

Audited Financial Statements of BRAC in Bangladesh

For the year ended 31 December 2010

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INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF BRAC

Report on the Financial Statements

We have audited the accompanying financial statements of BRAC (registered in Bangladesh as a society under the Societies Registration Act 1860 and operating as a non-government development organisation), which comprise the balance sheet as at 31 December 2010, and the statement of income and expenditure, statement of changes in net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Governing Body of BRAC's Responsibility for the Financial Statements

These financial statements, which are set out on pages 01 to 37, are the responsibility of the Governing Body of BRAC.

The Governing Body of BRAC is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies as summarised in Note 2 to the financial statements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

This report is made solely to the existing Governing Body of BRAC, as a body, in accordance with Clause 37 of the Rules and Regulations of BRAC and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Pitcher Partners
Chartered Accountants

ACNABIN
Chartered Accountants

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

It is important to recognise that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgement regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that material errors, fraud or non-compliance with law or regulations having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation, an audit designed and executed might not detect a material fraud. Our audit should not be relied to disclose fraud and error that may exist.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

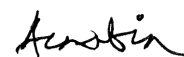
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respect, the financial position of BRAC as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarized in Note 2 to the financial statements.



Baker Tilly Pitcher Partners
Chartered Accountants
Sydney, Australia



ACNABIN
Chartered Accountants
Dhaka, Bangladesh

13 March 2011

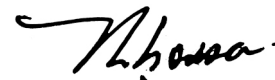
BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Balance Sheet
as at 31 December 2010

	Notes	2010 Taka	2009 Taka
ASSETS			
Cash in hand and at banks	3	3,691,228,298	3,712,998,614
Term deposits	4	6,731,877,941	8,960,883,021
Advance, deposits and prepayments	5	2,007,050,318	1,479,786,028
Inventories	6	2,617,486,777	1,798,339,059
Grants and accounts receivable	7	1,540,876,086	1,459,379,277
Microfinance loans	8	38,946,761,741	39,554,248,179
Motorcycle loans		823,406,928	752,693,444
Investments in securities and others	9	170,550,000	134,100,000
Investments in related undertakings	10	6,966,792,236	4,814,649,373
Property, plant and equipment	11	7,491,768,947	5,608,688,776
TOTAL ASSETS		70,987,799,272	68,275,765,771
LIABILITIES AND NET ASSETS			
Liabilities:			
Liabilities for expenses and materials	12	2,666,901,064	1,838,834,554
Bank overdrafts	13	3,199,576,993	4,370,328,157
Term loans	14	13,067,575,022	17,239,765,139
Members' savings deposits	15	19,966,011,588	18,398,618,148
Members project & current account		15,706,367	15,125,327
Grants received in advance account	16	1,507,216,363	1,436,507,867
Securitized financing	17	645,297,797	462,360,308
Deferred income	18	254,558,723	328,397,210
Other long term liabilities	19	5,563,709,403	4,537,022,247
Provision for taxation		490,941,030	278,941,030
Total Liabilities		47,377,494,350	48,905,899,987
Net Assets:			
Capital fund			
-unrestricted		22,812,130,179	18,670,754,955
-temporarily restricted		798,174,743	699,110,829
		23,610,304,922	19,369,865,784
TOTAL LIABILITIES AND NET ASSETS		70,987,799,272	68,275,765,771

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 13, 2011



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2010

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2010 Taka
Income				
Donor grants	20	3,286,265	9,794,792,077	9,798,078,342
Revenue from:				
- Income Generating Projects		6,126,566,445	-	6,126,566,445
- Program Support Enterprises		3,065,014,378	-	3,065,014,378
Service charges on microfinance loans		11,815,741,388	-	11,815,741,388
Investment income	21	1,070,890,116	69,209,002	1,140,099,118
Other income	22	520,136,348	503,775	520,640,123
Income from House Property		83,411,607	-	83,411,607
Total income	28, 29	<u>22,685,046,547</u>	<u>9,864,504,854</u>	<u>32,549,551,401</u>
Expenditure				
Income Generating Projects		5,220,943,569	-	5,220,943,569
Program Support Enterprises		2,762,233,334	-	2,762,233,334
House Property		55,604,552	-	55,604,552
Education Programme		43,211,718	3,600,183,169	3,643,394,887
Challenging the Frontiers of Poverty Reduction Programme		42,575,320	2,606,497,683	2,649,073,003
Health Programme		177,831,154	3,225,214,243	3,403,045,397
Micro Finance Programme		10,076,784,721	-	10,076,784,721
Relief and Rehabilitation		24,135,220	117,873,935	142,009,155
Poultry & Livestock Programme		19,545,401	-	19,545,401
Fisheries Programme		32,022,374	-	32,022,374
Agriculture & Sericulture Programme		50,641,894	4,814,327	55,456,221
Livelihood Development Programme		79,229,636	184,824,956	264,054,592
Research, Monitoring and Evaluation		17,690,783	54,052,605	71,743,388
Total expenditure	28, 29	<u>18,602,449,676</u>	<u>9,793,460,918</u>	<u>28,395,910,594</u>
Surplus of income over expenditure before taxation		4,082,596,871	71,043,936	4,153,640,807
Taxation	23	(212,000,000)	-	(212,000,000)
Net surplus for the year		<u>3,870,596,871</u>	<u>71,043,936</u>	<u>3,941,640,807</u>

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 13, 2011



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended 31 December 2009

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2009 Taka
Income				
Donor grants	20	57,891,835	11,026,184,327	11,084,076,162
Revenue from:				
- Income Generating Projects		4,949,932,304	-	4,949,932,304
- Program Support Enterprises		2,700,866,354	-	2,700,866,354
Service charges on microfinance loans		11,745,042,192	-	11,745,042,192
Investment income	21	1,539,563,924	52,828,455	1,592,392,379
Other income	22	748,343,608	3,127,419	751,471,027
Income from House property		94,072,651	-	94,072,651
Total income		21,835,712,868	11,082,140,201	32,917,853,069
Expenditure				
Income Generating Projects		4,306,044,733	-	4,306,044,733
Program Support Enterprises		2,829,602,416	-	2,829,602,416
House Property		77,646,468	-	77,646,468
Education Programme		290,013,567	3,813,011,635	4,103,025,202
Challenging the Frontiers of Poverty Reduction Programme		33,424,246	2,843,200,201	2,876,624,447
Health Programme		69,779,353	3,008,498,543	3,078,277,896
Micro Finance Programme		10,534,750,117	-	10,534,750,117
Relief and Rehabilitation		37,882,278	953,725,603	991,607,881
Poultry & Livestock Programme		20,838,876	-	20,838,876
Fisheries Programme		27,613,407	-	27,613,407
Agriculture & Sericulture Programme		45,199,820	21,073,298	66,273,118
Livelihood Development Programme		106,762,753	226,274,005	333,036,758
Grant to BRAC University		8,700,000	-	8,700,000
Research, Monitoring and Evaluation		4,852,847	87,309,791	92,162,638
Total expenditure		18,393,110,881	10,953,093,076	29,346,203,957
Surplus of income over expenditure before taxation		3,442,601,987	129,047,125	3,571,649,112
Taxation	23	(87,000,000)	-	(87,000,000)
Net surplus for the year		3,355,601,987	129,047,125	3,484,649,112

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Changes in Net Assets
for the year ended 31 December 2010

	Capital Fund		Total Net Assets Taka
	Unrestricted Taka	Temporarily Restricted Taka	
At 1 January 2009	14,766,605,071	529,160,333	15,295,765,404
Net surplus for the year	3,355,601,987	129,047,125	3,484,649,112
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Non-operating appreciation in Related Undertakings	597,796,886	-	597,796,886
Transferred from Motorcycle Replacement Fund	751,011	40,903,371	41,654,382
At 31 December 2009	18,670,754,955	699,110,829	19,369,865,784
At 1 January 2010	18,670,754,955	699,110,829	19,369,865,784
Net surplus for the year	3,870,596,871	71,043,936	3,941,640,807
Transferred to relief and rehabilitation fund	(50,000,000)	-	(50,000,000)
Transferred to emergency reserve fund	(111,957,867)	-	(111,957,867)
Non-operating appreciation in Related Undertakings	432,333,757	-	432,333,757
Transferred from Motorcycle Replacement Fund	402,463	28,019,978	28,422,441
At 31 December 2010	22,812,130,179	798,174,743	23,610,304,922

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended 31 December 2010

Notes	2010 Taka	2009 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	4,153,640,807	3,571,649,112
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	1,910,811,625	2,072,849,102
Depreciation	452,463,727	419,373,632
Gain on disposal of property, plant and equipment	(4,495,241)	(30,377,018)
Loss on disposal of property, plant and equipment	1,304,595	43,531,766
Share of results in related undertakings	(488,451,308)	(733,954,022)
Reversal of impairment in value of investment in related undertakings	263,487	(446,881)
Donor grants - amortisation of investment in property, plant and equipment	(76,368,678)	(83,985,495)
Interest on fixed deposits and bank accounts	(651,911,297)	(857,991,476)
Adjustments for other accounts:		
(Increase)/ Decrease in service charge outstanding on microfinance loans	(60,286,671)	(54,252,354)
(Increase)/ Decrease in inventories	(819,147,718)	(81,375,485)
(Increase)/ Decrease in advances, deposits and prepayments	(527,264,290)	790,125,505
(Increase)/ Decrease in accounts receivable, net	(7,641,292)	(27,756,866)
(Increase)/ Decrease in motorcycle loans	(70,713,484)	(68,253,864)
Increase/ (Decrease) in liabilities for expenses and materials	828,066,510	593,562,227
Increase/ (Decrease) in deferred income	30,952,633	31,614,928
Increase/ (Decrease) in Bank overdrafts	(1,170,751,164)	(1,287,348,986)
Net cash provided by operating activities	3,500,472,241	4,296,963,825
Cash flows from investing activities:		
Increase/ (Decrease) in microfinance loans	(1,243,038,516)	(30,662,507)
(Increase)/ Decrease in fixed deposits pledged with financial institutions	(112,149,712)	3,279,888,591
(Increase)/ Decrease in fixed deposits unpledged	(866,599,825)	485,004,176
(Increase)/ Decrease in short term deposits unpledged	3,207,754,617	(6,109,673,511)
(Increase)/ Decrease in investments in related undertakings	(1,241,071,514)	(617,645,751)
Interest received on fixed deposits and bank accounts	651,911,297	857,991,476
Purchase of property, plant and equipment	(2,340,880,579)	(494,527,401)
Proceeds from disposal of property, plant and equipment	8,527,327	60,649,572
Income from sales of share of related undertakings	800,000	-
Dividends received from related undertakings	8,650,227	13,404,966
(Investments in)/Realisation of investment in securities and others	(36,450,000)	(74,960,000)
Net cash used in investing activities	(1,962,546,678)	(2,630,530,389)

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended 31 December 2010

Notes	2010 Taka	2009 Taka
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Cash flows from financing activities:

Grants received during the year	9,749,515,276	10,256,780,816
Grants utilised during the year for:		
-operational expenditure & micro-finance	(9,721,709,664)	(11,000,090,667)
-investment in property, plant and equipment	(12,466,233)	(23,103,215)
-motorcycle replacement funds	(18,486,400)	(8,511,713)
Net increase/(decrease) in securitised financing	182,937,489	117,276,904
Increase/ (Decrease) in term loans	(4,172,190,117)	(5,464,672,588)
Increase/ (Decrease) in members savings deposits	1,567,393,440	2,634,048,504
Increase/ (Decrease) in other long term liabilities	864,729,290	667,197,196
Increase/(Decrease) in members project and current accounts	581,040	(12,415,413)
Net cash (used in)/ provided by financing activities	(1,559,695,879)	(2,833,490,176)
Net (decrease)/increase in cash and cash equivalents	(21,770,316)	(1,167,056,740)
Cash in hand and at bank, beginning of the year	3,712,998,614	4,880,055,354
Cash in hand and at bank, end of the year	3,691,228,298	3,712,998,614

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Notes to Financial Statements
As at and for the year ended 31 December 2010

1 Introduction:

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

2 Summary of Significant Accounting Policies:

BRAC prepares its financial statements on a going concern basis, under the historical cost convention, except for investments in shares in listed companies classified within investment in related undertakings, which are stated at fair value. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items. The financial statements have been prepared in accordance with comprehensive guidelines and policies as disclosed in the forthcoming paragraphs. The financial statements are expressed in Bangladesh Taka.

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

2.1 Basis of preparation of financial statements

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

These financial statements include the financial statements of BRAC and, on an equity accounted basis, those of the related undertakings set out in Note 10 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.4, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

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

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

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

2 Summary of Significant Accounting Policies (contd.) :

2.1 Basis of preparation of financial statements (contd.)

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

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

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

2.2 Functional and presentation currency

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

2.3 Foreign currency transactions and translations

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions as per BAS-21 "The effect of Changes in Foreign Exchange Rates".

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2010 have been converted into taka at the exchange rates prevailing at that date.

Translation gains and losses

Monetary assets and liabilities denominated in foreign currencies as at 31 December 2010 have been converted into taka at the exchange rates prevailing at that date.

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

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

	Dec. 2010 Taka	Dec. 2009 Taka
United States Dollars	70.35	68.61
Euro	91.65	96.78
Great Britain Pound	106.88	106.73
Indian Rupee	-	1.74

BRAC's foreign currency denominated assets and liabilities are disclosed in Note 25.

2.4 Non-consolidation

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

2.5 Donor Grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, BRAC's donor grants are for the funding of projects and programmes, and for these grants, income is recognized to equate to expenditure incurred on projects and programmes. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned. For donor grants provided to purchase motorcycles for specific projects, the related accounting treatment given as per policies stated in Note 2.18.

2 Summary of Significant Accounting Policies (contd.) :

2.5 Donor Grants (contd.)

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

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

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

2.6 Revenue Recognition

Income generating projects - Aarong Rural Craft Centre, BRAC Printers and Printing Pack and BRAC Dairy and Food Project.

Programme Support Enterprises- mainly comprising poultry farms, feedmills, seedmills, fish and prawn hatcheries, horticulture nurseries, chilling centres, broiler rearing and meat marketing, salt production and marketing recycle paper production and health product related activities.

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

Micro finance program- Service charge on microfinance loans

Service charges on microfinance loans are recognized on an accrual basis as income. The recognition of service charge ceases when a loan is transferred to non-interest bearing loan as described in Note 2.11. Service charge is included in income thereafter only when it is realized.

Investment income

Interest on bank accounts, fixed deposits, debentures

Interest income on bank accounts, fixed deposits and debentures are recognised on accrual basis.

House Property Income

House Property Income is recognised on accrual basis whether cash received or not. In case of advance rent, it is adjusted with the monthly rent received from tenants.

Dividend income

Dividend income from shares is recognised when BRAC's right to receive the payment is established.

Other income

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

2.7 Expenses

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

2 Summary of Significant Accounting Policies (contd.) :

2.8 Property, plant and equipment

An asset which meets the following criteria is recognised as property, plant and equipment:

- i) Its expected useful life is more than three years;
- ii) Its cost exceeds Tk. 2,000.
- iii) It is tangible; and
- i v) Economic benefit is generated from it.

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

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

No depreciation is charged on freehold land and construction work-in-progress.

Repair and maintenance costs are expensed in the period of occurrence.

The cost of replacing part of an item of property or 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 organization and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in the statement of income and expenditure as incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure, when the asset is derecognized.

2.9 Microfinance loans

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

2.10 Provision for Loan Losses

BRAC generally provides for loan losses at 2% - 3% of loan disbursements made. Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. At the year end, BRAC calculates the required provision for loan losses based on the loan classification and provisioning methodology which is shown below and any adjustments, if required, are made and accounted for in the financial statements for the year.

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	3%
Watchlist	1 - 30	5%
Substandard	31 - 180	20%
Doubtful	181 - 350	75%
Loss	Over 350	100%

2 Summary of Significant Accounting Policies (contd.) :

2.11 Loans written off

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

2.12 Securitisation of Micro Finance Loans

BRAC has entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") originating from its micro finance programme, in return for financing through a trust formed for this purpose, known as the BRAC Micro Credit Securitisation Trust ("the Trust"). Eastern Bank Limited (EBL) is working as Trustee in the securitization arrangement. The investors are FMO, Citi Bank N.A., The City Bank Ltd. and Pubali Bank Ltd.

Under this arrangement, the Trust purchases the Designated Loans from BRAC and in turn, finances the purchase of the Designated Loans by issuing asset backed securities.

BRAC retains the responsibility for collections and administering of the Designated Loans from members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the loan agreements. Under the current arrangement, all the Designated Loans sold are for a maturity period of not more than 12 months.

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance, is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds.

In the event of default by the members, BRAC is obliged to replace, substitute or reassign the Designated Loans or Collateral Loans in accordance with agreed pre-set criteria. As a result, the Designated Loans do not meet the derecognition requirements and are therefore recognized in the financial statements even though they have been legally sold.

Funds received from the sale of the Designated Loans are recorded as a liability in the Securitised Financing Account, as stated in Note 17. Upon collection from members, BRAC is required to remit the collections based on the agreed terms to the Trustee, and this is accounted for through the Securitised Financing Account. Any prepayment of loans are separately accounted for, and applied as payments against the Securitised Financing Account as the loans mature.

2.13 Provision for Liabilities

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

2.14 Investment in Related Undertakings

Related undertakings refer to separately-established undertakings in which BRAC has effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 10.

2 Summary of Significant Accounting Policies (contd.) :

2.14 Investment in Related Undertakings (contd.)

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

2.15 Investment in Securities and Others

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

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

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

2.16 Accounts Receivable

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

2.17 Inventories

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

Expenditure is recognized at the moment when such inventory delivered or consumed; obsolete inventories are written off.

In case of write off of inventories, such amount is recognized as an expense in the period.

2.18 Motorcycle Replacement Fund

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

2.19 Self - Insurance Funds

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001, by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities', as depicted in Note 19, and is not externally funded.

2 Summary of Significant Accounting Policies (contd.) :

2.19 Self - Insurance Funds (contd.)

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

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuations carried out in 2008 in respect of the funds, and are disclosed in Note 19 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of these funds.

2.20 Employee Gratuity and Redundancy Fund

BRAC makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's service for each permanent employee (based on basic salary of the last month). The fund is held as a provision within 'Other long term liabilities', as depicted in Note 19, and is not externally funded. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made as a one-time termination benefit in the event of cessation of service from BRAC on grounds of redundancy.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediate following financial periods have been determined based on actuarial valuation carried out in 2008, and are disclosed in Note 19 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provision in respect of the fund

2.21 Employee Provident Fund

BRAC maintains recognised contributory provident fund for its eligible permanent employees. The fund is operated by the Board of Trustees. All confirmed employees are contributing 10% of their basic salary as subscription of the fund. BRAC also contributes equal amount of the employees' contribution to the fund.

2.22 Taxation

Under the Income Tax Ordinance (ITO), 1984, BRAC is subject to taxation for some of its projects and keeps their provision for taxation for its various projects i.e. Aarong, Printers & Printing Pack, Non agro Support Program, Self financing Social Development Program and House Property as referred in Note 23. As per Sixth Schedule, Part- A, Para- 1A of ITO 1984, income from Microfinance activities are tax exempted.

BRAC submits its Return for Tax for the organization as a whole. BRAC generally shows its provision for taxation under self financing social development project head in the segmental financial information.

2.23 Borrowing Costs

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

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

2 Summary of Significant Accounting Policies (contd.) :

2.24 Impairment of Assets

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

An impairment loss is recognised as an expense in the statement of income and expenditure immediately. Impairment losses recognized previous year should be revised in the statement of income and expenditure in case of impairment gain.

2.25 Goodwill

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

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24 above except that an impairment loss for goodwill is not reversed unless the specific external events that caused the impairment loss is reversed by a subsequent external event. Goodwill arising on the acquisition of related undertakings is included within the respective carrying amounts of the related undertakings concerned.

2.26 Financial Instruments

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

a) Investments in Related Undertakings

Investments in related undertakings are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.24.

b) Receivables

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

c) Payables

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

d) Interest-Bearing Borrowings

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

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

2 Summary of Significant Accounting Policies (contd.) :

2.27 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances at the end of the year. Included in cash and bank balances are donations which are received through donor grants. By virtue of donor agreements, the manner in which such donations are to be applied may be restricted to specific projects and/or assets.

2.28 Related parties

The loans provided to the related parties are unsecured and settlement occurs through bank transfer. There have been no guarantees provided or received for any related party receivables or payables.

Disclosures relating to Related Parties are stated in Note 10 and Note 24.

2.29 Contingent liability

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organization; or

Any present obligation that arises from past events but is not recognized because:

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

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

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

2.30 Events after the balance sheet date

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

2.31 General

Certain comparative figures have been reclassified to conform to the current year's presentation.

	2010 Taka	2009 Taka
3. Cash in hand and at banks		
Cash in hand	170,260,697	152,845,732
Cash at banks	3,520,967,601	3,560,152,882
	3,691,228,298	3,712,998,614
4. Term deposits		
Fixed deposits pledged with financial institutions (Notes 13 and 14)	2,329,380,097	2,217,230,385
Fixed deposits unpledged	1,500,578,950	633,979,125
Short term deposit unpledged	2,901,918,894	6,109,673,511
	6,731,877,941	8,960,883,021
5. Advance, deposits and prepayments		
Advances:		
Employees	231,979,277	193,434,196
Suppliers	485,789,450	395,480,337
Advance for tax	594,294,683	487,213,090
	1,312,063,410	1,076,127,623
Deposits:		
Deposits for facilities and utilities	3,706,863	16,214,874
Debt service reserve for securitised financing	352,580,661	92,278,411
Prepayments	338,699,384	295,165,120
	2,007,050,318	1,479,786,028
6. Inventories		
Seeds and feed	452,640,450	431,012,621
Medical supplies and consumables	24,080,154	39,346,773
Printing and stationery	190,037,022	142,829,847
Handicraft goods	1,742,557,863	982,849,324
Dairy products	100,208,677	97,755,074
Programme materials	107,962,611	104,545,420
	2,617,486,777	1,798,339,059
7. Grants and accounts receivable		
Grants receivable (Note 16)	655,916,534	582,061,017
Interest receivable on fixed deposits and bank accounts	346,207,739	282,426,959
Other accounts receivable	571,715,444	620,153,491
	1,573,839,717	1,484,641,467
Provision for doubtful debts	(32,963,631)	(25,262,190)
	1,540,876,086	1,459,379,277

Included in interest receivable on fixed deposits is Tk. 105,567,896 (2009: Tk. 43,147,154) receivable after 12 months.

8. Microfinance loans

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2010	43,879,648,048	152,301,269	(4,477,701,138)	39,554,248,179
Additions	73,758,843,480	11,511,787,019	(1,910,811,625)	83,359,818,874
Realisation	(72,515,804,964)	(11,451,500,348)	-	(83,967,305,312)
Write-off	(1,482,043,657)	(12,184,491)	1,494,228,148	-
At December 31, 2010	43,640,642,907	200,403,449	(4,894,284,615)	38,946,761,741

Loans to members bear annual service charges as follows:

General micro-finance	15% (2009: 15%)
Agriculture loans	10% (2009: 10%)
Agro business	13% (2009: 13%)
Housing loans	10% (2009: 10%)

Repayments are made in weekly/monthly instalments.

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

Loan Classification	Days in Arrears	Loan Outstanding 2010 Taka	Loan loss Provision 2010 Taka	Loan Principal 2009 Taka	Loan loss Provision 2009 Taka
Standard	Current (no arrears)	36,857,200,789	1,105,716,024	38,553,025,391	1,156,590,762
Watchlist	1 - 30	3,498,083,720	174,904,186	1,965,285,960	98,264,298
Substandard	31 - 180	252,887,442	50,577,488	362,851,506	72,570,301
Doubtful	181 - 350	1,059,279,943	794,459,957	977,264,731	732,948,548
Loss	Over 350	2,173,594,462	2,173,594,462	2,173,521,729	2,173,521,729
Additional provision for AILA		-	164,152,898	-	243,805,500
Additional 1% provision on DABI			430,879,600	-	-
		43,841,046,356	4,894,284,615	44,031,949,317	4,477,701,138

Microfinance loans include certain securitised loan receivables as follows :

	2010 Taka		
	Principal	Interest	Total
Securitised VO members Loans	5,093,625,382	781,908,706	5,875,534,088
Less : Collections from VO members in respect of securitised loans	4,461,669,765	728,937,251	5,190,607,016
	631,955,617	52,971,455	684,927,072

8. Microfinance loans (contd.)

In July 2006, BRAC entered into an asset securitization financing arrangement involving the sale of a designated pool of micro finance loan receivables ("Designated Loans") to Eastern Bank Limited ("EBL" or "Trustee"), to raise funds of up to an aggregate of USD 180 million (approximately Taka 12.6 billion) over a period of 6.5 years. Under the arrangement, 12 tranches will be drawn, out of which 7 tranches had already been drawn.

Designated Loans are assigned to BRAC Micro Credit Securitization Trust ("the Trust") set up for this purpose. Under this arrangement, the Trust purchases the Designated Loans from BRAC and in turn, finances the purchase of the Designated Loans by issuing asset backed securities, represented by the Designated Loans, to investors or beneficiaries of the Trust.

BRAC retains the responsibility for collections and administering of the Designated Loans from members. Cash flows from the loan collections are remitted, based on agreed terms, to the Trustee according to the repayment patterns as per the loan agreements. Under the current arrangement, all the Designated Loans sold are for a maturity period of not more than 12 months. In the event of default by the members, BRAC is obliged to replace, substitute or reassign the Designated Loans or Collateralised Loans in accordance with agreed pre-set criteria. As a result, the Designated Loans do not meet the derecognition requirements and are therefore recognized in the financial statements even though they have been legally sold.

Apart from the sale of the Designated Loans, BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan outstanding balance is maintained as additional security for the financing arrangement. In addition, BRAC is required to make a security deposit to the Trustee which may be applied towards payments for any amounts due to the Trustee in the event of insufficient funds. At 31 December 2010, the Collateral Loans amount to Taka 351,656,074 in addition to the nominal value of the Designated Loans of Taka 684,927,072.

9. Investments in securities and others

	2010 Taka	2009 Taka
DBH 1st Mutual Fund	60,000,000	60,000,000
Bangladesh Bank Bonds	110,550,000	74,100,000
	170,550,000	134,100,000

The Bangladesh Bank Bonds earned interest at 8.5% (2009: 8.5%) per annum respectively during the year.

Market value of DBH 1st Mutual Fund at 31 December 2010 was Tk.16.10 per unit and Tk.16.40 per unit on the Dhaka "DSE" and Chittagonj "CSE" stock exchanges respectively.

10 Investments in related undertakings

Related undertakings	2010				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	2,669,595,296	2,754,066,669	-	-	5,423,661,965
BRAC Industries Ltd.	24,999,900	2,560,180	-	-	27,560,080
BRAC BD Mail Network Ltd.	186,161,000	(97,442,344)	-	-	88,718,656
Documenta TM Ltd.	2,300,000	3,809,350	-	-	6,109,350
BRAC Services Ltd.	10,000,000	(63,320,025)	64,872,510	(11,552,485)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	206,295,375	-	-	256,295,375
BRAC Karnafuli Tea Company Ltd.	243,908,025	2,875,273	263,604,192	-	510,387,490
BRAC Kaiyachara Tea Company Ltd.	63,300,695	15,570,007	47,701,292	-	126,571,994
BRAC Banshkhali Tea Company Ltd.	27,719,870	(49,427,101)	186,527,298	-	164,820,067
BRAC Kodala Tea Company Ltd.	81,680,954	60,818,040	124,913,703	-	267,412,697
Bangladesh Netting Factory Ltd.	17,071,429	34,917,392	30,265,741	-	82,254,562
BRAC Assets Management Company Ltd.	13,000,000	-	-	-	13,000,000
	3,389,737,169	2,870,722,816	717,884,736	(11,552,485)	6,966,792,236

Related undertakings	2009				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	1,464,730,703	2,078,786,026	-	-	3,543,516,729
BRAC Industries Ltd.	24,999,900	1,711,973	-	-	26,711,873
BRAC BD Mail Network Ltd.	186,162,000	(135,579,676)	26,582,274	-	77,164,598
Documenta TM Ltd.	2,400,000	3,196,137	-	-	5,596,137
BRAC Services Ltd.	10,000,000	(55,671,418)	56,960,416	(11,288,998)	-
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	161,250,590	-	-	211,250,590
BRAC Karnafuli Tea Company Ltd.	243,908,025	(19,694,731)	267,984,703	-	492,197,997
BRAC Kaiyachara Tea Company Ltd.	63,300,695	(906,125)	45,366,388	-	107,760,958
BRAC Banshkhali Tea Company Ltd.	27,719,870	(46,300,162)	159,255,419	-	140,675,127
BRAC Kodala Tea Company Ltd.	81,680,954	(25,732,446)	106,298,870	-	162,247,378
Bangladesh Netting Factory Ltd.	17,071,429	(1,672,188)	32,128,745	-	47,527,986
	2,171,973,576	1,959,387,980	694,576,815	(11,288,998)	4,814,649,373

Represented by:

Share of net tangible assets

Goodwill on acquisition

Loans

2010	2009
6,069,949,673	3,941,114,731
178,957,827	178,957,827
717,884,736	694,576,815
6,966,792,236	4,814,649,373

10 Investments in related undertakings (contd)

Related undertakings (All Incorporated in Bangladesh)	2010	2009	Principal activities
BRAC Bank Ltd.	43.77	37.18	Banking business, listed on the Dhaka and Chittagong Stock Exchanges
BRAC Industries Ltd.	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd.	20.0	39.7	Internet service provider
BRAC Services Ltd.	100.0	100.0	Hospitality
Delta BRAC Housing Finance Corp.Ltd.	20.37	20.37	Housing finance, listed on the Dhaka and Chittagong Stock Exchanges
Documenta TM Ltd.	70.0	80.0	Software development
BRAC Karnafuli Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kaiyachara Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Banshkhali Tea Company Ltd.	99.9	99.9	Tea plantation
BRAC Kodala Tea Company Ltd.	99.1	99.1	Tea plantation
Bangladesh Netting Factory Ltd.	94.0	94.0	Poultry Processing
BRAC Assets Management Company Ltd.	26.0	-	Management of Assets and Portfolio Investment

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

Loans represent finance provided for working capital and earn 12% (2009: 12%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2010 is a non-distributable portion amounting to Tk 432,333,757 (2009: Tk 546,819,135).

The market value of BRAC Bank Ltd. shares at 31 December 2010 was Tk. 856.30 per share (2009: Tk 687.50) and Tk.858.50 per share (2009: Tk.685.80) on the Dhaka ("DSE") and Chittagong ("CSE") Stock Exchanges respectively.

The market value of Delta BRAC Housing Finance Corporation Ltd. shares at 31 December 2010 was Tk. 2,498 per share (2009: Tk.1,627) and Tk. 2,540 per share (2009: Tk.1,590) on the DSE and CSE respectively.

Significant events during the year:

BRAC Bank Ltd.

On May 30, 2010, BRAC Bank Ltd. allotted 2,396,199 ordinary shares of Tk.100 each at a ratio of 1:30 to BRAC through a bonus issue exercise.

On December 24, 2010, through a back to back Block Market sale and purchase arrangement, BRAC acquired 332,065 ordinary shares of Tk. 100 each in BRAC Bank Ltd. from another shareholder, Shore Cap International Ltd at Tk. 775 per share and on June 14, 2010 acquired 1,207,765 ordinary shares from Shore Cap International Ltd. at Tk. 710 per share and on June 14, 2010, acquired 126,438 ordinary shares from International Finance Corporation (IFC) at Tk. 710 per share. Following the acquisition, BRAC's equity interest in BRAC Bank Ltd. increased from 37.18% to 43.77%.

11. Property, plant and equipment

Group of fixed assets	Cost					Depreciation				Written down value 31-12-2009	
	Opening balance 01-01-2010	Additions during the year	Transferred during the year	Disposals and written offs during the year	Closing balance 31-12-2010	Opening balance 01-01-2010	Charged during the year	Adjustment/ disposals and written offs during the year	Closing Balance 31-12-2010		Written down value 31-12-2010
Freehold land											
Buildings	2,394,308,567	1,679,543,908	-	-	4,073,852,475	1,001,413,687	115,163,410	-	1,116,577,097	4,073,852,475	2,394,308,567
Furniture & fixtures	2,973,378,899	-	274,058,974	(4,032,086)	3,243,405,787	428,642,065	67,317,608	-	487,777,563	2,126,828,690	1,971,965,212
Equipment	637,135,942	86,047,005	-	(8,182,110)	715,000,837	1,032,177,024	120,647,225	(8,182,110)	903,368,719	227,223,274	208,493,877
Computer *	1,346,894,764	147,305,153	(280,606,613)	(9,124,077)	1,204,469,227	292,191,273	13,034,906	(249,455,530)	254,242,872	301,100,508	314,717,740
Vehicles	-	11,584,660	280,606,613	-	292,191,273	311,909,748	55,863,237	(13,385,260)	354,387,725	37,948,401	-
Bicycles	446,125,426	47,894,675	-	(13,385,260)	480,634,841	21,982,659	3,894,481	(2,097,861)	23,779,279	126,247,116	134,215,678
Machineries	33,885,241	1,935,442	-	(2,097,861)	33,722,822	528,048,897	44,866,539	-	572,915,436	9,943,543	11,902,582
Deep tubewells and tanks	878,683,972	22,441,651	-	-	901,125,623	9,518,931	2,986,100	-	12,505,031	328,210,187	350,635,075
Hatcheries	11,757,873	5,019,435	-	-	16,777,308	9,309,777	1,841,653	-	11,151,430	4,272,277	2,238,942
Camp/Poultry/Livestock sheds	12,132,320	145,371	-	-	12,277,691	92,164,068	9,966,413	-	102,130,481	1,126,261	2,822,543
Motorcycles	202,719,260	11,086,680	-	-	213,805,940	1,496,954	-	(30,460)	1,466,494	111,675,459	110,555,192
Construction work-in-progress	1,925,037	-	-	(458,542)	1,466,495	-	-	-	-	1	428,083
Crates/Mannequins/Samples/Antiques	69,603,111	302,096,243	(274,058,974)	-	97,640,380	79,296,307	16,882,155	-	96,178,462	97,640,380	69,603,111
Total 2010	116,098,481	25,780,356	-	-	141,878,837	3,515,960,117	452,463,727	(31,943,255)	3,936,480,589	7,491,768,947	5,608,688,776
Total 2009	9,124,648,893	2,340,880,579	-	(37,279,936)	11,428,249,536	3,123,687,415	419,373,632	(27,100,930)	3,515,960,117	5,608,688,776	

Allocation of depreciation:

- i) included in cost of sales of commercial projects
 ii) included in programme related expenses

	Dec. 2010	Dec. 2009
	20,912,913	35,541,563
	431,550,814	383,832,069
	452,463,727	419,373,632

An amount of Tk. 76,368,678 (2009: 83,985,495) has been transferred to the statement of income and expenditure from Deferred income - investment in fixed assets to cover the depreciation charge for donor funded fixed assets as disclosed in Notes 18 & 20.

Landed properties with an aggregate net book value of Tk. 1,024,045,904 (2009: 1,024,045,904) have been pledged to secure overdraft facilities and term loans as disclosed in Notes 13 and 14 to the financial statements.

* Computer has been segregated from equipment and presented as a separate item.

12. Liabilities for expenses and materials

	2010 Taka	2009 Taka
Liabilities for expenses	1,577,772,259	948,335,600
Liabilities for goods	414,963,214	454,054,168
Advances received for training, publications, supplies etc.	674,165,591	436,444,786
	<u>2,666,901,064</u>	<u>1,838,834,554</u>

13. Bank overdrafts

	2010 Taka	2009 Taka
*Pubali Bank Ltd.	955,504,978	2,071,292,241
Prime Bank Ltd.	280,518,600	424,417,050
*Bangladesh Krishi Bank (BKB)	42,872,603	-
IFIC Bank Ltd.	279,076,744	243,081,399
State Bank of India	50,965,780	13,245,254
Dhaka Bank Ltd.	200,840,411	160,728,873
Standard Bank Ltd.	10,754,804	105,033,580
National Bank Ltd.	114,530,337	158,927,168
United Commercial Bank Ltd.	113,065,678	239,526,830
Premier Bank Ltd.	47,405,853	92,147,674
The Trust Bank Ltd.	163,492,253	284,393,260
Uttara Bank Ltd.	85,364,128	112,717,188
Bank Alfalah Ltd.	55,339,922	84,823,741
Dutch Bangla Bank Ltd.	14,923,031	121,144,901
Eastern Bank Ltd.	55,483,086	-
Sonali Bank Ltd.	-	45,029,850
Bank Asia Ltd.	123,515,632	86,407,571
Rupali Bank Ltd.	118,838,954	74,894,282
Janata Bank Ltd.	133,583,135	-
*Agrani Bank Ltd.	141,636,178	17,919,238
AB Bank Ltd.	182,822,348	-
South East Bank Ltd.	29,042,538	34,598,057
	<u>3,199,576,993</u>	<u>4,370,328,157</u>

The bank overdrafts are secured by fixed deposits amounting to Tk. 1,262,129,251 (2009: Tk 1,648,897,664) and properties amounting in aggregate to Tk. 551,547,348 (2009: 551,547,348).

The bank overdrafts were obtained for BRAC's micro-finance programme and to finance working capital requirements. The bank overdrafts bear interest at 11% -13% (2009: 11% -13%) per annum, and are repayable within 12 months.

14. Term loans

	2010 Taka	2009 Taka
*Standard Chartered Bank (SCB)	3,862,514,284	3,978,142,857
Citi Bank NA [guaranted by OPIC & IFC]	1,268,750,000	1,993,750,000
Pubali Bank Ltd. (PBL)	47,291,391	90,166,748
FMO, Netherlands	978,142,857	1,222,678,571
Mercantile Bank Ltd.	-	198,019,036
Palli Karma Shahayak Foundation (PKSF)	180,000,000	623,333,326
Agrani Bank Ltd.	368,400,000	870,800,000
IIDFC Ltd.	-	860,000,000
The Trust Bank Ltd.	-	180,808,887
Citi Bank NA [local currency syndication]	342,000,000	494,000,000
AB Bank Ltd.	246,926,183	512,748,128
Bangladesh Bank	1,385,947,000	-
Norfund, Norwegian	391,257,143	489,071,429
*HSBC Bank Ltd.	390,000,000	377,500,000
Eastern Bank Ltd.	355,072,194	669,478,117
Shahjalal Islami Bank Ltd.	216,444,159	406,872,457
National Bank Ltd.	252,885,345	400,195,106
Bangladesh Krishi Bank (BKB)	100,000,000	183,333,331
Bank Asia Ltd.	50,435,972	147,342,070
Janata Bank Ltd.	176,805,298	412,388,291
Mutual Trust Bank Ltd.	84,317,272	222,848,516
*Commercial Bank of Ceylon Ltd.	-	161,040,000
Bangladesh Commerce Bank (BCB) Ltd.	68,578,751	150,864,832
*Rajshahi Krishi Unnyon Bank (RAKUB)	424,508,500	349,333,500
Dutch Bangla Bank Ltd.	215,408,417	384,824,308
Southeast Bank Ltd.	79,146,458	138,944,883
NCC Bank Ltd.	-	75,328,609
Sonali Bank Ltd.	457,332,103	200,000,000
BASIC Bank Ltd.	261,487,349	265,984,891
*Rupali Bank Ltd.	280,000,000	222,500,000
IPDC of Bangladesh Ltd.	-	46,316,000
MIDAS Financing Ltd.	-	49,916,130
Jamuna Bank Ltd.	33,538,733	51,619,574
Uttara Bank Ltd.	25,043,809	58,333,333
State Bank of India	30,000,000	60,000,000
Export Import Bank of Bangladesh (EXIM) Ltd.	89,391,804	170,428,923
Standard Bank Ltd.	-	13,663,690
The City Bank Ltd.	62,500,000	112,500,000
One Bank Ltd.	-	51,239,596
Islamic Development Bank (IDB)	343,450,000	343,450,000
	<u>13,067,575,022</u>	<u>17,239,765,139</u>

Term Loans are analysed as follows:

Amount repayable within 12 months

7,728,476,538 10,108,942,583

Amount repayable after 12 months:

-Repayable after 12 months and within 24 months

3,616,333,634 3,599,642,482

-Repayable after 24 months and within 36 months

741,848,832 1,879,978,299

-Repayable after 36 months and within 48 months

969,084,656 1,063,779,612

-Repayable after 48 months and within 60 months

11,831,362 587,422,163

5,339,098,484 7,130,822,556

13,067,575,022 17,239,765,139

14. Term loans (contd.)

All repayment obligations in respect of the term loans were met and no amounts were in arrears as at 31 December 2010.

* Secured by fixed deposits amounting to Tk. 1,067,250,846 (2009: Tk.568,332,721) and properties amounting in aggregate to Tk. 472,498,556 (2009: Tk 472,498,556)

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

	2010	2009
PKSF	7%	7%
Other financial institutions	6%-15%	6%-15%

15. Members' savings deposits

	2010 Taka	2009 Taka
Opening balance	18,398,618,148	15,764,569,644
Deposits during the year	11,454,102,166	11,822,933,239
Withdrawals during the year	(9,886,708,726)	(9,188,884,735)
Closing balance	19,966,011,588	18,398,618,148

The rate of interest paid in respect of savings deposits by members was 5% - 10% (2009: 5%-10%) per annum.

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

- (a) **Weekly savings:** Each member deposits a minimum amount of Tk. 5 in a weekly meeting. The amount to be deposited weekly is fixed by the member at the inaugural meeting of the year up to a maximum amount of Tk.20 per week.
- (b) **Compulsory savings:** When loans are disbursed to members, 5% of the loan sanctioned is deducted at source at inception and recorded under "saving deposits" of the member loan. This deducted amount is considered as "deposit against loan disbursed".
- (c) **Monthly savings:** Each member can save for 3 years, 5 years, 8 years and 10 years. The monthly savings varies between Tk. 100 to Tk. 1,000.
- (d) **Term deposits:** Each member can save 1 to 10 years for a fixed time period. The amount will be between Tk. 10,000 to 100,000.

15. Members' savings deposits (contd.)

Rules for Savings withdrawals:

- (a) The entire amount of savings deposits of a member will be refunded when the member retires or is terminated from membership.
- (b) After one year of becoming a member 50% of savings deposits may be withdrawn to meet special requirements such as marriage of offspring, illness, etc.
- (c) Loan outstanding balance including service charge on loan is to be fully repaid by a member before withdrawal of the entire amount of savings deposits.
- (d) If the savings deposit balance of a member is less than Tk 2,000 after part withdrawals, no interest will be paid on the remaining balance. Moreover, if a member withdraws deposits more than twice in a year, no interest will be paid for that financial year.
- (e) Member can withdraw his/ her entire monthly savings and term deposits any time before the maturity date of savings deposits.

16. Grants received in advance account

	Note	2010 Taka	2009 Taka
At 1 January		1,436,507,867	1,834,102,592
Receivables as at 1 January		(582,061,017)	(204,730,963)
		854,446,850	1,629,371,629
Donations received during the year	27	9,749,515,276	10,256,780,816
Transferred to deferred income:			
- Investment in fixed assets	18	(12,466,233)	(23,103,215)
- Motorcycle replacement fund	18	(18,486,400)	(8,511,713)
Transfer to Statement of Income and Expenditure for expenditure during the year	20	(9,721,709,664)	(11,000,090,667)
		851,299,829	854,446,850
Receivables as at 31 December	7	655,916,534	582,061,017
At 31 December		1,507,216,363	1,436,507,867

17. Securitised financing

Financing for securitised receivables	1,573,914,708	894,661,804
Interest Charge	26,360,682	15,022,545
	1,600,275,390	909,684,349
Less: Repayments	954,977,593	447,324,041
	645,297,797	462,360,308

The amounts financed are in return for the sale of an identified pool of microfinance loan receivables ("Designated Loans") and in addition BRAC is also obligated to ensure that collateral represented by other microfinance loan receivables ("Collateral Loans") valued at not less than 50% of the Designated Loan balance is maintained as additional security. At 31 December 2010, the value of Designated Loans and Collateralised Loans amounted to Taka 684,927,072 and Taka 351,656,074 respectively.

The financing bears interest at effective rates ranging between 6.53% to 8.60% per annum.

All repayment obligations in respect of the term loan have been met and no amounts were in arrears as at 31 December 2010.

18. Deferred income		2010 Taka	2009 Taka
	Investment in Fixed assets (Note-18.1)	204,161,766	268,064,212
	Motorcycle Replacement Fund (Note-18.2)	50,396,957	60,332,998
		254,558,723	328,397,210
18.1 Investment in Fixed assets			
	At 1 January 2010	268,064,212	328,946,492
	Transfer from Grant received in advance	16 12,466,233	23,103,215
	Transfer to Income and Expenditure (unrestricted)	20 (3,286,265)	(57,891,835)
	Transfer to Income and Expenditure (temporarily restricted)	20 (73,082,413)	(26,093,660)
		204,161,766	268,064,212
18.2 Motorcycle Replacement Fund			
	At 1 January 2010	60,332,999	93,475,668
	Transfer from Grant received in advance	16 18,486,400	8,511,713
	Transfer to Capital Fund (unrestricted)	(402,463)	(751,011)
	Transfer to Capital Fund (temporarily restricted)	(28,019,978)	(40,903,371)
		50,396,957	60,332,998
19. Other long term liabilities		2010 Taka	2009 Taka
	Employee gratuity and redundancy fund	4,292,564,823	3,504,754,781
	Self-insurance fund		
	- Employees	256,524,974	255,704,828
	- BRAC properties and motorcycles	466,712,932	436,213,832
		723,237,906	691,918,660
	Other funds		
	- Special fund for scholarship	4,627,427	4,419,905
	- Relief and rehabilitation fund	179,334,977	130,806,416
	- Emergency fund	308,050,697	182,528,033
	- Staff welfare fund	55,893,573	22,594,452
		5,563,709,403	4,537,022,247

19. Other long term liabilities (contd.)

An actuarial valuation of the employee gratuity and redundancy fund as at 31 December 2008 was performed by an independent professional actuary. Based the valuation, there was an excess provision of Tk 33,721,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2005, included official mortality tables in Bangladesh, an interest rate of 8% which is the average rate of interest expected to be realised over the applicable period and a rate of salary increase of 7% per annum.

An actuarial valuation of the self-insurance fund for employees as at 31 December 2008 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 46,418,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2005, included official mortality rates in Bangladesh.

The indicative excess provisions in respect of the self-insurance fund for employees and the employee gratuity and redundancy fund, amounting to an aggregate of Tk 80,139,000. have not been written back, but will be considered in determining future provisions.

BRAC also commissioned an investigation report by an independent professional actuary on the properties and motorcycles self-insurance fund as at 31 December 2008. Similar to the valuation carried out in 2005, the investigation report addressed BRAC's properties and motor cycles within and outside the Dhaka City Corporation areas. The investigation report set out a recommendation that to attain a satisfactory financial position required for the self-insurance fund, an additional provision of Tk 55,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 55,000,000 over a period of two years commencing 2008. Accordingly, Tk 55,000,000 has been accreted in the financial year 2008 and 2009.

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

The Relief and Rehabilitation fund for disaster and climate change represents recoveries from prior disbursements of grants for rehabilitation, and is held as a liability. In 2010, additional amount of Tk.50,000,000 has been accreted from net surplus of income generating projects. This fund will be utilized to meet outgoings during natural disasters and climate change.

The Emergency fund represents receipts from service charges from prior disbursements of grants under the donor funded Micro-credit Rehabilitation Project to assist micro-credit borrowers in the event of natural disasters such as floods, typhoons and cyclones. The fund is represented by a specific bank balance from which interest is added to the fund.

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

20. Donor grants

Donor grants recognised in the Statement of Income and Expenditure:

	Note	2010 Taka	2009 Taka
Transferred from grants received in advance	16	9,721,709,664	11,000,090,667
Transferred from deferred income:			
amortisation of investment in fixed assets			
- unrestricted	18	3,286,265	57,891,835
- temporarily restricted	18	73,082,413	26,093,660
		76,368,678	83,985,495
		<u>9,798,078,342</u>	<u>11,084,076,162</u>

21. Investment income	2010 Taka	2009 Taka
Interest on bank accounts and fixed deposits	651,911,297	857,991,476
In respect of investments in related undertakings:		
-Share of profits less losses	488,451,308	733,954,022
-(Increase)/ Decrease of Provision for impairment losses	(263,487)	446,881
	488,187,821	734,400,903
	1,140,099,118	1,592,392,379
22. Other income		
Gain on disposal of property, plant and equipment	4,495,241	30,377,018
Partial reimbursements on cost of programme supplies	85,803,573	122,819,810
Training income	315,595,714	487,884,949
Sale of waste materials	60,800,030	54,765,964
Interest received on loans and advances	44,019,659	51,634,217
Foreign exchange gain - unrealised	9,925,906	3,989,069
	520,640,123	751,471,027
23. Taxation		
Income taxation charge for the year	212,000,000	87,000,000

Although some of the income of BRAC is taxable under Income Tax Ordinance 1984, the tax authority has been exercising their discretionary power over the years in assessing BRAC's income and tax thereon. On this process BRAC has always been charged with an arbitrary and exorbitant amount of tax every year from the assessment year 1991-92. Being aggrieved, BRAC has naturally preferred legal process against the order of the authority. Respective files have been awaiting verdict at different levels of legal jurisdictions. As a result there has been created a large amount contingent liabilities (liabilities of uncertainties) of Tk. 4,619,653,694 against tax liability for the assessment years from 1991-92 to 2009-10. BRAC have obtained stay orders from High Court Division of Supreme Court against the settlement of such liabilities. It is pertinent to mention that BRAC has an amount of Tk. 686,782,307 paid as advance tax over the years. BRAC is of the view that the basis of taxation is inappropriate and therefore, BRAC will not be liable to taxation as demanded by the tax authority. Accordingly, the amount have been provided for in the financial statements 31 December 2010 might not match the arbitrary demand of the authority.

24. Related Party Disclosures	2010 Taka	2009 Taka		
In addition to Note 10, other transactions regarding to related parties are stated below:				
Sl.#	Name of Related Party	Nature of Transactions		
1.	BRAC Bank Ltd.	Fixed deposits	784,818,757	558,430,868
		Short term deposits	2,901,918,894	6,109,683,511
		34 Bank Accounts (2009: 34)	1,514,813,353	957,004,509
2.	Delta BRAC Housing Finance Corp.Ltd.	Fixed deposits	576,851,447	537,957,059

25. Foreign currency denominated monetary assets and liabilities

	2010 Taka	2009 Taka
Resident Foreign Currency Deposits (in US\$)	465,003,435	442,815,581
Resident Foreign Currency Deposits (Euro)	17,298,724	18,247,446
Resident Foreign Currency Deposits (in GBP)	16,742,280	16,673,572
Cash at bank (in US\$)	24,074,388	13,657,682
Cash at bank (in Euro)	1,118,598	919,200
Cash at bank (Indian Rupee)	-	174
Cash at bank (in GBP)	223,210	115,380

26. Financial Instrument

a) **Financial Risk Management Objectives and Policies**

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

b) **Interest Rate Risk**

BRAC's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to members and members saving deposits. BRAC does not engage in speculative transactions or take speculative positions on its interest exposure.

c) **Foreign Exchange Risk**

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

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

d) **Liquidity Risk**

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

e) **Credit Risk**

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

27. Schedule of donation received

Name of the projects	Donor	2010 Taka	2009 Taka
BRAC Education Program	EKN	660,000,000	909,851,327
	NOVIB	39,864,990	105,067,575
	DFID	862,703,250	1,323,634,000
	CIDA	-	43,307,936
	AusAID	459,518,851	387,004,000
	Sub total	2,022,087,091	2,768,864,838
Non-Formal Primary Education Program (NFPE Phase-III)	EC	264,738,970	-
Challenging the Frontiers of Poverty Reduction Programme (Phase-II)	NOVIB	54,892,380	46,796,182
	AusAID	635,340,000	15,018,940
	DFID	2,138,994,200	2,197,944,946
	CIDA	-	163,231,722
	Sub Total	2,829,226,580	2,422,991,790
Education Research, Training and Advocacy	EKN	64,830,877	50,000,000
	SDC	25,168,000	32,741,968
	Sub total	89,998,877	82,741,968
BRAC University Institute of Education Development	Plan Bangladesh	1,204,810	10,927,104
	Institute of Dev. Studies-Sussex	2,048,046	-
	Sub total	3,252,856	10,927,104
Cyclone Relief and Rehabilitation Activities	NOVIB	-	34,777,005
	BRAC USA	-	899,532
	Local contribution	-	393,230
	Sub total	-	36,069,767
Improving Maternal Neonatal & Child Survival Program (MNCS)	AusAID	28,230,370	305,550,000
	EKN	154,672,000	44,687,244
	DFID	244,161,821	163,392,975
	Sub total	427,064,191	513,630,219
AILA Relief & Rehabilitation	BRAC USA	-	22,039,824
	Luftfahrt ohne Grenzen e. V.	-	46,779,303
	Sub total	-	68,819,127
BRAC New Initiative of HRLS	GTZ	957,207	885,054
	Australian High Commission	1,200,000	-
	Sub total	2,157,207	885,054
MA in Governance and Development Program	World Bank	-	2,083,690
Pilot project of distributing reading glass in Manikganj	Vision Spring	-	629,748
Early Childhood Development Support Program	AKF	4,000,000	3,240,000
Char Development and Settlement Program	EKN	8,033,978	29,543,496
Atta Fortification Program	WFP	54,778,954	55,861,612
Northwest Crop Diversification Project	GOB	-	14,715,563
School Feeding Program	Land O Lakes	-	3,611,520
TB Control Program	The Global Fund	757,939,115	608,640,779
Social Protection Package for Retrenched State Owned Enterprise Workers	DFID	-	162,806,235
Tree Improvement project	Inter Co-operation Bangladesh	4,826,362	6,055,475
Improving Sexual and Reproductive Health	Institute of Dev. Studies-Sussex	3,839,953	9,252,044
Pathway of Women Empowerment of research project	Institute of Dev. Studies-Sussex	17,961,648	9,445,127
BRAC Water, Sanitation and Hygiene Program	EKN	1,495,938,740	1,186,352,302
Malaria Control Program	The Global Fund	205,638,005	241,709,864
Deepening Democracy, Building Citizenship and Promoting Participation	Institute of Dev. Studies-Sussex	-	685,548
	International Research and Exchanges Board	-	1,973,922
Eurasia /South Asia teaching excellence and achievement	Manusher Jonno Foundation	8,225,030	13,109,493
Safe Migration Facilities	Manusher Jonno Foundation	8,225,030	13,109,493
Community Based Maternal, Neonatal and Child Health (MNCH) Program for Urban Bangladesh	Manusher Jonno Foundation	8,225,030	13,109,493
	Bill and Melinda Gates Foundation	392,799,732	404,967,608

Name of the projects	Donor	2010 Taka	2009 Taka
BRAC Non-formal Primary Education Program	EC	155,839,221	231,141,872
Revealing the Challenges of Urban Bangladesh DOTS Program	University of Leeds	831,847	1,076,421
Vitamin A Captul Supplementation for Unreached Children in Hard to Reach areas	Micro-Nutrient Initiative	6,154,130	689,507
Early Learning for Child Development Project (ELCDP)	UNICEF	209,418,653	211,399,588
BRAC Innovation Fund towards a new Dimention of Adolescent Development Program	NOVIB	-	638,941
BRAC Limb Centre and Brace Centre	International Committee of the Red Cross (ICRC)	-	686,600
Mainstreaming Nutrition in to BRAC Program	ICDDRDB	-	1,643,658
Community Based Postnatal Care Study in Bangladesh	Save the Children-USA	1,042,750	2,576,638
Prevention & Control of HIV among High Risk Population	Save the Children-USA	-	12,795,571
Indoor Air Polution and Health in Developing Countries Survey	Standford University	968,459	6,820,096
Improving Recognition Prolonged Labor and Birth with Unsil Academic	Emory University	1,911,964	341,102
HIV/AIDS Targeted Intervention among Clients of Sex Workers	UNICEF	-	4,812,256
Community Safety Pilot project	Safer World	1,000,000	81,090
Maternal Perinatal Depressive Symptom on Infant Dev.	Karolinska University-Sweden	628,984	550,400
Post SIDR Livelihood Rehabilitation Program	EC	84,107,199	760,480,404
Cyclone SIDR Emergency Health & Nutrition Response in Bangladesh	Save the Children-USA	-	2,090,841
Pro-Poor Growth for South Africa and Asia	Oxford University	4,168,327	4,270,465
Distributing Essential Information over Mobile Phones	DIMAGI	-	6,769,412
Adolscent Development Program	UNICEF	79,801,636	97,937,287
Screening of Tube Well in Bangladesh Arsenic	The Rotary Foundation	-	420,486
BRAC International Coference on Scaling Health Innovations	BRAC USA	-	13,458,115
Increase Case Detection in Low Performing Sub-districts Including Hill Tract	Fidelis, France	-	23,948,401
National Food Security Nutritional Surveillance Project	EC	-	71,354,119
Promoting Child Sensetive Disaster Risk and Cyclone & Flood Pron Area	Save the Children-UK	623,275	1,869,825
Support to Farmers in north-west Bangladesh during Monga through the introduction of Agriculture	AIDA	-	15,063,581
VCT Services BRAC TB Cetnre	Family Health International	3,115,000	3,586,241
TQI-SEP Innovation and Development	GOB	2,389,000	2,806,108
Alive and Thrive Project	Applied Research & Technical Services(AEDARTS)	105,853,103	71,963,322
Social and Financial Empowerment of Adolescents (SOFEA)	BRAC -USA	54,106,056	45,894,576
Active Citizen and Accountable Local Government Project	United Nations Democracy Fund (UNDEF)	4,122,420	-
Advocacy for Safe Migration and Abating Labour Trafficking	Winrock International-USA	527,000	-
Bangladesh Springles Program	The Global Alliance for Improved Nutrition (GAIN)	20,523,193	-
Crop Intesification for Achieving Food Self-Sufficiency Program	EC	240,520,031	-
Developing BRAC's Emergency Response Capacity	BRAC-USA	67,922,998	-
Technology Dissemination of Acuaculture for Poverty Reduction	AIDA-Spain	13,673,761	-
The effect of micronutrient powder and hand hygiene on linear growth faltering and treating iron deficiency anemia and preventing calcium deficiency among Bangladeshi infants	Hospital For Sick Children	4,354,314	-
Restoring Socio-Economic Stability and Strengthening Community in areas affected by Cyclone AILA	EC	88,082,042	-
Disaster Resilient Habitat: An Alternative to Cyclone Shelter	United Nations Development Programme (UNDP)	10,309,500	-
m.Health for improving Maternal, Neonatal & Child Health project	Rockefeller Foundation	14,025,118	-
Situation Analysis Study on Core Issues related to Food Security and Poverty in Bangladesh	International Union for Conservation of Nature and Natural resources (IUCN)	150,000	-
Challenging the Frontiers of Poverty Reduction Programme (Phase-I)	EC	(19,161,994)	-
TOTAL		9,749,515,276	10,256,780,816

28. Segmental financial information

	Unrestricted										Temporarily restricted		Total 2010									
											Development Projects											
											Taka											
Assets:																						
Cash in hand and at banks	126,201,916	13,521,572	93,923,261	74,254,065	18,298,705	3,471,827,713	(2,333,860,877)	688,368,161	2,152,534,516	1,538,693,782	3,691,228,298											
Term deposits	-	-	-	-	-	1,337,223,279	5,394,654,662	-	6,731,877,941	-	6,731,877,941	-	-	-	-	-	-	-	-	-	6,731,877,941	
Advance, deposits and prepayments	167,984,575	246,332,509	37,241,612	99,681,575	208,848	480,859,994	862,775,750	23,383,702	1,918,468,565	88,581,753	2,007,050,318										2,007,050,318	
Inventories	1,742,557,863	180,630,233	100,208,677	464,675,394	10,347,290	78,947,742	34,950,417	-	2,612,317,616	-	2,617,486,777										2,617,486,777	
Grants and accounts receivable	81,434,616	90,795,486	22,952,770	283,125,497	12,307,610	108,966,106	248,526,405	2,957,517	851,066,007	689,810,079	1,540,876,086										1,540,876,086	
Inter-programme current account	(625,229,776)	(366,214,948)	78,900,095	74,608,515	6,139,868	167,878,699	663,893,142	-	(24,405)	24,405	-										-	
Microfinance loans	-	-	-	-	-	38,946,761,741	-	-	38,946,761,741	-	38,946,761,741										38,946,761,741	
Motor cycle loans	368,669	-	1,851,774	8,203,126	69,812	409,551,670	6,997,134	-	427,042,185	396,364,743	823,406,928										823,406,928	
Investments in securities and others	-	-	-	-	-	-	170,550,000	-	170,550,000	-	170,550,000										170,550,000	
Investments in related undertakings	-	-	-	-	-	-	6,966,792,236	-	6,966,792,236	-	6,966,792,236										6,966,792,236	
Property, plant and equipments	685,488,281	114,917,373	399,857,399	667,685,599	3,959,461	3,019,669,594	2,238,321,925	182,923,558	7,312,823,190	178,945,757	7,491,768,947										7,491,768,947	
Total Assets	2,178,806,144	279,982,225	734,935,588	1,672,233,771	51,331,594	48,021,686,538	14,253,600,794	897,632,938	68,090,209,592	2,897,589,680	70,987,799,272											
Liabilities and net Assets																						
Liabilities:																						
Liabilities for expenses and materials	173,404,634	35,004,158	108,991,108	280,216,801	16,235,497	1,235,177,987	367,482,843	6,613,935	2,223,126,963	443,774,101	2,666,901,064										2,666,901,064	
Bank overdrafts	-	-	-	-	-	-	3,199,576,993	-	3,199,576,993	-	3,199,576,993										3,199,576,993	
Term loans	47,291,391	-	-	200,000,000	-	12,620,283,631	200,000,000	-	13,067,575,022	-	13,067,575,022										13,067,575,022	
Members savings deposits	-	-	-	-	-	19,966,011,588	-	-	19,966,011,588	-	19,966,011,588										19,966,011,588	
Members project & current account	-	-	-	-	-	15,706,367	-	-	15,706,367	-	15,706,367										15,706,367	
Grants received in advance account	-	-	-	-	-	-	-	-	-	-	-										-	
Securitized financing	-	-	-	-	-	645,297,797	-	-	645,297,797	1,507,216,363	1,507,216,363										1,507,216,363	
Deferred income	-	-	-	-	-	760,167	105,374,083	-	106,134,250	148,424,473	254,558,723										254,558,723	
Other long term liabilities	189,302,079	35,409,032	-	-	-	308,050,697	5,030,947,596	-	5,563,709,403	-	5,563,709,403										5,563,709,403	
Provision for taxation	-	-	-	-	-	-	490,941,030	-	490,941,030	-	490,941,030										490,941,030	
Total Liabilities	409,998,104	70,413,190	108,991,108	480,216,801	16,235,497	34,791,288,234	9,394,322,544	6,613,935	45,278,079,413	2,099,414,937	47,377,494,350										47,377,494,350	
Net assets- Capital fund	1,768,808,040	209,569,035	625,944,480	1,192,016,970	35,096,097	13,230,398,304	4,859,278,250	891,019,003	22,812,130,179	798,174,743	23,610,304,922										23,610,304,922	
Total Liabilities and Net assets	2,178,806,144	279,982,225	734,935,588	1,672,233,771	51,331,594	48,021,686,538	14,253,600,794	897,632,938	68,090,209,592	2,897,589,680	70,987,799,272											

Balance Sheet as at December 31, 2010

Assets:																						
Cash in hand and at banks	126,201,916	13,521,572	93,923,261	74,254,065	18,298,705	3,471,827,713	(2,333,860,877)	688,368,161	2,152,534,516	1,538,693,782	3,691,228,298										3,691,228,298	
Term deposits	-	-	-	-	-	1,337,223,279	5,394,654,662	-	6,731,877,941	-	6,731,877,941										6,731,877,941	
Advance, deposits and prepayments	167,984,575	246,332,509	37,241,612	99,681,575	208,848	480,859,994	862,775,750	23,383,702	1,918,468,565	88,581,753	2,007,050,318										2,007,050,318	
Inventories	1,742,557,863	180,630,233	100,208,677	464,675,394	10,347,290	78,947,742	34,950,417	-	2,612,317,616	-	2,617,486,777										2,617,486,777	
Grants and accounts receivable	81,434,616	90,795,486	22,952,770	283,125,497	12,307,610	108,966,106	248,526,405	2,957,517	851,066,007	689,810,079	1,540,876,086										1,540,876,086	
Inter-programme current account	(625,229,776)	(366,214,948)	78,900,095	74,608,515	6,139,868	167,878,699	663,893,142	-	(24,405)	24,405	-										-	
Microfinance loans	-	-	-	-	-	38,946,761,741	-	-	38,946,761,741	-	38,946,761,741										38,946,761,741	
Motor cycle loans	368,669	-	1,851,774	8,203,126	69,812	409,551,670	6,997,134	-	427,042,185	396,364,743	823,406,928										823,406,928	
Investments in securities and others	-	-	-	-	-	-	170,550,000	-	170,550,000	-	170,550,000										170,550,000	
Investments in related undertakings	-	-	-	-	-	-	6,966,792,236	-	6,966,792,236	-	6,966,792,236										6,966,792,236	
Property, plant and equipments	685,488,281	114,917,373	399,857,399	667,685,599	3,959,461	3,019,669,594	2,238,321,925	182,923,558	7,312,823,190	178,945,757	7,491,768,947										7,491,768,947	
Total Assets	2,178,806,144	279,982,225	734,935,588	1,672,233,771	51,331,594	48,021,686,538	14,253,600,794	897,632,938	68,090,209,592	2,897,589,680	70,987,799,272											
Liabilities and net Assets																						
Liabilities:																						
Liabilities for expenses and materials	173,404,634	35,004,158	108,991,108	280,216,801	16,235,497	1,235,177,987	367,482,843	6,613,935	2,223,126,963	443,774,101	2,666,901,064										2,666,901,064	
Bank overdrafts	-	-	-	-	-	-	3,199,576,993	-	3,199,576,993	-	3,199,576,993										3,199,576,993	
Term loans	47,291,391	-	-	200,000,000	-	12,620,283,631	200,000,000	-	13,067,575,022	-	13,067,575,022										13,067,575,022	
Members savings deposits	-	-	-	-	-	19,966,011,588	-	-	19,966,011,588	-	19,966,011,588										19,966,011,588	
Members project & current account	-	-	-	-	-	15,706,367	-	-	15,706,367	-	15,706,367										15,706,367	
Grants received in advance account	-	-	-	-	-	-	-	-	-	-	-										-	
Securitized financing	-	-	-	-	-	645,297,797	-	-	645,297,797	1,507,216,363	1,507,216,363										1,507,216,363	
Deferred income	-	-	-	-	-	760,167	105,374,083	-	106,134,250	148,424,473	254,558,723										254,558,723	
Other long term liabilities	189,302,079	35,409,032	-	-	-	308,050,697	5,030,947,596	-	5,563,709,403	-	5,563,709,403										5,563,709,403	
Provision for taxation	-	-	-	-	-	-	490,941,030	-	490,941,030	-	490,941,030										490,941,030	
Total Liabilities	409,998,104	70,413,190	108,991,108	480,216,801	16,235,497	34,791,288,234	9,394,322,544	6,613,935	45,278,079,413	2,099,414,937	47,377,494,350										47,377,494,350	
Net assets- Capital fund	1,768,808,040	209,569,035	625,944,480	1,192,016,970	35,096,097	13,230,398,304	4,859,278,250	891,019,003	22,812,130,179	798,174,743	23,610,304,922										23,610,304,922	
Total Liabilities and Net assets	2,178,806,144	279,982,225	734,935,588	1,672,233,771	51,331,594	48,021,686,538	14,253,600,794	897,632,938	68,090,209,592													

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted		Total 2009
	Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Project	House Property (Building)	Total Unrestricted	Development Projects	Taka		
Cash in hand and at banks	131,926,839	30,992,551	54,753,297	(305,071,240)	2,427,449	4,490,304,682	(2,591,169,951)	643,967,384	2,458,131,011	1,254,867,603		3,712,998,614	
Term deposits	-	-	-	-	-	2,054,169,106	6,906,713,915	-	8,960,883,021	-	-	8,960,883,021	
Advance, deposits and prepayments	104,470,908	80,390,717	32,762,216	85,655,508	459,504	388,447,319	670,203,299	19,116,779	1,381,506,250	98,279,778		1,479,786,028	
Inventories	982,849,324	125,863,577	97,755,074	451,271,231	13,489,185	72,214,500	51,666,009	-	1,795,108,900	3,230,159		1,798,339,059	
Grants and accounts receivable	51,818,693	184,419,238	26,877,317	275,075,495	15,973,827	70,859,774	288,547,118	5,556,773	919,128,235	540,251,042		1,459,379,277	
Inter-programme current account	(130,678,319)	(313,706,421)	33,649,376	51,193,275	7,862,291	-	347,585,922	-	(4,093,876)	4,093,876		-	
Microfinance loans	-	-	-	-	-	39,554,248,179	-	-	39,554,248,179	-		39,554,248,179	
Motor cycle loans	-	-	2,413,461	9,043,241	20,899	322,658,261	14,016,205	-	348,152,067	404,541,377		752,693,444	
Investments in securities and others	-	-	-	-	-	-	134,100,000	-	134,100,000	-		134,100,000	
Investments in related undertakings	-	-	-	-	-	-	4,814,649,373	-	4,814,649,373	-		4,814,649,373	
Property, plant and equipments	505,809,137	134,365,337	332,784,940	695,598,841	2,626,849	1,135,327,099	2,405,422,946	196,766,106	5,408,701,255	199,987,521		5,608,698,776	
Total Assets	1,646,196,582	242,324,999	580,995,681	1,262,766,351	42,860,004	48,088,228,920	13,041,734,836	865,407,042	65,770,514,415	2,505,251,356		68,275,765,771	
Liabilities and net Assets													
Liabilities:													
Liabilities for expenses and materials	99,837,440	19,803,607	88,488,199	236,244,741	19,955,755	766,048,617	413,143,233	2,195,094	1,645,716,686	193,117,868		1,838,834,554	
Bank overdrafts	-	-	-	-	-	-	4,370,328,157	-	4,370,328,157	-		4,370,328,157	
Term loans	90,166,748	-	-	200,000,000	-	16,749,598,391	200,000,000	-	17,239,765,139	-		17,239,765,139	
Members savings deposits	-	-	-	-	-	18,398,618,148	-	-	18,398,618,148	-		18,398,618,148	
Members project & current account	-	-	-	-	-	14,826,107	299,220	-	15,125,327	-		15,125,327	
Grants received in advance account	-	-	-	-	-	-	-	-	-	1,436,507,867		1,436,507,867	
Securitized financing	-	-	-	-	-	462,360,308	-	-	462,360,308	-		462,360,308	
Deferred income	-	-	-	-	-	170,468	151,711,950	-	151,882,418	176,514,792		328,397,210	
Other long term liabilities	166,494,522	31,735,684	-	-	-	182,528,033	4,156,264,008	-	4,537,022,247	-		4,537,022,247	
Provision for taxation	-	-	-	-	-	-	278,941,030	-	278,941,030	-		278,941,030	
Total Liabilities	356,498,710	51,539,291	88,488,199	436,244,741	19,955,755	36,574,150,072	9,570,687,598	2,195,094	47,099,759,460	1,806,140,527		48,905,899,987	
Net assets- Capital fund	1,289,697,872	190,785,708	492,507,482	826,521,610	22,904,249	11,514,078,848	3,471,047,238	863,211,948	18,670,754,955	699,110,829		19,369,865,784	
Total Liabilities and Net assets	1,646,196,582	242,324,999	580,995,681	1,262,766,351	42,860,004	48,088,228,920	13,041,734,836	865,407,042	65,770,514,415	2,505,251,356		68,275,765,771	

Balance Sheet as at December 31, 2009

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted		Total 2010			
	Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	Taka					
Income																
Donor grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from																
- Income Generating Projects	3,397,341,505	838,148,977	1,891,075,963	-	-	-	2,942,972,470	122,041,908	-	-	-	-	6,126,566,445	-	-	6,126,566,445
- Program Support Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	3,065,014,378	-	-	3,065,014,378
Service charge on microfinance loans	-	-	-	-	-	-	-	-	-	-	-	-	11,815,741,388	-	-	11,815,741,388
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	1,070,890,116	69,209,002	-	1,140,099,118
Other income - internal	(31,362,089)	(8,315,137)	-	-	-	-	-	-	-	-	-	-	39,677,226	-	-	-
Other income	41,273,442	9,032,690	23,008,166	116,939,720	649,524	-	116,939,720	649,524	-	-	-	-	520,136,348	503,775	-	520,640,123
Income from house property	-	-	-	-	-	-	-	-	-	-	-	83,411,607	83,411,607	-	-	83,411,607
Total income	3,407,252,858	838,866,530	1,914,084,129	3,059,912,190	122,691,432	11,967,326,812	1,291,500,989	1,291,500,989	83,411,607	22,685,046,547	9,864,504,854	32,549,551,401	22,685,046,547	9,864,504,854	32,549,551,401	32,549,551,401
Expenditure																
Income generating projects	2,703,353,989	766,804,154	1,750,785,426	-	-	-	2,648,778,454	113,454,880	-	-	-	-	5,220,943,569	-	-	5,220,943,569
Program Support Enterprise	-	-	-	-	-	-	-	-	-	-	-	-	2,762,233,334	-	-	2,762,233,334
House Property	-	-	-	-	-	-	-	-	-	-	-	-	55,604,552	-	-	55,604,552
Education Programme	-	-	-	-	-	-	-	-	-	-	-	-	43,211,718	3,600,183,169	-	3,643,394,887
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	-	-	-	-	-	-	42,575,320	2,606,497,683	-	2,649,073,003
Health Programme	-	-	-	-	-	-	-	-	-	-	-	-	177,831,154	3,225,214,243	-	3,403,045,397
Micro Finance Programme	-	-	-	-	-	-	-	-	-	-	-	-	10,076,784,721	-	-	10,076,784,721
Relief and Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	24,135,220	117,873,935	-	142,009,155
Poultry & Livestock Programme	-	-	-	-	-	-	-	-	-	-	-	-	19,545,401	-	-	19,545,401
Fisheries Programme	-	-	-	-	-	-	-	-	-	-	-	-	32,022,374	-	-	32,022,374
Agriculture & Sericulture Programme	-	-	-	-	-	-	-	-	-	-	-	-	50,641,894	4,814,327	-	55,456,221
Livelihood Development Programme	-	-	-	-	-	-	-	-	-	-	-	-	79,229,636	184,824,956	-	264,054,592
Research, Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	17,690,783	54,052,605	-	71,743,388
Total Expenses	2,703,353,989	766,804,154	1,750,785,426	2,648,778,454	113,454,880	10,076,784,721	486,883,500	486,883,500	55,604,552	18,602,449,676	9,793,460,918	28,395,910,594	18,602,449,676	9,793,460,918	28,395,910,594	28,395,910,594
Surplus of income over expenditure before taxation	703,898,869	72,062,376	163,298,703	411,133,736	9,236,552	1,890,542,091	804,617,489	804,617,489	27,807,055	4,082,596,871	71,043,936	4,153,640,807	4,082,596,871	71,043,936	4,153,640,807	4,153,640,807
Taxation	-	-	-	-	-	-	(212,000,000)	(212,000,000)	-	-	-	(212,000,000)	-	-	-	(212,000,000)
Net surplus stated in statement of income & expenditure before inter-progr. allocations	703,898,869	72,062,376	163,298,703	411,133,736	9,236,552	1,890,542,091	592,617,489	592,617,489	27,807,055	3,870,596,871	71,043,936	3,941,640,807	3,870,596,871	71,043,936	3,941,640,807	3,941,640,807
Inter-programme allocations	(224,788,701)	(53,279,049)	(21,649,352)	(51,819,237)	-	(111,957,867)	301,536,339	301,536,339	-	(161,957,867)	-	(161,957,867)	(161,957,867)	-	-	(161,957,867)
Net surplus/(deficit) for the year after inter-programme allocations	479,110,168	18,783,327	141,649,351	359,314,499	9,236,552	1,778,584,224	894,153,828	894,153,828	27,807,055	3,708,639,004	71,043,936	3,779,682,940	3,708,639,004	71,043,936	3,779,682,940	3,779,682,940

Statement of Income and Expenditure for the year ended December 31, 2010

Income

Donor grants

Revenue from

- Income Generating Projects

- Program Support Enterprises

Service charge on microfinance loans

Investment income

Other income - internal

Other income

Income from house property

Total income

Expenditure

Income generating projects

Program Support Enterprise

House Property

Education Programme

Challenging the Frontiers of Poverty Reduction

Health Programme

Micro Finance Programme

Relief and Rehabilitation

Poultry & Livestock Programme

Fisheries Programme

Agriculture & Sericulture Programme

Livelihood Development Programme

Research, Monitoring and Evaluation

Total Expenses

Surplus of income over expenditure before taxation

Taxation

Net surplus stated in statement of income & expenditure before inter-progr. allocations

Inter-programme allocations

Net surplus/(deficit) for the year after inter-programme allocations

28. Segmental financial information (cont'd.)

	Unrestricted										Temporarily restricted	
	Aarong Rural Craft Centre Taka	BRAC Printers & Printing Pack Taka	BRAC Dairy and Food Project Taka	Agro based Programme Support Enterprise Taka	Non-agro based Programme Support Enterprise Taka	Micro Finance Programme Taka	Self-financing Social Development Projects Taka	House Property (Building) Taka	Total Unrestricted Taka	Development Projects Taka	Total 2009 Taka	

Statement of Income and Expenditure for the year ended December 31, 2009

Income												
Donor grants	-	-	-	-	-	54,911	57,836,924	-	57,891,835	11,026,184,327	11,084,076,162	
Revenue from												
- Income Generating Projects	2,701,948,345	787,144,302	1,460,839,657	-	-	-	-	-	4,949,932,304	-	4,949,932,304	
- Program Support Enterprises	-	-	-	2,583,290,064	117,576,290	-	-	-	2,700,866,354	-	2,700,866,354	
Service charge on microfinance loans	-	-	-	-	-	11,745,042,192	-	-	11,745,042,192	-	11,745,042,192	
Investment income	(4,473,338)	(8,203,737)	-	-	-	201,302,976	1,338,260,948	-	1,539,563,924	52,828,455	1,592,392,379	
Other income -internal	35,214,535	9,604,950	4,991,914	28,403,249	539,849	317,955,419	12,677,075	-	748,343,608	3,127,419	751,471,027	
Income from house property	-	-	-	-	-	-	-	94,072,651	94,072,651	-	94,072,651	
Total income	2,732,689,542	788,545,515	1,465,831,571	2,611,693,313	118,116,139	12,264,355,498	1,760,408,639	94,072,651	21,835,712,868	11,082,140,201	32,917,853,069	
Expenditure												
Income Generating Projects	2,224,046,608	740,112,651	1,341,885,474	-	-	-	-	-	4,306,044,733	-	4,306,044,733	
Program Support Enterprise	-	-	-	2,448,180,617	109,262,783	-	272,159,016	-	2,829,602,416	-	2,829,602,416	
House Property	-	-	-	-	-	-	-	77,646,468	77,646,468	-	77,646,468	
Education Programme	-	-	-	-	-	-	290,013,567	-	290,013,567	3,813,011,635	4,103,025,202	
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	33,424,246	-	33,424,246	2,843,200,201	2,876,624,447	
Health Programme	-	-	-	-	-	-	69,779,353	-	69,779,353	3,008,498,543	3,078,277,896	
Micro Finance Programme	-	-	-	-	-	10,534,750,117	-	-	10,534,750,117	-	10,534,750,117	
Relief and Rehabilitation	-	-	-	-	-	-	37,882,278	-	37,882,278	953,725,603	991,607,881	
Poultry & Livestock Programme	-	-	-	-	-	-	20,838,876	-	20,838,876	-	20,838,876	
Fisheries Programme	-	-	-	-	-	-	27,613,407	-	27,613,407	-	27,613,407	
Agriculture & Sericulture Programme	-	-	-	-	-	-	45,199,820	-	45,199,820	21,073,298	66,273,118	
Livelihood Development Programme	-	-	-	-	-	-	106,762,753	-	106,762,753	226,274,005	333,036,758	
Grant to BRAC University	-	-	-	-	-	-	8,700,000	-	8,700,000	-	8,700,000	
Research, Monitoring and Evaluation	-	-	-	-	-	-	4,852,847	-	4,852,847	87,309,791	92,162,638	
Total Expenses	2,224,046,608	740,112,651	1,341,885,474	2,448,180,617	109,262,783	10,534,750,117	917,226,163	77,646,468	18,393,110,881	10,953,093,076	29,346,203,957	
Surplus of income over expenditure before taxation	508,642,934	48,432,864	123,946,097	163,512,696	8,853,356	1,729,605,381	843,182,476	16,426,183	3,442,601,987	129,047,125	3,571,649,112	
Taxation	-	-	-	-	-	-	(87,000,000)	-	(87,000,000)	-	(87,000,000)	
Net surplus stated in statement of income & expenditure before inter-progr. allocations	508,642,934	48,432,864	123,946,097	163,512,696	8,853,356	1,729,605,381	756,182,476	16,426,183	3,355,601,987	129,047,125	3,484,649,112	
Inter-programme allocations	(255,300,489)	(35,000,692)	(61,973,049)	86,086,454	-	14,229,884	201,957,892	-	(50,000,000)	-	(50,000,000)	
Net surplus for the year after inter-programme allocations	253,342,445	13,432,172	61,973,048	249,599,150	8,853,356	1,743,835,265	958,140,368	16,426,183	3,305,601,987	129,047,125	3,434,649,112	

29. Statement of Functional Expenses

	Unrestricted										Temporarily restricted		Total 2010
	Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	Taka	Taka	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Salaries and benefits	339,878,608	16,997,737	68,253,179	129,679,120	3,905,402	4,185,710,307	60,595,633	-	4,805,019,986	3,594,677,347	-	8,399,697,333	
Travelling and transportation	25,828,852	3,673,758	42,783,321	39,483,848	324,253	362,363,041	13,869,388	-	488,326,460	471,443,471	-	959,769,931	
Teachers' salaries	-	-	-	-	-	-	-	-	-	763,627,224	-	763,627,224	
Teachers' training	-	-	-	-	-	-	-	-	-	155,165,406	-	155,165,406	
School rent and maintenance	-	-	-	-	-	-	-	-	-	162,899,531	-	162,899,531	
Stationery, rent and utilities	83,331,878	4,374,571	28,259,048	9,242,637	778,267	139,041,406	34,237,098	793,585	300,058,490	206,734,626	-	506,793,116	
Maintenance and general expenses	67,360,684	2,934,922	22,719,565	13,651,163	2,595	143,368,292	73,600,718	3,658,650	327,296,608	41,300,468	-	368,597,076	
Members' training	-	-	-	-	-	3,886,372	6,791,786	-	10,678,168	375,756,557	-	386,434,715	
Staff training and development	2,193,230	-	723,208	1,390,592	-	45,203,463	27,799,874	-	77,310,367	316,158,426	-	393,468,793	
Programme supplies	-	-	-	1,439,260	-	190,735,228	14,543,591	-	206,756,863	3,649,828,750	-	3,856,585,603	
Interest on members' savings deposits	-	-	-	-	-	1,204,534,627	-	-	1,204,534,627	-	-	1,204,534,627	
Interest on long term loans	-	-	-	28,538,119	-	1,766,072,661	-	-	1,794,610,780	-	-	1,794,610,780	
Bank overdraft interest and charges	24,944,612	34,087,088	-	-	-	68,334,974	119,039,624	-	246,406,298	-	-	246,406,298	
Cost of goods sold- income generating projects	2,083,790,545	693,748,389	1,487,600,825	-	-	-	-	-	4,265,139,759	-	-	4,265,139,759	
Cost of goods sold- program support enterprise	-	-	-	2,281,044,891	-	-	-	-	2,388,363,588	-	-	2,388,363,588	
Publicity, advertisement and sales commissions	16,602,750	-	39,244,219	66,990,731	107,318,697	-	-	-	133,576,992	14,584,755	-	148,161,747	
Loan loss provision for microfinance loans	-	-	-	-	-	1,910,811,625	-	-	1,910,811,625	-	-	1,910,811,625	
Depreciation of property, plant and equipment	59,422,830	2,193,637	54,223,956	70,949,225	434,370	56,722,725	125,666,496	20,653,217	390,266,456	41,284,368	-	431,550,814	
Provision for bad and doubtful debts	-	8,794,052	6,978,065	6,368,870	652,522	-	-	-	22,793,529	-	-	22,793,529	
Allocation to self- insurance fund	-	-	-	-	-	-	-	30,499,100	30,499,100	-	-	30,499,100	
	2,703,353,989	766,804,154	1,750,785,426	2,648,778,454	113,454,880	10,076,784,721	486,883,500	55,604,552	18,602,449,676	9,793,460,918	-	28,395,910,594	

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 20,912,913

29. Statement of Functional Expenses (cont'd.)

	Unrestricted										Temporarily restricted		Total 2009
	Aarong Rural Craft Centre	BRAC Printers & Printing Pack	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	Development Projects	Taka		
Salaries and benefits	270,162,363	14,366,128	48,272,304	122,105,692	2,937,094	3,813,556,680	48,745,052	-	4,320,145,313	3,604,345,862	-	7,924,491,175	
Travelling and transportation	21,814,542	2,717,662	31,532,209	37,523,491	278,063	304,254,198	13,533,909	-	411,654,094	453,657,677	-	865,311,771	
Teachers' salaries	-	-	-	-	-	-	-	-	-	985,165,081	-	985,165,081	
Teachers' training	-	-	-	-	-	-	-	-	-	249,018,528	-	249,018,528	
School rent and maintenance	-	-	-	-	-	-	-	-	-	140,546,328	-	140,546,328	
Stationery, rent and utilities	68,614,796	4,076,830	20,995,116	7,541,040	779,742	70,869,392	19,582,535	97,352	192,556,803	229,554,899	-	422,111,702	
Maintenance and general expenses	51,517,016	2,143,045	14,623,426	13,896,187	588,249	102,687,123	41,791,304	2,435,850	229,682,200	90,709,606	-	320,391,806	
Members' training	-	-	-	-	-	-	4,560,000	-	4,560,000	649,790,217	-	654,350,217	
Staff training and development	2,254,716	-	135,236	2,717,105	32,415	18,524,174	2,529,795	-	26,161,026	276,834,384	-	302,995,410	
Programme supplies	-	-	-	1,342,198	-	88,695,500	15,641,232	-	105,911,345	4,210,248,576	-	4,316,159,921	
Interest on members' savings deposits	-	-	-	68,553,542	65,647	1,015,786,386	-	-	1,015,786,386	-	-	1,015,786,386	
Interest on long term loans	-	-	7,878,581	-	-	2,888,903,402	-	-	2,965,401,172	-	-	2,965,401,172	
Bank overdraft interest and charges	28,880,065	1,677,636	-	-	-	99,256,410	392,837,747	-	522,651,858	-	-	522,651,858	
Cost of goods sold - income generating projects	1,714,026,111	709,817,295	1,158,818,915	-	-	-	-	-	3,582,662,321	-	-	3,582,662,321	
Cost of goods sold - program support enterprise	-	-	-	2,052,994,932	103,413,321	-	-	-	2,156,408,253	-	-	2,156,408,253	
Publicity, advertisement and sales commissions	-	-	9,873,627	58,272,013	180,509	-	7,828,178	-	95,351,159	25,342,197	-	120,693,356	
Loan loss provision for microfinance loans	19,196,832	-	-	-	-	2,072,849,102	89,317,395	20,343,848	345,952,348	37,879,721	-	2,072,849,102	
Depreciation of property, plant and equipment	47,084,737	2,789,055	49,329,271	77,238,921	681,372	59,167,749	8,700,000	-	8,700,000	-	-	383,832,069	
Provision for bad and doubtful debts	495,430	2,525,000	426,789	5,995,496	306,351	-	-	-	9,749,066	-	-	9,749,066	
Grants to BRAC University	-	-	-	-	-	-	-	-	-	-	-	8,700,000	
Allocation to self- insurance fund	-	-	-	-	-	-	-	-	54,769,418	-	-	54,769,418	
Property, Plant and Equipment written off	-	-	-	-	-	-	272,159,016	-	272,159,016	-	-	272,159,016	
	2,224,046,608	740,112,651	1,341,885,474	2,448,180,617	109,262,783	10,534,750,117	917,226,163	77,646,468	18,393,110,881	10,953,093,076	29,346,203,957	29,346,203,957	

Included in cost of goods sold of (Printers and Printing Pack) is depreciation of property, plant and equipment amounting to Tk. 35,541,563

