====	=====	=====	=====
BRAC Microfinance (SL) Limited receives loan from KIVA @ 0%. These are loans received from individual lenders through KIVA website only for both group and individual lending facilities. These short-term loans are to be repaid as per the collection status from borrowers which is normally within one year.				
20.2 Borrowings from Whole Planet Foundation (Interest rate - 0%)				
<i>In thousands of Leones/USD</i>				
	2019	SLL 2018	2019	USD 2018
Opening balance	-	-	-	-
Received during the year	1,787,000	-	200	-
Paid during the year	-	-	-	-
Foreign exchange adjustment	-	-	(16)	-
	1,787,000	-	184	-
	=====	=====	=====	=====
Total borrowings	2,568,829	2,018,008	264	239
	=====	=====	=====	=====
During the year the Company also received loan from Whole Planet Foundation at 0% rate with repayment period of three years. The loan is meant for facilitating group based lending of the organisation.				

NOTES TO THE FINANCIAL STATEMENTS

20.3 Loan Classification

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Loans repayable in one year	-		-	-		-
Loan repayable in more than one year:						
KIVA	781,829		2,018,008	80		239
Whole Planet Foundation	1,787,000		-	184		-
Total borrowings	<u>2,568,829</u>		<u>2,018,008</u>	<u>264</u>		<u>239</u>

21. Lease liability

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Recognition of right of asset on application of IFRS 16	120,922		-	14		-
Additions	187,942		-	20		-
Adjustment for payments up to 31 December 2019	(215,817)		-	(22)		-
Interest on lease liability	8,317		-	1		-
Translation difference	-		-	(3)		-
	<u>101,364</u>		<u>-</u>	<u>10</u>		<u>-</u>
	=====		=====	=====		=====

22. Other liabilities

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Accrued expenses	10,306		45,933	1		5
Provision for audit fees	110,918		111,751	11		13
Salary provision	335,649		218,244	35		26
Self-insurance fund	51,438		28,474	5		3
Bonus provision	-		-	-		-
Severance allowance provision	1,935,535		1,537,559	199		182
Nassit provision	39,411		412	4		-
Withholdings tax	170,731		79,291	18		9
	<u>2,653,988</u>		<u>2,021,664</u>	<u>273</u>		<u>238</u>
	=====		=====	=====		=====

23. Donor funds

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Donor funds received in advance	-		-	-		-
Donor funds investment in fixed assets	-		-	-		-
Donor funds investment in :						
Revolving loan fund – Restless Development	-		-	-		-
Loan to group members	1,969,000		1,969,000	203		233
	<u>1,969,000</u>		<u>1,969,000</u>	<u>203</u>		<u>233</u>
	=====		=====	=====		=====

NOTES TO THE FINANCIAL STATEMENTS

23.1 Donor funds received in advance

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Opening balance	-		-	-		-
Add: Donations received during the year	-		1,969,000	-		233
Transferred to statement of income and expenses	-		-	-		-
Transferred to deferred income - investment in fixed asset	-		-	-		-
Donor funds investment in loans to group members	-		(1,969,000)	-		(233)
	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>
	=====		=====	=====		=====

23.1.1 Donations received during the year

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
BRAC USA (Whole Planet Foundation)	-		1,922,500	-		228
ELA (Novo foundation)	-		46,500	-		5
	<u>-</u>		<u>1,969,000</u>	<u>-</u>		<u>233</u>
	=====		=====	=====		=====

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

23.2 Deferred income – fixed assets

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Opening balance	-		-	-		-
Transferred from donor funds	-		-	-		-
Depreciation charged during the year	-		-	-		-
Transferred to donated equity	-		-	-		-
	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>
	=====		=====	=====		=====

23.3 Donor funds investment in loans to group members

In thousands of Leones/USD

	2019	SLL	2018	2019	USD	2018
Opening balance	1,969,000		118,500	203		14
Investment in loans to group members during the year	-		1,969,000	-		233
Transferred to Donated Equity	-		(118,500)	-		(14)
	<u>1,969,000</u>		<u>1,969,000</u>	<u>203</u>		<u>233</u>
	=====		=====	=====		=====

NOTES TO THE FINANCIAL STATEMENTS

24. Capital

24(a) Share capital

Name and percentage of holdings

In thousands of Leones/USD

		SLL		USD	
		2019	2018	2019	2018
BRAC International Holdings B.V	(100%)	12,244,890	12,244,890	3,061	1,449
Adjustment to restate share capital to actual USD amount (see note 27)		-	-	-	1,612
		<u>12,244,890</u>	<u>12,244,890</u>	<u>3,061</u>	<u>3,061</u>

24(b). Share premium

In thousands of Leones/USD

		SLL		USD	
		2019	2018	2019	2018
BRAC International Holdings B.V					
Opening balance 1 January		6,345,000	6,345,000	800	751
Adjustment to restate share capital actual amount (see note 25)		-	-	-	49
Payment received during the year		1,713,000	-	200	-
		<u>8,058,000</u>	<u>6,345,000</u>	<u>1,000</u>	<u>800</u>

During 2019 and 2018, the board of BRAC International holdings B.V. approved additional investment as share premium for the Company's operation.

25. Retained earnings

In thousands of Leones/USD

		SLL		USD	
		2019	2018	2019	2018
Opening balance		2,302,922	(4,963,252)	243	(649)
Recognition of additional impairment on loans & Advances to customers as at 31 Dec 2017 under IFRS 9		-	729,326	-	86
Impact of IFRS 16 on leases		4,358	-	-	-
Profit for the year		13,325,290	6,536,848	1,439	806
Translation difference		-	-	-	30
Transfer of translation difference to translation reserve (see note 27)		-	-	-	(30)
		<u>15,542,570</u>	<u>2,302,922</u>	<u>1,682</u>	<u>243</u>

26. Donated equity

In thousands of Leones/USD

		SLL		USD	
		2019	2018	2019	2018
Opening balance		20,324,107	20,205,607	2,656	2,642
Received during the year		-	-	-	-
Transferred from Donor Fund		-	118,500	-	14
Translation adjustment		-	-	-	(251)
Transfer of translation difference to translation reserve (see note 27)		-	-	-	251
		<u>20,324,107</u>	<u>20,324,107</u>	<u>2,656</u>	<u>2,656</u>

NOTES TO THE FINANCIAL STATEMENTS

27. Other reserves

In thousands of Leones/USD

		SLL		USD	
		2019	2018	2019	2018
Opening balance		-	-	(1,882)	-
Translation difference during the year		-	-	(738)	(1,882)
		<u>-</u>	<u>-</u>	<u>(2,620)</u>	<u>(1,882)</u>

The translation reserve was set up to record the effect of translation difference on capital fund excluding donor funds. Therefore share capital, share premium and donated equity are now maintained based on historical cost and translation differences are recognised in the translation reserve.

28. Cash generated from operation

In thousands of Leones/USD

		SLL		USD	
		2019	2018	2019	2018
Profit/(Loss) for the year		13,235,290	6,536,848	1,439	806
Depreciation		199,962	208,850	22	26
Amortisation		116,985	120,515	12	14
Loan loss provision		1,405,889	1,335,415	153	164
Adjustment to retained earning		4,358	-	-	-
Tax credit / (expense)		6,024,089	3,007,013	656	370
Cash flow before changes in working capital:		<u>20,986,573</u>	<u>11,208,641</u>	<u>2,282</u>	<u>1,380</u>
Income tax paid		(2,522,850)	(508,741)	(274)	(60)
Changes in working capital					
Receivables and other current assets		(26,505)	368,810	(13)	57
Interest receivables		(724,917)	(436,796)	(55)	(52)
Current Liabilities		632,324	300,653	35	14
Related party payables		3,111,652	998,047	190	27
		<u>21,509,287</u>	<u>11,930,614</u>	<u>2,165</u>	<u>1,366</u>

Exchange rate used for the period:

	2019	2018
Average rate: 1 USD = SLL	9,192.72	8,120.00
Closing rate: 1 USD = SLL	9,716.71	8,450.00

29. Contingencies

There were no contingent assets or liabilities at 31 December 2019 (2018: Nil).

30. Capital commitments

There were no capital commitments as at 31 December 2019 (2018: Nil).

31. Post balance sheet events

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

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