



**LIBERIA**

**ANNUAL REPORT 2014**



## VISION

A world free from all forms of **exploitation** and **discrimination** where everyone has the opportunity to **realise their potential**.

## MISSION

Our mission is to **empower people and communities** in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to **achieve large-scale, positive changes** through economic and social programmes that enable women and men to **realise their potential**.

## VALUES

**Integrity**  
**Innovation**  
**Inclusiveness**  
**Effectiveness**

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# CHAIRPERSON'S STATEMENT

It gives me great pleasure to present the annual report and the audited financial statements for the year ending 31 December 2014.

This year recorded the largest outbreak of Ebola virus and Liberia was one of the worst hit countries infecting over 10,000 people and the death toll rose to 4,806. The current health system is inadequate to tackle such a large scale epidemic and the impact on the economy is yet to be assessed. The government will need the support from international donor community to come forward to pull the country out of this mammoth crisis. In this hour of need, we stand by the people of Liberia and will continue to provide necessary services through our emergency as well as long term development programmes.

During this period, we kept our regular development activities on hold and initiated emergency Ebola response activities such as community sensitisation, contact tracing of infected cases, treatment referrals, psychosocial counselling, and food distribution. Our community health promoters played a key role in achieving these activities. 99,280 individuals were provided information regarding EVD by our CHPs.

In the first half of the year, prior to the Ebola crisis, the country was growing steadily under a regime of economic management. BRAC's intervention in improving the economic condition of the poor and vulnerable population through microfinance showed a positive trend. We distributed USD 1.6 million as loans to clients across six counties between January to June, 2014.

Our agricultural programme, working under the DIFD-funded Global Poverty Action Fund project, worked to build peoples' capacity and create opportunities for rural employment. To improve food security, BRAC organised 60 nutritional awareness campaigns and reached 10,829 people by providing information on nutrition to reduce hunger in rural communities. Health interventions directed towards the prevention and control of tuberculosis and reproductive, maternal and child health care services were provided at the doorsteps of the families.



I would like to extend my sincere condolence to those families who have lost their loved ones during the crisis. Our team in Liberia who stood by the people of the country during such a tumultuous period deserves special appreciation. Their strength and compassion resonates the spirit of what BRAC stands for. I extend my sincere thanks to the members of the governing body, whose leadership and foresight has been of great value. I would also like to thank the government of Liberia and our development partners for their continued support and acknowledgement of our contribution to aid with the country's growth and development.

A handwritten signature in black ink, reading 'Fazle Hasan Abed'.

**Sir Fazle Hasan Abed, KCMG**  
Founder and Chairperson

# BRAC INTERNATIONAL

## GOVERNANCE AND MANAGEMENT

### 1. GOVERNANCE

#### 1.1 THE LEGAL STATUS OF BRAC INTERNATIONAL

BRAC International is registered as Stichting BRAC International under the laws of the Netherlands, with its seat in The Hague. All of BRAC International's development entities operate under this umbrella. Development programmes include health, education, agriculture, livelihoods, targeting the ultra poor, human rights and legal services. BRAC International Holdings BV is a wholly owned subsidiary of Stichting BRAC International and was incorporated in 2010. BRAC International's microfinance programmes, social enterprises and investment companies are consolidated under this wing. The social programmes supporting the enterprises currently include seed production, feed mills, training centres and tissue culture lab. BRAC International has introduced programmes in Afghanistan, Haiti, Sri Lanka, Pakistan, Uganda, Tanzania, South Sudan, Sierra Leone, Liberia, the Philippines and Myanmar. In each of these countries, it is legally registered with the relevant authorities.

#### 1.2 GOVERNING BODY

BRAC International is governed by a governing body. The governing body is elected from amongst distinguished individuals with sound reputation in the sector of social development, businesses or professions who have demonstrated their personal commitment to pro-poor causes. These individuals are elected in the governing body to bring their diverse skills, knowledge and experiences to the governance of BRAC International. At present, there are 10 members in the governing body. The governing body usually meets four times a year, in accordance with the rules of Stichting BRAC International. The composition of the present governing body of Stichting BRAC International is as follows:

##### Members of the governing body

###### Chairperson:

Sir Fazle Hasan Abed, KCMG

###### Members:

Dr Mahabub Hossain  
Muhammad A (Rume) Ali  
Ms Susan Davis  
Ms Sylvia Borren  
Dr Debapriya Bhattacharya  
Ms Shabana Azmi  
Mr Shafiq ul Hassan (Quais)  
Ms Parveen Mahmud  
Ms Irene Zubaida Khan

The composition of the present governing body of BRAC International Holdings BV is as follows:

###### Chairperson:

Sir Fazle Hasan Abed, KCMG

###### Members:

Dr Mahabub Hossain  
Muhammad A (Rume) Ali  
Ms Susan Davis  
Ms Sylvia Borren  
Orangefield (Netherlands) BV

Details about the roles of the governing body are available in the Deed of Incorporation of Stichting BRAC International and BRAC International Holdings BV.

#### 1.3 FINANCE AND AUDIT COMMITTEE

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

1. Dr Mahabub Hossain, Chair
2. Ms Susan Davis, Member
3. Ms Sylvia Borren, Member
4. Ms Parveen Mahmud, Vice-Chair
5. Mr Faruque Ahmed, Member
6. Mr SN Kairy, Secretary of the Committee

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

- The financial reporting and budgeting processes
- The system of internal controls and risk assessment
- The compliance with legal and regulatory requirements
- The qualifications, independence, and performance of the external auditors
- The qualifications, independence, and performance of the internal audit function

#### 1.4 LOCAL BOARDS

Each country entities have a local board. We have aimed to pursue microfinance and development activities through separate entities

in most of our countries. The local board members are appointed by Stichting BRAC International board. The business of the local entities is managed by these local boards. Further details of the roles of the local board are available in the respective incorporation documents of these entities.

#### 1.5 ACCOUNTABILITY AND TRANSPARENCY

The internal audit department normally conducts audits at all our cost centres on a sample basis. All departments or units in which irregularities are detected through the course of regular internal audit are then audited. Audits take place at least once a year and twice or more in locations and on programmes where a closer watch is warranted.

External audit of Stichting BRAC International, BRAC International Holdings BV and all of our legal entities are undertaken annually. Financial transparency is ensured by BRAC International's finance and accounts division, which prepares financial statements following the International Financial Reporting Standards (IFRS) and the laws of relevant countries.

BRAC International strives for excellence and transparency in financial reporting. In Uganda, BRAC has been recognised as the best NGO in the Financial Reporting Awards in both 2011 and 2012. It received the first runner-up award in the same category in 2013 and 2014, for its preparation, disclosure and maintenance of a commendable financial reporting platform.

### 2. MANAGEMENT

At all levels of BRAC International's management, there is a clear-cut policy regarding the authority of each level of staff. Staff members are equipped and empowered to act as effective managers. This is clearly set out in BRAC International's Human Resources Policies and Procedures (HRPP) and the Table of Authority. The staff is empowered to take decisions at the relevant levels and areas of management, including recruitment, deployment, capacity building, transfer, leave, financial

transactions, purchase and procurement. These are described in detail to staff at the area, regional and country office levels.

The HRPP also contains all policies relating to staff salary, benefits, recruitment and promotion procedures, and payments. Every staff member receives orientation on HRPP. The Stichting board appoints officers, namely the executive director, senior directors, group chief financial officer (CFO), chief people officer (CPO) and finance director to manage affairs from the secretariat in Dhaka. BRAC International's management policies clearly define the authority of each level of staff. The appropriate staff are empowered to take decisions at the area, regional, country levels and the head office. Procedural manuals and policy documents are available to the staff. Day-to-day decisions are taken by area managers, regional coordinators and programme heads as appropriate, while larger policy decisions involve country representatives, executive director, senior directors, group CFO, finance director and CPO, in particular cases, the executive director, the chairperson and the governing body.

## 2.1 FINANCIAL MANAGEMENT

Matters relating to finance and accounts from branch offices to the country head offices are supervised and controlled by the country finance and accounts department. The branch offices prepare project-wise monthly cash requisitions, which are sent to the area/regional offices. The area/regional offices check and monitor the accuracy of the requisition and transmit them to the country office. After checking, the country office disburses funds as per the requisitions. The area and branch offices send monthly expenditure statements along with bank statements to the country office's finance and accounts department. The country office then consolidates all the expenditure statements and prepares monthly financial statements and reports to BRAC International's head office (herein after secretariat) and donors, as required. A comprehensive accounting manual and statement of standard operating procedure guides the finance and accounts personnel to prepare the financial statements and reports in accordance with the accounting standards. It also guides them to run the financial activities in a systematic and efficient way.

In consultation with different level of stakeholders, the country office prepares project-wise budgets, which are then sent to the secretariat. The secretariat reviews and performs analytical procedures on the project budgets of its country offices, which are recommended by the finance

director and finally approved by the group CFO. The secretariat consolidates all BRAC International country financials and produces the BRAC International budget and consolidated audited financials. The budget and the consolidations are submitted to the BRAC International governing body for approval.

## 2.2 INFORMATION TECHNOLOGY

The country IT department provides data to the country MIS and finance teams by managing financial and programme-related information. This data is used by country and head office personnel to prepare various financial and managerial reports and to monitor project progress. The IT team based in the secretariat also provides support relating to software update, troubleshooting and Enterprise Resource Planning (ERP) development. Country IT team is reportable to the respective country management and the worldwide operations are centrally administered by the secretariat.

## 2.3 HUMAN RESOURCE MANAGEMENT

In 2014, the human resources management team continued to improve BRAC International's human resources capacity, visibility, and practices through strategic interventions. The focus was a consolidation of systems and processes and embedding of new initiatives. Based on the human resources value proposition, a number of new initiatives were put in motion to drive organisational change through the following:

**Human Resources Policies and Procedures (HRPP) Manuals and Orientation Programme:** In 2013, country-specific human resources policies and procedures (HRPP) manuals were developed. To provide all staff with a clear understanding of the new HRPP, virtual training-of-trainers workshops were conducted. An expanded country-wide rollout of these workshops, driven by the BRAC International HR team, was completed in 2014.

**Performance Management System (PMS):** The new performance management system received significant focus in 2014. From country management to root level, a PMS orientation workshop was given to all staff. Clear guidelines were provided for more focused performance management, to discuss performance-related rewards and help develop low performers through a new performance improvement process.

**Human Resources Management Capacity:** In 2014, country-level HR departments were strengthened and reorganised. BRAC South Sudan, BRAC

Uganda, BRAC Tanzania, BRAC Myanmar and BRAC Afghanistan have newly recruited senior HR professionals, under which training has been centralised to provide impetus to staff learning and development. BRAC Uganda and BRAC Tanzania have new microfinance dedicated HR personnel to address the unique needs of those programmes.

### **Job Grading and Salary Scale Review:**

A database of job descriptions was developed to allow structured evaluation of each position and salary surveys were conducted in each country with a view to compensation redesign.

**Enterprise Resource Planning (ERP):** To streamline HR processes, enhance staff data management and provide analytic capacity, an HR module in the new ERP system has been designed and piloted in-house.

**Gender Audit:** The HR management team at BRAC International embarked on an analysis of gender disaggregated data across countries to assess whether any sort of discrimination existed in recruitment, performance management, or rewards.

**Training and Development:** A number of new plans have been devised for strategic in-country capacity development with individual development plans set in line with performance appraisals. The first diversity management workshop was rolled out in December 2014 in Dhaka to cover staff transferred overseas as a precursor to a global diversity campaign. To build local capacity, the young professionals (YP) programme was launched in 2013 to fast-track high calibre fresh graduates into management positions across BRAC International. After completion of a six-month managerial and development competency training, 17 YPs were placed in specific roles in their respective countries in June 2014. They are regularly monitored through a three-way feedback process that includes mentor, mentee, and supervisor forms, including discussions with the YP point person at BRAC International.

BRAC International places high priority on training and developing the capacity of its staff. To date, BRAC has training centres in Liberia, Uganda and Afghanistan. In other countries, BRAC hires training facilitation centres near the area offices.

With enhanced recruitment and retention practices, this year saw an overall increase in hiring national staff and reduced staff turnover in the respective countries.





## HIGHLIGHTS 2014

Over the last four decades, **BRAC microfinance programme** has grown to become one of the world's largest providers of financial services to the poor, providing tools that enable the financial inclusion of millions of people, across seven countries. Through its innovative, client-focused and sustainable approach, BRAC continues to show that microfinance can have a powerful impact on the lives of the poor. The BRAC microfinance programme is a critical component of our holistic approach to supporting livelihoods.

### Microloan

In August, **2014**, the number of total borrowers was **11,474** in **22** branch offices. We disbursed USD **1.6** million loans to clients across **six** counties. The average microloan size was USD **183**.

### Small enterprise loan

We disbursed USD **1.26** million to **854** borrowers from **17** branch offices in five counties. The average loan size was USD **1,995**.

**Total number of borrowers**



**2013**

**11,578 borrowers**

**2014**

**12,328 borrowers**

## Improving the socioeconomic conditions in Liberia

Microfinance in Liberia offers an opportunity for the marginalised in Liberia to gain access to financial services, better manage their households and utilise their resources more efficiently. Our microfinance services provide protection against risks and enable our borrowers to become economically active.

The objectives of BRAC's microfinance programme are to increase access to microfinance services for the marginalised families, initiate sustainable micro-enterprises and strengthen the institutional structures for effective management of the microcredit systems. The main impact of the microfinance services is that they provide additional sources of employment for the rural poor, which has a significant impact on the borrowers' family income. The service plays an active role in developing the capacity of the local employees, borrowers and practitioners.

The Ebola outbreak, considered the largest in history affected the lives of many people, including a lot of our beneficiaries and their families. Against this backdrop, all our MF operations had to be suspended for an interim period. However since September 2014, we have reopened our branch offices and started our programmes on a skeleton level. Currently, we are involved in Ebola response activities such as sensitisation, contact tracing, treatment referrals, psychosocial counselling, and food distribution.

## Case Story



### Sara: a successful entrepreneur

My name is Sara Baysah and I am 51 years old. I live in Pracyerire ground community with my husband and three children. I used to sell clothing for children on the streets. I could barely make ends meet for my family.

I heard about BRAC's microfinance programme from my neighbour. I have been an active member since I joined the programme. In 2009, I received my first loan of LRD 15,000 (USD 172) from BRAC office in Sinkor. I invested the money into my garments business. Gradually my business grew and I started making profit. I bought a land to set up my own shop in Wrotto Town.

Over the years, I have repaid my first loan and took another loan of LRD 45,000 (USD 517). I now sell clothing for children and adults. I have consistently saved over the years. I bought three houses in Pracyerire ground community. I live in one house and have rented out the other two. I make a profit of LRD 327,600 (USD 3,900) every year. I dream of the day when my children will finish their education successfully.

I am very thankful to BRAC for supporting me financially in this difficult phase and supporting me financially. I can offer my family a better life now.



# AGRUCULTURE AND FOOD SECURITY



## HIGHLIGHTS 2014

Operating in six countries, **BRAC's agriculture** programme builds capacity of farmers. It promotes the use of efficient farming techniques and proven technologies, linking them with market actors. BRAC produces and markets quality seeds at fair prices. Research is conducted to develop better varieties and practices for the agricultural sector. Credit is offered to support poor farmers.

In 2014, our seed farm produced **2 MT** rice seeds (Nerica-**L19** and SUAKOKO **8**) and **1.5 MT** corn seeds. We have strengthened our partnership with Africa Rice-CARI-MOA and received **12** different rice varieties with tolerance to iron toxicity for screening and validation trials in our seed farm during May to November, 2014. **2,000** bio fortified pro-vitamin A rich yellow cassava from CARI was also demonstrated in four BRAC branches.

**2,500** kitchen gardeners also **200** community agriculture promoters were trained. We conducted staff development training



### General farmers trained Cumulative

2012	10,492
2013	11,862
2014	11,862



### Seeds distributed - MT Cumulative

2012	11
2013	12
2014	12.37

with support from Global Poverty Action fund (GPAF) project supported by DFID. The training on kitchen gardening is helping increase food intake of farmers' families and is improving their children's nutritional status and general health. As part of the nutritional awareness training, **52** nutritional awareness campaigns were held.

## **Assisting Liberia in achieving sustainable agricultural development**

The agriculture programme addresses poor crop quality and low productivity in Liberia. It aims to reduce hunger and malnutrition as well as improve the socioeconomic condition of community members.

### **GPAF project**

Currently BRAC is implementing the agriculture programme under the GPAF project funded by DFID. The programme is covering 20 branches under five areas across six counties including Margibi, Bong, Nimba, Lofa, Montserrado, and Grand Bassa.

The programme is designed to increase agricultural output, build people's capacity and create opportunities for rural employment. The programme is operated through active participation of community agriculture promoters (CAPs) who have relevant farming experiences. CAPs receive intensive training and disseminate agricultural knowledge to the programme's clients and community members. They receive revolving funds for buying agro tools, quality seeds and fertiliser, which they sell to other farmers. This enables CAPs to generate an additional income. In each branch, BRAC recruits one programme assistant who is responsible for providing training and technical support to kitchen gardeners, general farmers and CAPs.

### **Seed testing farms**

In 2010, BRAC began its operations with seed testing and multiplication farms in Kingsville, producing high-quality rice and maize seeds to help improve agriculture yields in Liberia. BRAC Adaptive Research and Seed Testing Farm (ARSTF) cultivated high yielding varieties of rice and produced 12.34 MT of rice seeds for distribution to farmers.

## **Case Story**



### **Korto Mulbah: a successful kitchen gardener**

My name is Korto Mulbah and I am a 57-year-old kitchen gardener. I live in Wood Camp, Paynesville with my four daughters.

I have been a farmer for many years, but I had difficulty increasing the production of my crops. This is because of the lack of seed capital to purchase agro-inputs. I also did not have the necessary skills on modern farming practices (ie, seed bed preparation, fertiliser application and plant spacing). So, I had to rely on labourers, who charged a lot of money. I also paid rental fees for the tools that I used. I used to spend between LD 10,000 to LD 15,000 (USD 118 to USD 176) during every planting season.

The limited amount of crops that I produced and the amount that I earned from selling them was not sufficient enough to feed my family. I had to look for other sources of income as I would eventually run out of money. I also did not have the money to send my children to school.

I came to know about BRAC's agriculture programme from one of my neighbours. I was interested in joining and went to one of the BRAC regional offices to enlist my name. I was selected as a kitchen gardener and given training. I received refresher training every three months. I was given inputs in the form of seeds, tools and agro-chemicals. This support helped me increase the production of my crops. Since BRAC has provided me with the tools I need, the cost of my production has also decreased. Last season, I spent about LD 6,000 (USD 71) to farm on a bigger area of land.

I have started to make more money and am able to feed my family. I am now able to send my children to school. I have also re-built my house with six new bedrooms.



# POULTRY AND LIVESTOCK



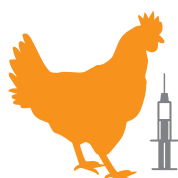
## HIGHLIGHTS 2014

**BRAC's poultry and livestock** programme aims to promote improved practices and modern technologies amongst poultry and livestock farmers. Through capacity development, boosting livestock productivity and reducing mortality to provide them with a supply of high quality inputs, management of small and medium farm enterprises result in more efficiency. BRAC also produces and markets day-old chicks, poultry feed and bull semen at fair prices to ensure the market of milk and meat where needed. Poor farmers are given credit in the form of loans as support.

This year under the Global Poverty Action Fund project, we have conducted **60** nutritional awareness campaigns and reached **10,829** people by providing information on nutrition to reduce hunger in rural communities. **650** village nutritional committee meetings were conducted at various BRAC working communities to tackle the nutritional status of Liberia. These VNC members also carried out community nutritional campaigns to create awareness.

So far our community volunteers have vaccinated **627,377** poultry birds in BRAC operating areas. We have trained and supported **240** backyard poultry rearers and **200** community poultry and livestock promoters in **six** counties.

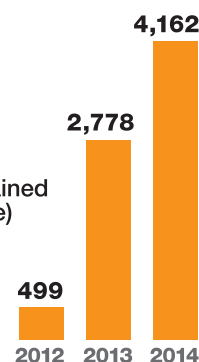
In 2014, under EU-funded project, **400** community livestock and poultry promoters (**74.5** per cent women) were given refresher trainings and provided with start-up kits.



Number of doses used for Poultry vaccination (cumulative)



Livestock & Poultry Rearers trained (cumulative)



**300** model poultry farmers were trained on improved livestock management practices to demonstrate their businesses to the general farmers and each model farmer received **50**-day-old chicks, **50** kg feed and medicine. **150** model cattle farmers, **six** pig breeder farmers and **1,366** community poultry farmers were trained.

To increase the livestock value chain, BRAC developed **50** traders. We have developed the national livestock policy by involving international and national consultants and submitted it to Ministry of Agriculture (MOA) of Liberia for validation. The project is serving **3,408** farmers through training, supply of inputs and linking them to markets.

## Assisting poultry and livestock farmers in Liberia

BRAC started poultry and livestock programme in Liberia in 2008 to strengthen the livelihood of rural people through capacity-building and distribution of quality input. The livestock and poultry programme carries out community activities through self-employed community livestock and poultry promoters (CLPPs). These farmers are experienced in livestock and poultry and have been selected from the community. After the selection, they receive extensive training in animal husbandry, animal health issues and vaccinations. Once trained, CLPPs generate income by charging fees for their services. With the help of BRAC, they offer vaccination services, sell veterinary medicine and provide technical assistance to the wider farming communities. CLPPs also help to select and assist model poultry and livestock rearers. Through this pyramid of entrepreneurial extension agents and structured supervision system, the programme extends its services to thousands of people in Liberia.

Through Global Poverty Action Fund (GPAF) project we train and equip poor, landless women in areas facing food insecurity and help establish kitchen gardens and small-scale poultry farms in their homesteads. We assist in increasing their families' food intake to improve their children's nutritional status and general health. The European Union-funded project increases food security in poor, rural areas through livestock production, processing and marketing. The objective of the project is to increase the income of clients through building their capacities and supporting farmers.

## Poultry hatchery and feed mill

BRAC Liberia has established poultry hatchery and feed mill in Grand Bassa county to ensure a sustainable supply of improved breed (day-old chicken) and quality feed for poultry and livestock at a reasonable price.

## Case Story



### Hawa Moore: a model poultry farmer

I am Hawa Moore and I live in the city of Kakata District of Margibi County with my three children. I was involved in poultry rearing and struggled to earn for my family, with very little money for food. My family regularly went to bed hungry, and my children gradually began to show symptoms of malnutrition.

Earlier, I used to rear poultry in the traditional method. I was not being able to provide proper feed and vaccination for my birds and consequently lost many due to diseases. I heard about BRAC and its poultry and livestock programme from the community members and went to the regional office to speak to BRAC staff. BRAC selected me and trained me on poultry management and disease control. As input, I received 50 one-day-old chicks of the commercial layer chicken. I also received quality bird feed in large quantities and I was linked with the livestock poultry promoter of my community for proper medication, vaccination and advice on rearing chickens.

Few months later, my chickens started laying eggs. I receive 35 to 40 eggs on a daily basis. My income from selling eggs is LD 7,500 (USD 90) per month. Now I can buy poultry feed and use poultry litter as manure in my kitchen garden.

I can provide for the basic needs of my family and my children can now eat nutritious food. I can also afford to send them to school. I am helping other poultry rearers in my community who have recently accepted me as their instructor.





## HIGHLIGHTS 2014

**BRAC's health** programme combines preventive, promotive, curative and rehabilitative services. We aim to improve reproductive, maternal, neonatal, and child health and increase the nutritional status of children and mothers. We also work on reducing vulnerability to communicable diseases, combating non-communicable diseases and enhancing quality of life. Through our low-cost essential healthcare services, we serve disadvantaged, socially excluded and hard-to-reach populations. BRAC uses trained frontline community health promoters to create an effective bridge between underserved communities and formal healthcare systems. We ensure community empowerment and access to cost-effective basic healthcare services at peoples' doorsteps. Working in collaboration with the government, NGOs, donors, private sector and academic institutions, we provide essential healthcare services to communities.

This year, we have started implementation of the Ebola Virus Disease (EVD) Psychosocial and Survivor Support (PSS) project funded by USAID using BRAC's community-based network in Liberia. The project aims to improve the wellbeing of EVD survivors, alleviate distress, enhance coping skills and build resilience of those affected. It also works towards improving the attitudes towards EVD survivors and their members.

**300** government trained traditional midwives received RMNCH training with a focus on increasing their knowledge and skills in assisting pregnant mothers to deliver children.

This year, **1,988** women delivered children in our health facilities. **8,275** women received antenatal care (ANC) services, **682** received postnatal care (PNC) services and **3,389** were

### Number of contraceptive provided



2012	49,354
2013	58,907
2014	65,644



referred for family planning services. A total of **3,743** received female condoms and **2,994** received injectable contraceptives.

We have established **300** mother's clubs and **120** village health committees in seven counties. We have encouraged pregnant mothers to access maternal and child health services from health facilities as well as provided RMNCH information to the general public.

## Progress in Liberia's health sector

BRAC began community healthcare activities in Liberia in 2008. It follows a proven model of community healthcare developed in Bangladesh, which has been successfully implemented in BRAC programmes across Asia and Africa. Health interventions are delivered through different components. We focus on the prevention and control of malaria, tuberculosis (TB) and HIV/AIDS. We also address the reduction of infant and under-five mortality, and have increasing accessibility to health services by taking healthcare directly to peoples' doorsteps. The essential health care (EHC) programme is a scalable model, with a goal to provide basic healthcare services in communities. It aims to increase access to health services and to bring positive behavioural change.

Since November 2013, BRAC is implementing Reproductive Maternal Neonatal and Child Health (RMNCH) programme funded by DFID. The programme strengthens community health networks to work on better maternal, and child health care facilities. We are implementing a community-based family planning project in collaboration with UNFPA in three counties. The project aims to increase the family planning practices and use of contraceptives among the women of reproductive age. As a sub-recipient of the Global Fund to Fight AIDS, Tuberculosis and Malaria-supported 'Strengthening TB control and management of people with TB/HIV co-infection' project, we provide orientation to government health staff and train government community health volunteers.



### Number of antenatal care (ANC) provided *(cumulative)*

2012	6,132
2013	16,724
2014	24,999

## Case Story



### Ma Younger Franklin provides safe delivery services

My name is Ma Young and I am a trained traditional midwife in Suakoko Bong County. I was selected by BRAC to receive training under the Reproductive, Maternal, Neonatal, Child Health (RMNCH) project. I received training on safe delivery practices and on hospital referrals. After the training, I started working for my community for which I was greatly appreciated.

During the Ebola outbreak, one of my neighbours was brought to me to help her during her delivery. From the beginning, she had complications. She urgently needed to go to the hospital for safe delivery. I took her to a hospital but the authority refused to treat her, because of the Ebola outbreak; the disease had claimed the lives of four nurses in the hospital. They were afraid of anybody coming to the hospital for treatment.

I immediately decided to take the patient to my house. One of BRAC's community health promoters offered to help us and provided all the necessary delivery tools for emergency delivery. The mother had a safe delivery and gave birth to a baby girl. After the delivery I asked the new mother to stay at my house so that I could observe her and her baby for some days. Two days later, she went home with her healthy baby.

During the Ebola crisis I conducted 10 deliveries with the assistance of BRAC's health promoters. I am proud and happy to have helped pregnant mothers deliver their babies without any complication and even happier that everyone was safe.

# EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS



## HIGHLIGHTS 2014

**BRAC's empowerment and livelihood** for adolescents (ELA) programme is designed to empower teenage girls. The ELA clubs provide safe spaces for them to socialise, and receive mentoring and life skills training. Networks of clubs are active in five countries. We combine this approach with financial literacy training and customised micro-loans, which socially and financially empowers adolescent girls.

This year **12** clubs were established reaching **260** girls. **15** qualified girls were recruited to serve as mentors.

## A second chance for Liberians girls

The civil war in Liberia devastated much of the country's infrastructure. Demographic and health surveys reveal that 43.8 per cent of the female population (aged between 10-14 years) have no formal education. One third of girls (aged between 15-19 years) begin childbearing, and the adolescent fertility rate is 177/1000. Use of any method of contraception is 23.9 per cent among adolescents. To address these issues BRAC started the ELA programme in 2014. The goal is to empower adolescent girls economically and socially, which will contribute to reducing teenage pregnancy.

ELA targets 10-19 year old girls, regardless of their educational or marital status. The programme is designed to provide a safe space, livelihood training, life-skills training and community support to help in the advancement of adolescents. The pilot programme will be reaching 450 adolescent girls through 15 clubs in Montserrado and Margibi.

## Case Story



### Miatta Popel: Transforming dreams to reality

My name is Miatta Popel. I live in Buzzy Quarters, Kakata, Montserrado County and I am a mentor of an ELA club. When I heard about BRAC's ELA programme, I decided to join the club immediately.

Being part of the club gave me an opportunity to be informed about early marriage, early pregnancy and HIV/AIDS. I enjoy playing indoor games and taking part in discussion sessions with the other girls. I absolutely love to sing, dance and take part in theatrical productions. Considering my eagerness to learn, BRAC selected me to be trained as a mentor so that I could help my community members. I received a five-day foundational training on various techniques of quality mentorship and social issues. I also regularly received refresher training.

I use my newly acquired mentorship skills to carry out Ebola sensitisation in my community. I was trained to be on the lookout for other girls in the community during the Ebola outbreak and I am glad that no one in my community got infected. But the best lesson I learned out of all the training I have received is to be positive, which is why our club is known as the 'teamwork adolescent girls club'.



# SUPPORT PROGRAMMES

## Finance and accounts unit

The finance and accounts unit monitors and controls the funding of all donor-assisted BRAC projects and programmes in Liberia. The unit ensures that its services maintain a standard, contribute in improving programme efficiency, enhance management decision-making, and promote transparency and accountability.

Financial data from all transactions carried out at different cost centres are collected and stored under this unit.

## Internal Audit Department

The internal audit department (IAD) is an independent support programme. It is designed for objective assurance and consulting services to add value and improve BRAC International's operations. It helps the organisation accomplish its objectives by bringing a systematic approach to evaluate effectiveness of governance processes. Internal audit is a catalyst for improving efficiency of programmes by providing insight based on data analysis. With a commitment to integrity and accountability, IAD provides value to governing bodies and executive management as an objective source of advice. The department also assists management by providing risk-based audit reports, based on the internal audit charter, terms of reference for the audit review committee and the internal audit manual approved by the finance and audit committee.

This year an internal audit manual has been implemented in BRAC Liberia.

In 2015, internal assessment will be done through ongoing monitoring of the performance of internal audit activities from the head office and periodic assessments by peer review will be facilitated to evaluate conformance with the definition of internal auditing, the code of ethics, and the standards.

## Monitoring department

BRAC's monitoring department in Liberia is an internal mechanism. It ensures quality, accountability and transparency of the programmes. It ensures regular collection and analysis of information to assist timely decision making, providing the basis for evaluation and learning. The department undertakes monitoring activities on key inputs and outputs. The department is also responsible for reporting projects' progress and quality of inputs delivered. The objective is to facilitate better project implementation and achieve greater impact.

Currently, 12 staff are working in monitoring department.

## Risk management services

This year has shown significant progress in advancing the maturity of our organisation's risk management processes. There has been continuous strengthening of the framework at both operational and at strategic levels to identify risks and place control measures to mitigate their impact.

At the operational level, the country risk management committee monitors and improves the embedding and strengthening of risk management culture at the branch level, oversee the management of handling/ commissioning of key risks and the overall management of closure of incidents impacting the programmes activities.

At the strategic level, the finance and audit committee receives bi-annual risk management reports on progress against the framework, emerging risks, performance against key risks and reporting of the risk register review. Next year, risk management services will continue refinement of the organisational metrics and top risks with dashboards to ease monitoring, with focus on analysis and mitigation of key areas of concern. We will also help to support efforts towards achieving BRAC Liberia's strategies and objectives using data to measure progress.

## Information technology

The information technology (IT) department ensures smooth business operations of microfinance programme in Liberia. The department provides effective and efficient IT support among various internal departments. Currently, all BRAC Liberia's branch and area offices have IT facilities.

### Procurement

The procurement department ensures the purchase and distribution of goods and programme inputs according to demands from the country office to different area offices. The department follows the existing BRAC procurement policy. The process of procurement starts from the identification of the needs and planning of the process and continues until the goods and related services are delivered satisfactorily. Through this department, BRAC Liberia has procured and delivered programme inputs for health, agriculture, and poultry and livestock .

## Human resource department

The human resource department (HRD) in BRAC Liberia caters to 415 local and expatriate staff dispersed across the country. With the goal to maximise job satisfaction, enhance transparency and ensure procedural justice for all employees, a country-specific human resource policies and procedures (HRPP) manual was developed in 2013. In 2014, a country-wide rollout of workshops was completed to provide all field-level employees with an understanding of new policies, due benefits and the processes required to fulfil them.

From country management to the field level, orientation sessions on a new performance management system were also conducted. Clear guidelines were provided for more focused performance management. Performance-related rewards were discussed to help develop low performers through a new performance improvement process while consistently upholding the values of BRAC. The HR team further ensures employee commitment to BRAC International's 15 policies under the code of conduct, particularly in regard to child protection and gender equality.

During the outbreak of Ebola and subsequent crises that impacted the nation, HR management devised a set of Ebola-related guidelines and played a key role in communicating and ensuring early and sustained



awareness and instituted procedures and contingency measures for staff health and safety. Communication mechanisms were kept up-to-date with information while programmes were suspended. Further, the HR team ensured prompt relocation of local and expatriate staff under challenging circumstances.

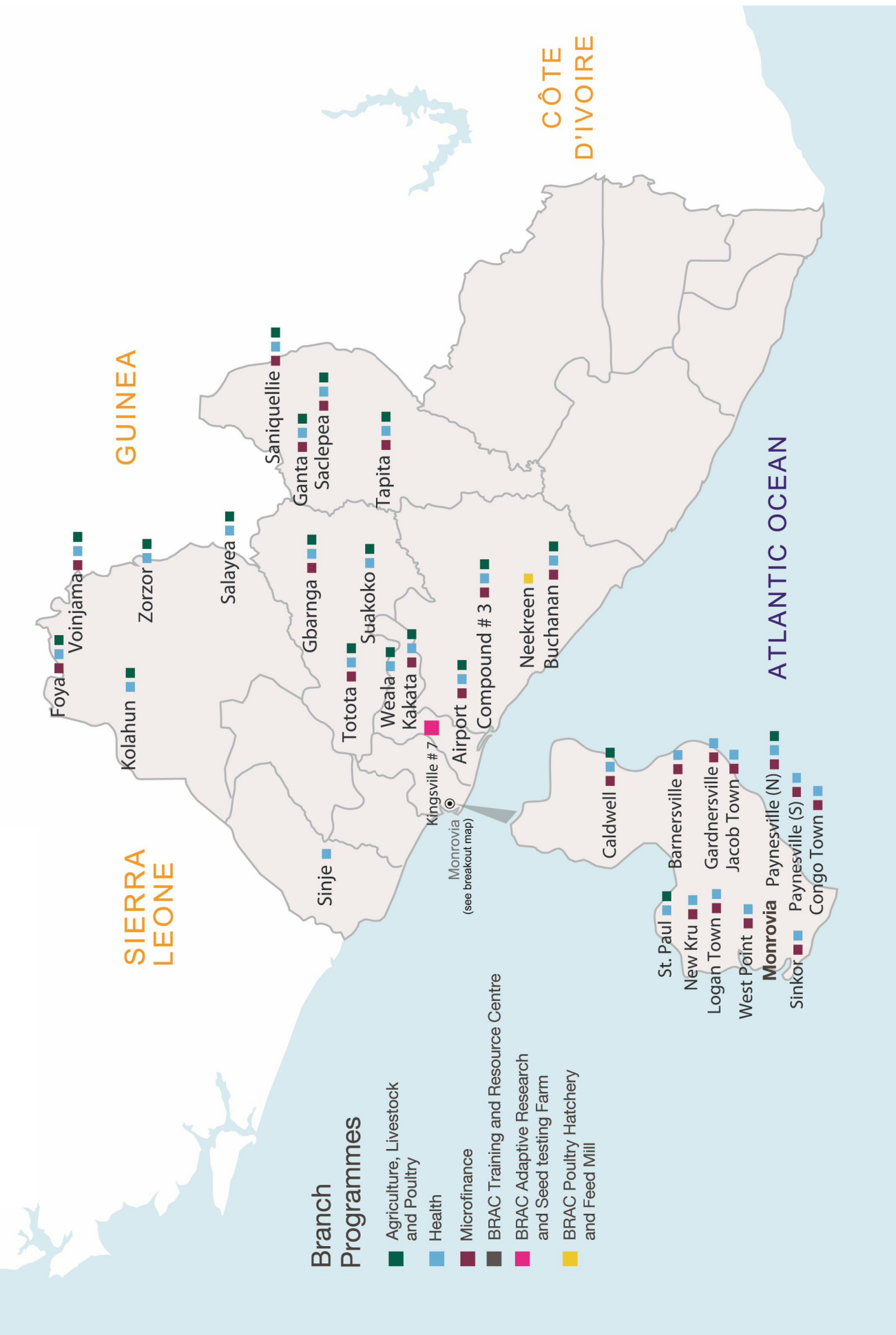
### **Loan review unit**

The loan review unit in BRAC Liberia provides an assessment to the overall quality of a loan portfolio. Their main goal is to establish loan regulations and improve the quality of portfolios by selecting accurate borrowers. This insures that the microfinance programme is able to maximise returns from the invested money. The unit is headed by a sector specialist and assisted by nine officers.

### **Compliance services**

Our integrated compliance services are focused on internal, regulatory and donor's compliance, which continues to evolve with the commitment of excellence, expand compliance culture, and instil a sense of compliance with individuals' job responsibility. This year, compliance has been strengthened in two key areas. First, frontline managers of all branches of all programme components have been brought under the umbrella of the internal compliance questionnaire. Second, all project proposals made and approved were reviewed and verified for compliance with specific project requirements. Compliance related to regulatory affairs were also reviewed and reported bi-annually.

# BRAC IN LIBERIA



# BRAC ACROSS THE WORLD

## USA

Initiated: 2007

An independent charity to raise profile and funds for BRAC globally

## UK

Initiated: 2006

An independent charity to raise profile and funds for BRAC globally

## SIERRA LEONE

Initiated: 2008

*Programme Focus:*  
MF, EHC, Ag, P&L, HRLE, ELA and FSN

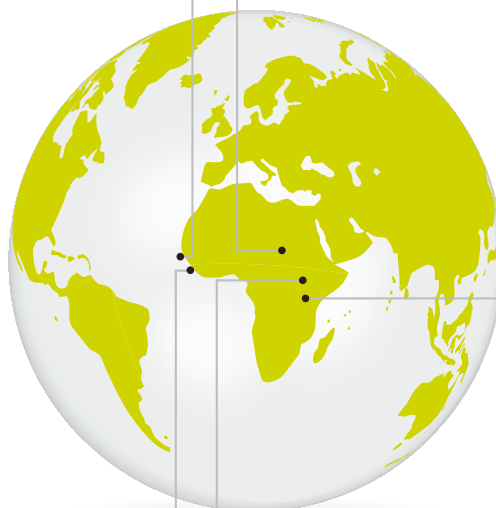
*Population reached:*  
1.1 million

## SOUTH SUDAN

Initiated: 2007

*Programme Focus:*  
MF, Ag, BEP, AGI, EHC, MLP, NP, YLP and TUP

*Population reached:*  
1.3 million



## HAITI

Initiated: 2010

*Programme Focus:*  
BLBC

## NETHERLANDS

Initiated: 2009

BRAC International registered as a charity (Stichting)

## LIBERIA

Initiated: 2008

*Programme Focus:*  
MF, SEP, Ag, P&L and EHC

*Population reached:*  
0.56 million

## UGANDA

Initiated: 2006

*Programme Focus:*  
MF, SEP, BEP, SP, EHC, Ag, P&L, ELA and KI

*Population reached:*  
4 million

## TANZANIA

Initiated: 2006

*Programme Focus:*  
MF, SEP, Ag, P&L, BEP and ELA

*Population reached:*  
2.64 million

AFSP - Agriculture and Food Security Programme Ag - Agriculture Programme AGI - Adolescent Girls Initiative ARCs - Adolescent Reading Centres  
DECC - Disaster, Environment and Climate Change EHC - Essential Health Care ELA - Empowerment and Livelihood for Adolescents FSN - Food Security and Nutrition  
HRLS - Human Rights and Legal Aid Services IDP - Integrated Development Programme KI - Karamoja Initiative  
P&L - Poultry and Livestock RS - Road Safety SEP - Small Enterprise Programme SP - Scholarship Programme

## AFGHANISTAN

Initiated: 2002

*Programme Focus:*  
MF, SEP, BEP, ARCs, EHC,  
NSP and TUP

*Population reached:*  
4.72 million

## PAKISTAN

Initiated: 2007

*Programme Focus:*  
MF, SEP, BEP, TUP, EHC and  
Ag

*Population reached:*  
2.77 million



## MYANMAR

Initiated: 2013

*Programme Focus:*  
MF

*Population reached*  
2,483 borrowers

## PHILIPPINES

Initiated: 2012

*Programme Focus:*  
BEP

*Population reached:*  
38,084 learners



## BANGLADESH

Initiated: 1972

*Programme Focus:*  
MF, BEP, HNPP, TUP, IDP, WASH, HRLS, CEP, AFSP, DECC, GJD, RS, MGP  
and Enterprises

*Population reached:*  
120 million

**BEP** - BRAC Education Programme   **BLBC** - BRAC Limb and Brace Centre   **CEP** - Community Empowerment Programme  
**GJD** - Gender Justice and Diversity   **HNPP** - Health, Nutrition and Population Programme   **HRLE** - Human Rights and Legal Empowerment  
**MF** - Microfinance   **MGP** - Migration Programme   **MLP** - Malaria Programme   **NP** - Nutrition Programme   **NSP** - National Solidarity Programme  
**TUP** - Targeting the Ultra Poor   **WASH** - Water, Sanitation and Hygiene   **YLP** - Youth Lead Programme

# GOVERNANCE

## BRAC Liberia

### Local Board Members

Dr A M R Chowdhury

Mr Faruque Ahmed

Mr Tanwir Rahman

### BRAC LIBERIA MICROFINANCE COMPANY LTD

### Local Board Members

Ms Susan Davis

Mr Faruque Ahmed

Mr Tanwir Rahman

Mr Shameran Abed

Mr Tapan Kumar Karmaker

Mr Neal Delaurentis

Mr Arjuna Costa



# MANAGEMENT

Mohammed Abdus Salam	Country Representative, BRAC Liberia
Sadhan Chandra Dey	Managing Director of BRAC Liberia Microfinance Company Ltd
AKM Shafiq Hasan Sayeed	Senior Manager, Staff Development Unit
Dr Kamanasish Kar	Manager, Poultry and Livestock (EU supported)
Md Monoarul Islam	Manager, Poultry and Livestock
Lugemwa Ezra Patrick	Programme Manager, Health
Sanjoy Nandi	Programme Manager, Agriculture
Md Abdul Hakim	Manager, Procurement
Md Mofizur Rahman	Farm Manager, Poultry Hatchery and Feed Mill
Nurul Amin Howlader	Country Head of Internal Audit
Bongshi Badan Saha	Country Head of Accounts
Md Jahangir Alam	Manager Loan Review Unit

# DEVELOPMENT PARTNERS



# FINANCIALS - NGO

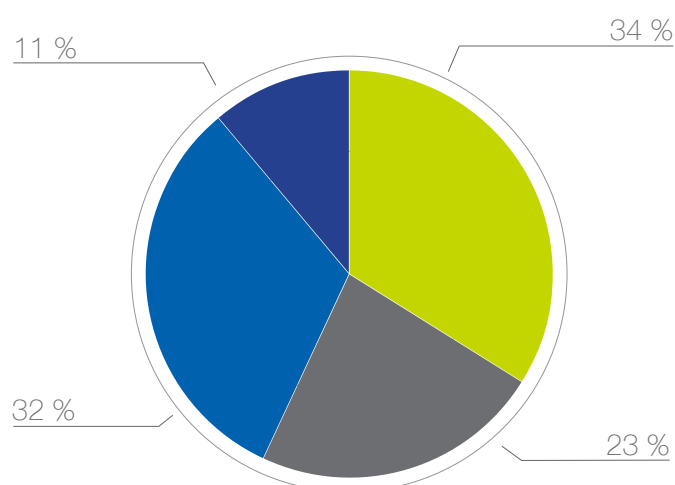
BRAC Liberia completed another eventful year with grants received amounting to USD 1,809,385 as against USD 1,516,131 in 2013. Total project expenses for the year were USD 2,479,264 (USD 1,927,053 in 2013). Out of the total expenses majority is expensed in Health, Agriculture, Poultry and Livestock programs. All most 84 % of total expenditure is being used for program service with only 16% as admin expenses.

Total equity as at 31 December 2014 stands at USD 526,133 as against USD 639,262 in 2013.

## Programme Cost by Nature of Programme

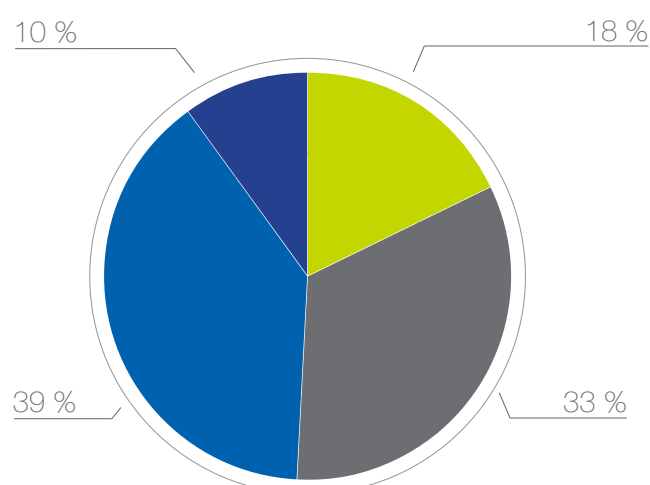
Programme	Year 2014		Year 2013	
	USD	%	USD	%
Health	844,809	34%	351,891	18%
Agriculture	567,000	23%	645,117	33%
Poultry and livestock	801,661	32%	747,392	39%
Others	265,794	11%	182,653	10%
<b>Total</b>	<b>2,479,264</b>	<b>100%</b>	<b>1,927,053</b>	<b>100%</b>

Year 2014



■ Health 34% 
 ■ Poultry and Live Stock 32% 
 ■ Agriculture 23% 
 ■ Others 11%

Year 2013



■ Health 18% 
 ■ Poultry and Live Stock 39% 
 ■ Agriculture 33% 
 ■ Others 10%

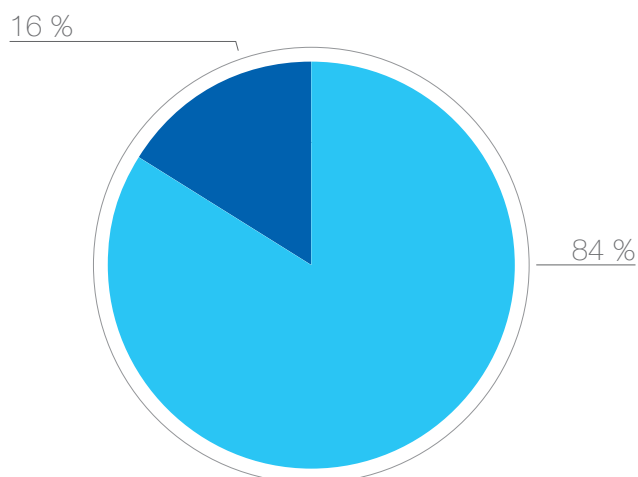


# FINANCIALS - NGO

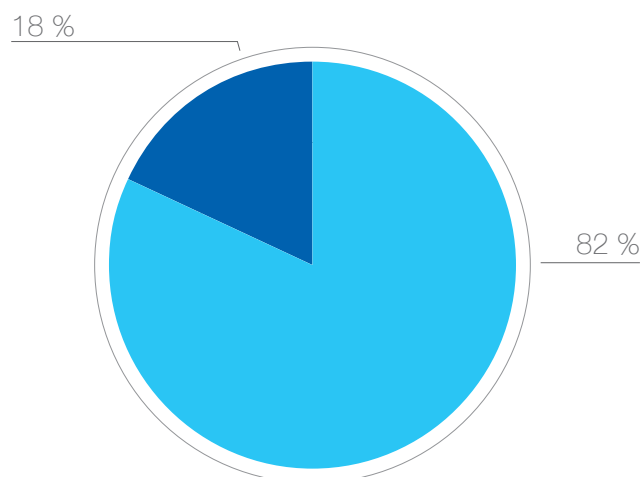
## Programme Cost by Nature of Expenses

Expenses	Year 2014		Year 2013	
	USD	%	USD	%
Programme expenses	2,087,476	84%	1,575,571	82%
Admin expenses	391,788	16%	351,482	18%
<b>Total</b>	<b>2,479,264</b>	<b>100%</b>	<b>1,927,053</b>	<b>100%</b>

Year 2014



Year 2013



■ Programme expenses ■ Admin expenses

## Performance Review

Income Statement	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Grant income	1,868,008	1,668,847	1,308,392	1,010,477	1,194,238
Other income	475,106	94,293	135,757	75,569	42,140
Programme expenses	2,087,476	1,575,571	1,278,089	958,481	1,056,585
Admin expenses	391,788	351,482	186,897	127,565	179,793

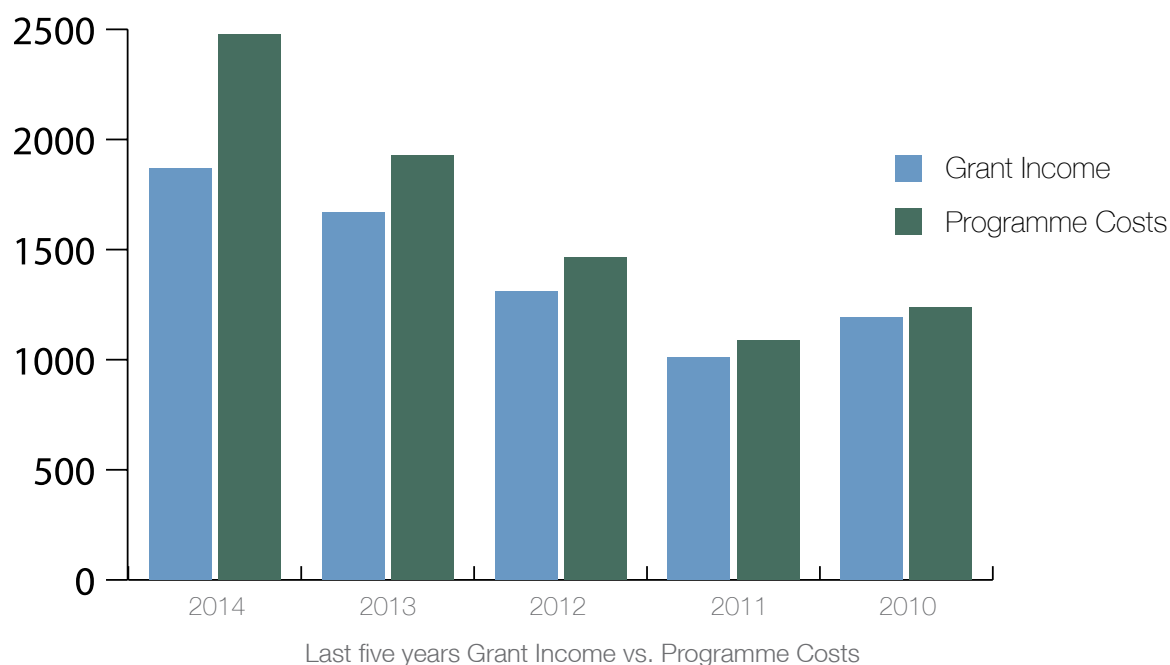
## Performance Review

Financial Position	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Net equity	526,133	639,262	1,648,990	1,172,350	57,273
Cash at bank	924,729	982,519	1,796,385	1,243,394	2,294,748

Operational Statistics	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
No. of Projects	12	13	12	10	6

## Annual Income and Expenses

in Thousand USD



## Awards and Recognition in 2014

BRAC Liberia has been awarded as the outstanding NGO of the year 2013/2014 for the outstanding contributions in helping the Government of Liberia in buttressing its Poverty reduction strategy (PRS) through providing micro loans to vulnerable Liberians as well as helping to boost Liberia's Agriculture & Health sector.

# FINANCIALS - MICROFINANCE

## Net Income

BRAC Liberia Microfinance Co. Ltd. completed another challenging year in 2014 by registering a pretax loss of USD (451,835) as against USD (430,416) in 2013. The major reason for such loss is due to the fact that the entity had to suspend its operation from August 2014 to March 2015 due to Ebola epidemic in the country.

## Operating expenses

Total operating expenses for the year was USD 1,201,777 as compared to USD 1,460,759 in 2013.

## Provisions for impairment losses

This year amount charged for impairment on loans was USD 32,152 as against USD 145,464 in 2013, showing a decrease of 78 %. Total reserve as against impairment in 2014 was USD 116,249 as against 162,662 in 2013, representing 5.39% of Gross portfolio. Portfolio At Risk (PAR>30) is 3.42% as against 5.85% in 2013.

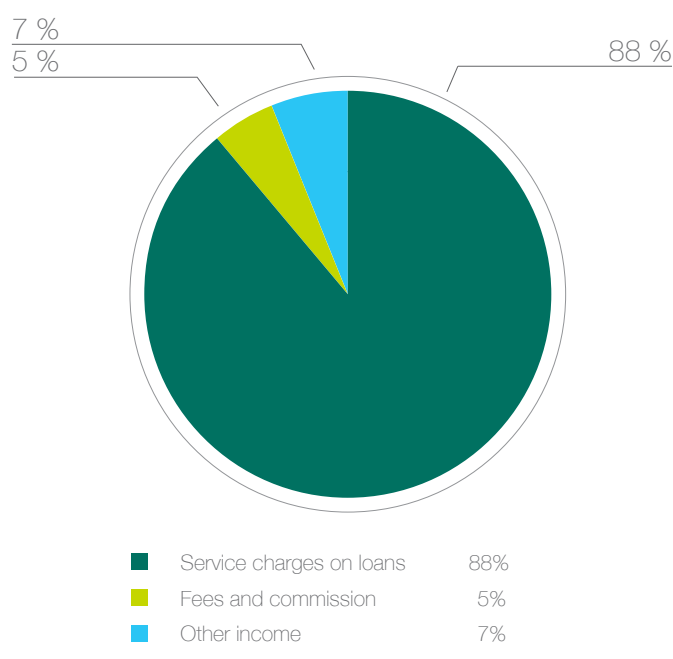
## Financial position

In 2014, BRAC Liberia Microfinance company Limited's total assets decrease by 3.35% to USD 3,648,615.

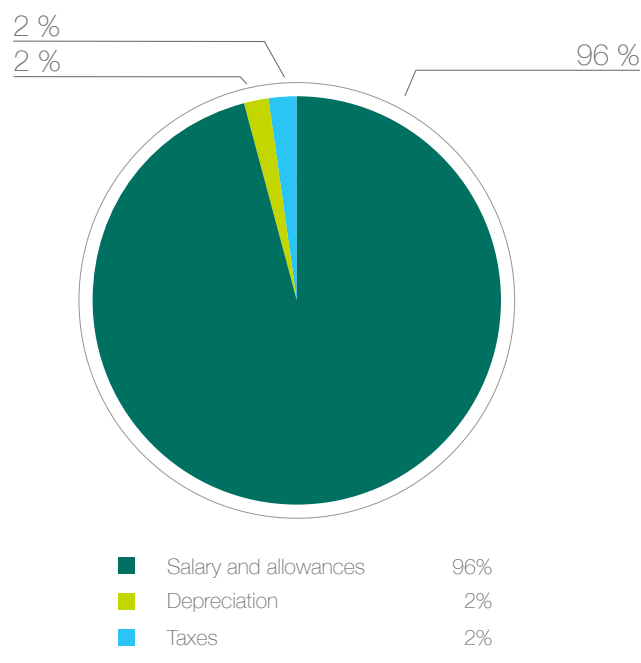
## Value added statements

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

Value added 2014



Value distributed 2014





# FINANCIALS - MICROFINANCE

## Value Added Statements

Value added:	Year 2014		Year 2013	
	USD	%	USD	%
Services charges on loans	696,823	292%	1,028,265	335%
Fees and commission income	38,179	16%	60,047	17%
Other income	54,676	23%	87,495	8%
Other operating exp.	(519,010)	(218%)	(636,770)	(175%)
Loan prov. (doubtful losses)	(32,152)	(13%)	(145,464)	(85%)
<b>Total</b>	<b>238,516</b>	<b>100%</b>	<b>393,573</b>	<b>100%</b>

## Value Distributed Statements

Value distributed:	Year 2014		Year 2013	
	USD	%	USD	%
<b>Employees</b>				
Salary and allowances	668,623	280%	804,208	204%
<b>Local Authorities</b>				
Taxes	11,701	5%	5,194	1%
<b>Growth</b>				
Retained income	(455,952)	(191%)	(435,610)	(111%)
Depreciation	14,144	6%	19,781	5%
<b>Total</b>	<b>238,516</b>	<b>100%</b>	<b>393,573</b>	<b>100%</b>

# FINANCIALS - MICROFINANCE

## Performance Review

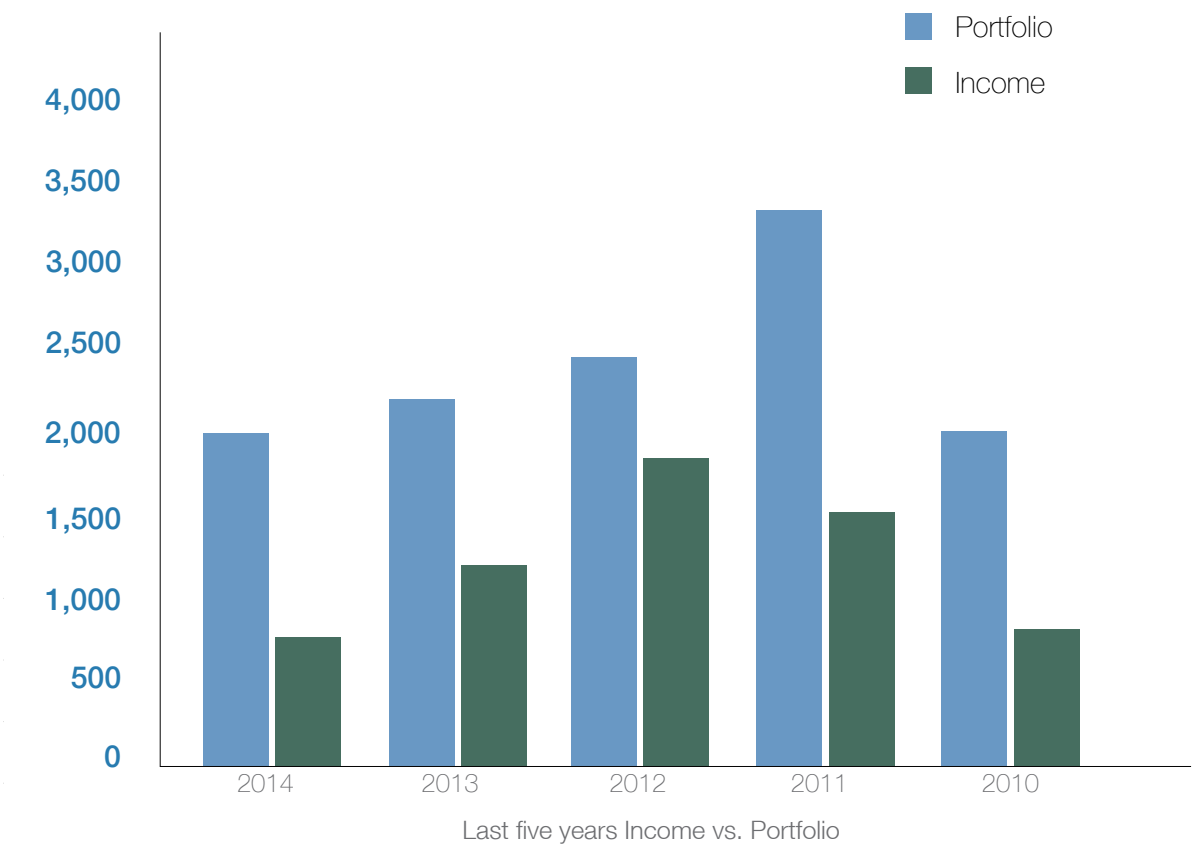
Income Statement	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Operating income	789,678	1,175,807	1,693,014	1,526,478	864,237
Net (loss) before tax	(451,835)	(430,416)	(570,502)	(320,619)	(582,033)

Financial Position	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Total asset	3,648,615	3,775,068	4,750,860	5,064,052	4,973,238
Net equity	2,353,134	2,575,528	3,426,465	3,996,968	3,377,927
Loans to customers (net)	2,091,486	2,066,933	2,368,684	3,385,626	2,071,739
Cash at bank	1,016,783	1,325,105	2,016,603	1,318,485	2,563,737

Returns and Ratio	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
	USD	USD	USD	USD	USD
Return on asset	(12%)	(10%)	(12%)	(6%)	(11%)
Cost to income	158%	137%	134%	121%	144%

Operational Statistics	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
Total borrowers	12,328	11,578	18,925	25,814	20,559
PAR>30	3.42%	5.85%	17.22%	11.98%	9.58%

Annual Income and Portfolio  
in Thousand USD





# **BRAC Liberia**

Independent Auditor's Report and Financial Statement  
For the year ended 31 December 2014

**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**GENERAL INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	Dr. A M R Chowdhury Mr. Faruque Ahmed Mr. Tanwir Rahman	Chairperson Member Member
<b>MANAGEMENT TEAM</b>	:	Mr. Mohammed Abdus Salam Mr. Bongsi Badan Saha	Country Representative Country Head of Accounts
<b>REGISTERED OFFICE</b>	:	BRAC Liberia Congo Town Monrovia	
<b>BANKERS</b>	:	Eco Bank Limited Liberia Randall & Ashman Street International Bank (Liberia) Limited	
<b>AUDITORS</b>	:	Baker Tilly Liberia. ( <i>Certified Public Accountants</i> ) King Plaza, 2 <sup>nd</sup> -4 <sup>th</sup> Floor 80 Broad Street Monrovia	
<b>LEGAL COUNSEL</b>	:	Henries Law Firm 31 Benson Street Monrovia, Liberia	

**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**MANAGEMENT'S REPORT**

The organisation's Management presents their report and the audited financial statements of BRAC Liberia for the period ended 31st December 2014.

**Management's Responsibility Statement**

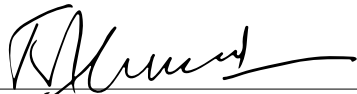
Management is responsible for the preparation and fair presentation of the financial statements comprising, the Statement of financial position as at 31st December 2014, the statements of receipts and expenditure the cash flow statement for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the provisions of the grant agreement.

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

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

**Approval of the financial statements**

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



Director

31 March, 2015



Director

31 March, 2015



**BAKER TILLY  
LIBERIA**

King Plaza  
2<sup>nd</sup> - 4<sup>th</sup> Floors  
Broad Street  
P.O. Box 10-0011  
1000 Monrovia 10 Liberia  
T: +231 (0) 886 514 965  
F: +1 905 469 0986

info@bakertillyliberia.com  
www.bakertillyliberia.com

## **AUDITOR'S REPORT**

**To:     *The Board of Directors*  
          *BRAC Liberia***

We have audited the accompanying Financial Statements of BRAC Liberia, which comprise the Statement of Financial Position as at 31 December 2014, the related statements of receipts and expenditure and the cash flow statements for the period then ended. These financial statements are prepared in accordance with the accounting policies and other explanatory notes as set out on pages 39-49.

### ***Management's responsibility***

The organization's management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the manner required by the Project Grant Agreement. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 our judgments, 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC Liberia as at 31 December 2014, and the results of its operations and its cash flows for the year ended 31 December 2014 in accordance with International Financial Reporting Standards (IFRS).

***(Certified Public Accountants)***

***March 31, 2015***  
***Monrovia***

Partners: G. Fonderson (Executive Chairman), T. Joseph (Managing Partner)  
An independent member of Baker Tilly International




**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Financial Position**  
*As at 31 December 2014*

	Notes	2014 LRD	2013 LRD	2014 USD	2013 USD
<b>Assets</b>					
<b>Non-current assets</b>					
Property and equipment	10	<u>54,094,023</u>	<u>45,808,175</u>	<u>649,778</u>	<u>555,251</u>
<b>Current assets</b>					
Cash and Bank	11	<u>76,983,748</u>	<u>81,057,818</u>	<u>924,729</u>	<u>982,519</u>
Other receivables	12	<u>43,617,019</u>	<u>21,549,456</u>	<u>523,928</u>	<u>261,205</u>
<b>Total current assets</b>		<u>120,600,767</u>	<u>102,607,274</u>	<u>1,448,657</u>	<u>1,243,724</u>
<b>Total assets</b>		<u>174,694,790</u>	<u>148,415,449</u>	<u>2,098,435</u>	<u>1,798,975</u>
<b>Liabilities and capital fund</b>					
<b>Liabilities</b>					
Other payables	13	<u>85,844,955</u>	<u>65,009,873</u>	<u>1,031,170</u>	<u>787,998</u>
Related party payables	14	<u>45,049,264</u>	<u>30,666,481</u>	<u>541,132</u>	<u>371,715</u>
<b>Total liabilities</b>		<u>130,894,219</u>	<u>95,676,354</u>	<u>1,572,302</u>	<u>1,159,713</u>
<b>Capital fund</b>					
Donor funds	15	<u>54,280,512</u>	<u>51,884,429</u>	<u>652,018</u>	<u>628,902</u>
Retained earnings		<u>(10,479,941)</u>	<u>854,666</u>	<u>(125,885)</u>	<u>10,360</u>
<b>Total capital fund</b>		<u>43,800,571</u>	<u>52,739,095</u>	<u>526,133</u>	<u>639,262</u>
<b>Total liabilities and capital fund</b>		<u>174,694,790</u>	<u>148,415,449</u>	<u>2,098,435</u>	<u>1,798,975</u>

*These financial statements were approved by the Board of Directors on 31 March 2015.*

  
 Director

  
 Director

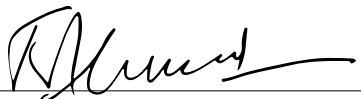
*The notes on the financial statements are an integral part of these financial statements.*

**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Income and Expenditures**  
*For the year ended 31 December 2014*

	Notes	2014 LRD	2013 LRD	2014 USD	2013 USD
<b>Income</b>					
Grant income	4	155,511,669	137,679,904	1,868,008	1,668,847
Other income	5	36,076,664	7,699,135	433,355	93,323
<b>Total Income</b>		<b>191,588,333</b>	<b>145,379,039</b>	<b>2,301,363</b>	<b>1,762,170</b>
<b>Expenditures</b>					
Staff costs and other benefits	6	61,314,592	52,174,870	736,511	632,422
Training, workshops & seminars	7	29,366,846	17,300,867	352,755	209,707
Occupancy expenses	8	15,363,574	12,103,627	184,547	146,711
Other general & administrative expenses	9	94,770,569	73,273,377	1,138,386	888,161
Depreciation	10	5,583,149	4,129,321	67,065	50,052
<b>Total Expenditures</b>		<b>206,398,730</b>	<b>158,982,063</b>	<b>2,479,264</b>	<b>1,927,053</b>
<b>Operating Surplus/(Deficit)</b>		<b>(14,810,397)</b>	<b>(13,603,024)</b>	<b>(177,901)</b>	<b>(164,883)</b>
<b>Other comprehensive income</b>					
Foreign exchange gain		3,475,790	80,000	41,751	970
<b>Deficit</b>		<b>(11,334,607)</b>	<b>(13,523,024)</b>	<b>(136,150)</b>	<b>(163,913)</b>

These financial statements were approved by the Board of Directors on 31 March 2015.

  
 Director

  
 Director

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

**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Cash Flows**

*For the year ended 31 December 2014*

	Notes	2014 LRD	2013 LRD	2014 USD	2013 USD
<b>Net cash provided by/(used in) Operating Activities</b>	<b>15</b>	<b>7,398,844</b>	28,904,370	<b>88,875</b>	350,355
<b>Cash flow from Investing Activities</b>					
Acquisition of fixed assets		<b>(13,868,997)</b>	(24,794,788)	<b>(166,595)</b>	(300,544)
<b>Net cash provided by/(used in) Investing Activities</b>		<b>(13,868,997)</b>	(24,794,788)	<b>(166,595)</b>	(300,544)
<b>Cash flow from Financing Activities</b>					
Changes in deferred grant		<b>8,285,848</b>	20,665,467	<b>99,530</b>	250,491
Changes in grants received in advance		<b>(5,889,765)</b>	(73,955,157)	<b>(70,748)</b>	(896,426)
<b>Net cash provided by/(used in) Financing Activities</b>		<b>2,396,083</b>	(53,289,690)	<b>28,742</b>	(645,935)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,074,070)</b>	(49,180,108)	<b>(48,938)</b>	(596,124)
Cash in hand and at banks at 1 January 2014		<b>81,057,818</b>	130,237,926	<b>982,519</b>	1,796,385
Translation difference		-	-	<b>(8,852)</b>	(217,742)
<b>Cash and cash equivalents at 31 December 2014</b>	<b>11</b>	<b>76,983,748</b>	81,057,818	<b>924,729</b>	982,519

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

**BRAC Liberia**  
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**For the year ended December 31, 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Reporting entity**

BRAC Liberia was incorporated in March 2008 as a not-for-profit development organization in Liberia. At present BRAC Liberia has a number of development programs that cover the areas of health, agriculture, poultry & livestock and training for the people of Liberia.

**2. Basis of preparation**

**(a) Basis of presentation of the financial statement**

BRAC Liberia prepares its financial statements on a going concern basis, under the historical cost convention, which are in accordance with Generally Accepted Accounting Principles (GAAP). BRAC Liberia generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items, as disclosed in the summary of significant accounting policies. The financial statements are expressed in Liberian dollars with United States dollars equivalent translation.

**(b) Functional and reporting currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (Liberian dollars). Major activities were measured in Liberian dollars and translated in USD. BRAC Liberia uses an exchange rate of 83.25 for the period under review that is 2014 and exchange rate of 82.50 for the year 2013.

**(c) Use of estimates and judgments**

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

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

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

**3. Summary of significant accounting policies**

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

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency of the entity at exchange rates at the dates of the transactions; BRAC Liberia uses an exchange rate of 83.25 for the period under review that is 2014 and exchange rate of 82.50 for the year 2014. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

**(b) Donor grant**

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

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



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Significant accounting policies (continued)**

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

**(c) Expenses**

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

**(d) Property, plant & equipment**

*Recognition and measurement*

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

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

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

*Subsequent costs*

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

*Depreciation*

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

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

	<b>Rates</b>	<b>Useful lives</b>
Motor vehicles/Cycles	20%	5 Years
Computer equipment	20%	5 Years
Furniture and fittings	10%	10 Years
Equipment	15%	6.67 yrs

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

*Disposals*

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

**BRAC Liberia**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Significant accounting policies (continued)**

**(e) Employee benefits**

*Pension obligations*

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

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

*End of service benefit*

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

**(f) Self Insurance Fund**

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

**BRAC Liberia**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

4. GRANT INCOME	2014 LRD	2013 LRD	2014 USD	2013 USD
Grant received in advance Account	149,420,875	133,550,583	1,794,845	1,618,795
Stichting BRAC International	507,645	-	6,098	-
Deferred income	5,583,149	4,129,321	67,065	50,052
	<u>155,511,669</u>	<u>137,679,904</u>	<u>1,868,008</u>	<u>1,668,847</u>
Grand income relates to the operating expenses incurred by different projects that are transferred from grand received in advance to the statement of comprehensive income. Project wise details are provided in Note-17.				
5. OTHER INCOME				
Income from laboratory	181,135	300,385	2,176	3,641
Income from diagnosis test	480,920	779,345	5,777	9,447
Income from sale of medicine	811,160	407,355	9,744	4,938
Income from sale of seed	331,858	205,692	3,986	2,493
Income from sale of by-product	105,157	19,705	1,263	239
Income from sale of feed	7,514,644	-	90,266	-
Income from sale of cull egg	507,617	-	6,098	-
BRAC contribution	22,450,905	3,624,320	269,681	43,931
Other income(Training centre)	3,693,268	2,362,333	44,364	28,634
	<u>36,076,664</u>	<u>7,699,135</u>	<u>433,355</u>	<u>93,323</u>
6. STAFF COSTS AND OTHER BENEFITS				
Salary and benefits	61,194,690	52,041,516	735,071	630,806
Staff insurance costs	119,902	133,354	1,440	1,616
	<u>61,314,592</u>	<u>52,174,870</u>	<u>736,511</u>	<u>632,422</u>
7. TRAINING, WORKSHOP AND SEMINARS				
External member trainings	29,366,846	13,954,574	352,755	169,146
Staff training	-	3,346,293	-	40,561
	<u>29,366,846</u>	<u>17,300,867</u>	<u>352,755</u>	<u>209,707</u>
8. OCCUPANCY EXPENSES				
Rent and utilities	15,363,574	12,103,627	184,547	146,711
9. OTHER GENERAL & ADMINISTRATIVE EXPENSES				
Audit & other legal fees	1,428,613	825,000	17,161	10,000
Stationery and supplies	1,506,898	1,607,286	18,101	19,482
Maintenance and general expenses	20,515,117	17,861,693	246,428	216,505
Program supplies	35,029,204	27,119,342	420,771	328,719
Travel and transportation	17,336,069	15,960,294	208,241	193,458
Monitoring & Evaluation	5,227,615	-	62,794	-
HO logistic expenses	13,727,053	9,899,763	164,890	119,997
	<u>94,770,569</u>	<u>73,273,377</u>	<u>1,138,386</u>	<u>888,161</u>

**BRAC Liberia**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

10. PROPERTY AND EQUIPMENT	Furniture LRD	Building LRD	Land LRD	Equipments LRD	Motor vehicles LRD	Total LRD	Total USD
<b>Costs:</b>							
At 1 January 2013	3,033,177	15,577,865	1,197,000	5,476,926	3,742,305	29,027,273	400,376
Additions during the year	1,372,751	10,392,901	-	2,128,351	10,900,785	24,794,788	300,544
Translation difference	-	-	-	-	-	-	(48,531)
<b>At 31 December 2013</b>	<b>4,405,928</b>	<b>25,970,766</b>	<b>1,197,000</b>	<b>7,605,277</b>	<b>14,643,090</b>	<b>53,822,061</b>	<b>652,389</b>
Addition during the year	447,374	4,658,394	-	8,763,229	-	13,868,997	166,595
Translation difference	-	-	-	-	-	-	(5,878)
<b>At 31 December 2014</b>	<b>4,853,302</b>	<b>30,629,160</b>	<b>1,197,000</b>	<b>16,368,506</b>	<b>14,643,090</b>	<b>67,691,058</b>	<b>813,106</b>
<b>Accumulated depreciation:</b>							
At 1 January 2013	862,656	665,713	-	1,659,333	696,863	3,884,565	53,580
Charge for the year	249,904	483,685	-	927,760	2,467,972	4,129,321	50,052
Translation difference	-	-	-	-	-	-	(6,494)
<b>At 31 December 2013</b>	<b>1,112,560</b>	<b>1,149,398</b>	<b>-</b>	<b>2,587,093</b>	<b>3,164,835</b>	<b>8,013,886</b>	<b>97,138</b>
Charge for the year	408,746	610,269	43,091	1,877,868	2,643,175	5,583,149	67,065
Translation difference	-	-	-	-	-	-	(875)
<b>At 31 December 2014</b>	<b>1,521,306</b>	<b>1,759,667</b>	<b>43,091</b>	<b>4,464,961</b>	<b>5,808,010</b>	<b>13,597,035</b>	<b>163,328</b>
<b>Net book value:</b>							
At 31 December 2013	3,293,368	24,821,368	1,197,000	5,018,184	11,478,255	45,808,175	555,251
At 31 December 2014	3,331,996	28,869,493	1,153,909	11,903,545	8,835,080	54,094,023	649,778



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

11. CASH AND BANK	2014 LRD	2013 LRD	2014 USD	2013 USD
Cash in hand	805,235	604,727	9,672	7,330
Cash at Bank				
Ecobank - 70,858,435				
IB bank - 5,320,078	76,178,513	80,453,091	915,057	975,189
	<b>76,983,748</b>	<b>81,057,818</b>	<b>924,729</b>	<b>982,519</b>
12. OTHER RECEIVABLES				
Stock and consumables -(Medicine & reagents)	612,160	693,325	7,353	8,404
Receivable from BRAC	16,632,239	-	199,787	-
Advance to 3rd parties	3,682,098	4,934,443	44,229	59,811
Receivable from donor	22,690,522	15,921,688	272,559	192,990
	<b>43,617,019</b>	<b>21,549,456</b>	<b>523,928</b>	<b>261,205</b>
13. OTHER PAYABLES				
Revolving funds (Health, Agri, P&L)	9,449,988	6,199,913	113,513	75,150
Self insurance fund	253,031	143,993	3,039	1,745
Provision for NASSCORP	1,564,780	660,748	18,796	8,009
Withholding tax payable	4,395,553	2,375,403	52,799	28,793
Provision for audit fees	1,040,625	1,039,000	12,500	12,594
Salary provision	6,973,356	9,449,802	83,764	114,543
Provision for hatchery & feed-mill machines	5,460,660	-	65,594	-
Accounts payable to microfinance	27,704,184	15,827,181	332,784	191,845
Gratuity & bonus provisions	2,227,221	2,433,374	26,753	29,495
Current account in transit	26,775,557	26,880,459	321,628	325,824
	<b>85,844,955</b>	<b>65,009,873</b>	<b>1,031,170</b>	<b>787,998</b>
14. RELATED PARTY PAYABLES				
Payable to BRAC Bangladesh	28,461,032	20,807,704	341,874	252,215
Payable to Stichting BRAC International	16,588,232	9,858,777	199,258	119,500
	<b>45,049,264</b>	<b>30,666,481</b>	<b>541,132</b>	<b>371,715</b>
The organization has related party relationship with Stichting BRAC International (SBI) & BRAC Bangladesh which provide management and administrative services to the organization.				
15. DONOR FUNDS				
Donor funds received in advance ( Note -15.1)	-	5,889,765	-	71,391
Donor funds investment in fixed assets ( Note -15.2)	54,280,512	45,994,664	652,018	557,511
	<b>54,280,512</b>	<b>51,884,429</b>	<b>652,018</b>	<b>628,902</b>
15.1 Donor fund received in advance				
Opening balance	5,889,765	79,844,922	71,391	1,101,309
Donation received during the year (15.1a)	150,631,273	125,080,794	1,809,385	1,516,131
Receivable from donor	22,690,522	15,921,688	272,559	192,990
Transfer of training centre fund to Sierra Leone & ON	-	(51,916,443)	-	(629,290)
Receivable from Donors Adjusted	(15,921,688)	(4,695,825)	(191,252)	(56,919)
Transferred to deferred income- Investment in fixed assets	(13,868,997)	(24,794,788)	(166,595)	(300,543)
Transferred to Statement of income and expenditure	(149,420,875)	(133,550,583)	(1,794,845)	(1,618,795)
Translation difference	-	-	(643)	(133,492)
	<b>-</b>	<b>5,889,765</b>	<b>-</b>	<b>71,391</b>

**BRAC Liberia**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	2014 LRD	2013 LRD	2014 USD	2013 USD
15.1a Donation received during the year				
BRAC USA (ON-NGO Support)	-	20,214,299	-	245,022
SBI (EBOLA)	9,471,064	-	113,767	-
UNFPA (Health)	172,035	9,575,181	2,066	116,063
EU (Agri, P & L)	62,733,310	53,702,168	753,553	650,935
DFID (GPAF- RMNCH)	41,598,703	1,275,281	499,684	15,458
DFID (GPAF-Agri, P & L)	22,910,517	40,313,865	275,201	488,653
BRAC USA (ELA)	8,348,998	-	100,288	-
GLOBAL FUND(TB control))	5,396,646	-	64,825	-
	<u>150,631,273</u>	<u>125,080,794</u>	<u>1,809,385</u>	<u>1,516,131</u>
15.2 Donations - Investment in fixed assets				
Opening balance	45,994,664	25,329,197	557,511	349,369
Transferred from donor funds received in advance	13,868,997	24,794,788	166,595	300,543
Depreciation charge during the year	(5,583,149)	(4,129,321)	(67,065)	(50,052)
Translation difference	-	-	(5,023)	(42,349)
Closing balance	<u>54,280,512</u>	<u>45,994,664</u>	<u>652,018</u>	<u>557,511</u>
16. CASHFLOW FROM OPERATING ACTIVITIES				
Excess of income over expenditure	(11,334,607)	(13,523,024)	(136,151)	(163,915)
Depreciation	5,583,149	4,129,321	67,065	50,052
<b>Cash flow before changes in working capital</b>	<b>(5,751,458)</b>	<b>(9,393,703)</b>	<b>(67,086)</b>	<b>(113,863)</b>
<b>Changes in working capital</b>				
Changes in other receivables	(22,067,563)	(11,928,721)	(265,076)	(144,591)
Changes in related party payables	14,382,783	11,728,892	172,766	142,168
Changes in other payables	20,835,082	38,497,902	250,271	466,641
<b>Net cash from operations</b>	<b><u>7,398,844</u></b>	<b><u>28,904,370</u></b>	<b><u>88,875</u></b>	<b><u>350,355</u></b>

**BRAC Liberia**  
**Independent Auditors' Report and Financial Statement**  
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**Notes to financial statements**

**17. Project wise income & expenses:**

	Comprehensive development program				
	Country Office LRD	Laboratory LRD	Seed Testing Farm LRD	Sub Total LRD	
<b>Income</b>					
Grant income	600,152	259,386	358,448	1,217,986	
Others income	-	1,473,215	437,015	1,910,230	
BRAC contribution	-	-	-	-	
Exchange gains	-	-	-	-	
<b>Total Income</b>	<b>600,152</b>	<b>1,732,601</b>	<b>795,463</b>	<b>3,128,216</b>	
<b>Expenditures</b>					
Staff cost and other benefits	6,196,770	-	-	6,196,770	
Staff insurance	-	-	-	-	
Training, workshops and seminars	-	-	-	-	
Occupancy expenses	2,400,514	17,415	8,615	2,426,544	
Travelling and transportation	981,265	900	2,335	984,500	
Audit & other legal fees	974,625	-	-	974,625	
Stationary & supplies	868,878	-	-	868,878	
Other general & admin expenses	4,574,746	8,790	414,975	4,998,511	
Program supplies	-	-	76,260	76,260	
Monitoring & evaluation	-	-	-	-	
HO logistic expenses	(1,039,410)	5,421	100,437	(933,552)	
Depreciation	600,152	259,386	358,448	1,217,986	
<b>Total Expenses</b>	<b>15,557,540</b>	<b>291,912</b>	<b>961,070</b>	<b>16,810,522</b>	
<b>Surplus/ (Deficit)</b>	<b>(14,957,388)</b>	<b>1,440,689</b>	<b>(165,607)</b>	<b>(13,682,306)</b>	

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**Notes to financial statements**

**17. Project wise income & expenses**

	Training Centre		Health		P&L		Agri,P&L		Hatchery & feedmill		TB		ELA		Ebola-SBI		Grand Total	
	LRD	LRD	UNFPA	LRD	EU Project	LRD	GPAF	LRD	YP	LRD	CHEVRON	LRD	LRD	LRD	LRD	LRD	LRD	LRD
<b>Income</b>																		
Grant income	869,308		46,389		44,729,359		31,250,479		507,645		12,539,153		6,627,406		3,654,553		155,511,669	
Others income	3,693,268		-		-		-		-		8,022,261		-		-		13,625,759	
BRAC contribution			-		-		14,462,619		-		-		-		-		22,450,905	
Exchange gains			3970		1,447,560		528,656		-		-		124,527		192,652		3,475,790	
<b>Total Income</b>	<b>4,562,576</b>		<b>50,359</b>		<b>46,176,919</b>		<b>46,241,755</b>		<b>507,645</b>		<b>20,561,414</b>		<b>6,751,933</b>		<b>3,847,205</b>		<b>195,064,123</b>	
<b>Expenditure</b>																		
Staff cost and other benefits	296,975		-		17,621,722		16,619,426		137,438		1,657,345		591,570		1,120,721		61,194,690	
Staff insurance	11,446		-		36,324		20,547		-		4,293		-		-		119,902	
Training, workshops and seminars	567,330		-		957,023		8,393,758		-		-		5,518,665		686,445		29,366,846	
Occupancy expenses			-		5,156,913		4,974,668		-		95,921		-		516,037		15,363,574	
Travelling and transportation	6,690		-		4,017,958		5,084,886		318,482		1,035,567		-		540,290		17,336,069	
Audit & other legal fees			-		453,988		-		-		-		-		-		1,428,613	
Stationary & supplies			-		276,214		-		51,725		96,828		123,449		-		1,506,898	
Other general & admin expenses	463,128		-		8,080,000		2,654,680		-		40,430		132,972		15,935		20,515,117	
Program supplies			-		4,239,628		1,171,675		-		15,056,435		10,076		3,666,059		35,029,204	
Monitoring & evaluation			-		-		2,438,187		-		-		-		413,247		5,227,615	
HO logistic expenses			-		2,854,528		4,797,775		-		1,745,369		333,451		531,559		13,727,053	
Depreciation	869,308		50,359		2,482,621		86,153		-		829,226		41,750		5,746		5,583,149	
<b>Total Expenses</b>	<b>2,214,877</b>		<b>50,359</b>		<b>46,176,919</b>		<b>46,241,755</b>		<b>507,645</b>		<b>20,561,414</b>		<b>6,751,933</b>		<b>3,847,205</b>		<b>206,398,730</b>	
<b>Surplus/ (Deficit)</b>	<b>2,347,699</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>(11,334,607)</b>	

**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**17. Project wise income & expenses:**

	Comprehensive development program				
	Country Office USD	Laboratory USD	Seed Testing Farm USD	Sub Total USD	
<b>Income</b>					
Grant income	7,209	3,116	4,306	14,631	
Others income	-	17,696	5,249	22,945	
BRAC contribution	-	-	-	-	
Exchange gains	-	-	-	-	
<b>Total Income</b>	<b>7,209</b>	<b>20,812</b>	<b>9,555</b>	<b>37,576</b>	
<b>Expenditures</b>					
Staff cost and other benefits	74,436	-	-	74,436	
Staff insurance	-	-	-	-	
Training, workshops and seminars	-	-	-	-	
Occupancy expenses	28,835	209	103	29,147	
Travelling and transportation	11,787	11	28	11,826	
Audit & other legal fees	11,707	-	-	11,707	
Stationary & supplies	10,437	-	-	10,437	
Other general & admin expenses	54,952	106	4,985	60,043	
Program supplies	-	-	916	916	
Monitoring & evaluation	-	-	-	-	
H/O Logistic expenses	(12,485)	65	1,206	(11,214)	
Depreciation	7,209	3,116	4,306	14,630	
<b>Total Expenses</b>	<b>186,878</b>	<b>3,507</b>	<b>11,544</b>	<b>201,929</b>	
<b>Surplus/(deficit)</b>	<b>(179,669)</b>	<b>17,305</b>	<b>(1,989)</b>	<b>(164,353)</b>	



**BRAC Liberia**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Notes to financial statements**

**17. Project wise income & expenses**

	Health		P&L		Agri,P&L		Hatchery & feedmill		TB		ELA		Ebola-SBI		Grand Total	
	Training Centre USD	UNFPA USD	EU Project USD	USD	GPAF USD	RMNCH USD	YP USD	CHEVRON USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>Income</b>																
Grant income	10,442	557	537,290		375,381	608,071	6,098	150,620	79,608	43,899	41,412				1,868,009	
Others income	44,364	-	-		-	-	-	96,363	-	-	-	-	-	-	163,672	
BRAC contribution	-	-	-		173,725	95,955	-	-	-	-	-	-	-	-	269,681	
Exchange gains	-	48	17,388		6,350	11,530	-	-	1,496	2,314	2,625				41,751	
<b>Total Income</b>	<b>454,806</b>	<b>605</b>	<b>554,678</b>		<b>555,456</b>	<b>715,556</b>	<b>6,098</b>	<b>246,983</b>	<b>81,104</b>	<b>46,213</b>	<b>44,037</b>				<b>2,343,112</b>	
<b>Expenditure</b>																
Staff cost and other benefits	3,567	-	211,672		199,632	203,636	1,651	19,908	7,106	13,462	-	-	-	-	735,070	
Staff insurance	137	-	436		247	568	-	52	-	-	-	-	-	-	1,440	
Training, workshops and seminars	6,815	-	11,496		100,825	159,082	-	-	66,290	8,246	-	-	-	-	352,754	
Occupancy expenses	-	-	61,945		59,756	26,348	-	1,152	-	6,199	-	-	-	-	184,547	
Travelling and transportation	80	-	48,264		61,080	64,237	3,826	12,439	-	6,490	-	-	-	-	208,242	
Audit & other legal fees	-	-	5,453		-	-	-	-	-	-	-	-	-	-	17,160	
Stationary & supplies	-	-	3,318		-	1,079	621	1,163	1,483	-	-	-	-	-	18,101	
Other general & admin expenses	5,563	-	97,057		31,888	49,603	-	486	1,597	191	-	-	-	-	246,428	
Program supplies	-	-	50,927		14,074	129,632	-	180,857	121	207	44,037	-	-	-	420,771	
Monitoring & evaluation	-	-	-		29,288	28,543	-	-	-	4,964	-	-	-	-	62,795	
HO logistic expenses	-	-	34,289		57,631	52,828	-	20,965	4,005	6385	-	-	-	-	164,889	
Depreciation	10,442	605	29,821		1,035	-	-	9,961	502	69	-	-	-	-	67,066	
<b>Total Expenses</b>	<b>26,605</b>	<b>605</b>	<b>554,678</b>		<b>555,457</b>	<b>715,556</b>	<b>6,098</b>	<b>246,983</b>	<b>81,104</b>	<b>46,213</b>	<b>44,037</b>				<b>2,479,263</b>	
<b>Surplus/ (Deficit)</b>	<b>28,201</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				<b>(136,151)</b>	

# **BRAC Liberia Micro-Finance Company Limited**

Independent Auditor's Report and Financial Statements  
For the year ended 31 December 2014

**BRAC Liberia Microfinance Company Limited**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**CORPORATE INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	Ms. Susan Davis Mr. Faruque Ahmed Mr. Tanwir Rahman Mr. Shameran Bahar Abed Mr. Tapan Kumar Karmaker Mr. Neal Delaurentis Mr. Arjuna Costa	- Chairperson - Director - Director - Director - Director - Director - Director
<b>MANAGING DIRECTOR</b>	:	Mr. Sadhan Chandra Dey	
<b>REGISTERED OFFICE</b>	:	Congo Town Monrovia	
<b>BANKERS</b>	:	EcoBank Limited Liberia Randall and Ashman Street International Bank (Liberia) Limited	
<b>AUDITORS</b>	:	Baker Tilly Liberia. <i>(Certified Public Accountants)</i> King Plaza, 2-4th Floor 80 Broad Street Monrovia	
<b>LEGAL COUNSEL</b>	:	Henries Law Firm 31 Benson Street Monrovia, Liberia	

# **BRAC Liberia Microfinance Company Limited**

## **Independent Auditor's Report and Financial Statement**

### **For the year ended December 31, 2014**

#### **Report of the Board of Directors**

The Board of Directors presents their report and audited financial statements for the year ended 31 December 2014.

#### ***The Board of Directors' Responsibility Statement***

The entity's Board of Directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet as at 31 December 2014, the statements of income and expenses, the statement of changes in equity and statements of cash flows for the period then ended, and the notes to the financial statements. The notes to the financial statements include a summary of significant accounting policies and other explanatory notes, and the report of the Board of Directors in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the provisions of the Articles of Incorporation.

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

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

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

#### **Principal Activities**

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

#### **Results**

The results for the periods and the state of the entity's affairs are shown in the attached financial statements.

#### **Going concern**

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

#### **The Board members**

The following members served during the period:

Ms. Susan Davis  
Mr. Faruque Ahmed  
Mr. Tanwir Rahman  
Mr. Shameran Bahar Abed  
Mr. Tapan Kumar Karmaker  
Mr. Neal Dealurentis  
Mr. Arjuna Costa

#### **Auditors**

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

#### **Approval of the financial statements**

The financial statements were approved by the Board of Directors on March 31, 2015

By order of the Board of Directors

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director



**BAKER TILLY  
LIBERIA**

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the financial statements of BRAC Liberia Microfinance Company Limited which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the summary of significant accounting policies and other explanatory notes.

### ***Management's responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments we consider internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Boards, as well as evaluating the overall financial statement presentation.

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

### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Liberia Microfinance Company Limited as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Disclosure Guidelines for Financial Reporting by Microfinance Institution which guidelines are voluntary norms recommended by a consultative group in international donors including the Consultative Group to Assist the Poor (CGAP) and the member of the Small Enterprise Education and Promotion Network (SEP), the Prudential Regulations for Micro-finance Institutions issued by the Central Bank of Liberia and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

**(Certified Public Accountants)**

March 31, 2015

**Monrovia**

Partners: G. Fonderson (Executive Chairman), T. Joseph (Managing Partner)  
An independent member of Baker Tilly International

**BRAC Liberia Microfinance Company Limited**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Financial Position**

*As at 31 December 2014*

	Notes	2014 LRD	2013 LRD	2014 USD	2013 USD
<b>Assets</b>					
Cash and bank	12	<b>84,647,130</b>	109,321,167	<b>1,016,783</b>	1,325,105
Loans and advances to customer	13	<b>174,116,122</b>	170,522,015	<b>2,091,486</b>	2,066,933
Other assets	14	<b>39,715,853</b>	25,192,461	<b>477,068</b>	305,363
Deferred tax asset	11(b)	<b>1,801,864</b>	1,801,864	<b>21,644</b>	21,842
Property and equipment	15	<b>3,466,048</b>	4,605,556	<b>41,634</b>	55,825
<b>Total assets</b>		<b>303,747,017</b>	311,443,063	<b>3,648,615</b>	3,775,068
<b>Liabilities and capital fund</b>					
<b>Liabilities</b>					
Loan security fund	16	<b>44,461,078</b>	43,162,149	<b>534,067</b>	523,177
Related party payables	17	<b>29,752,322</b>	18,654,773	<b>357,385</b>	226,118
Borrowings	18	<b>24,238,611</b>	27,579,381	<b>291,154</b>	334,296
Other liabilities	19	<b>9,396,871</b>	9,565,741	<b>112,875</b>	115,949
Tax payable	11(C)	-	-	-	-
<b>Total liabilities</b>		<b>107,848,882</b>	98,962,044	<b>1,295,481</b>	1,199,540
<b>Capital fund</b>					
Donor funds	20	-	-	-	-
Donation equity	20.1	<b>92,875,000</b>	71,500,000	<b>1,115,616</b>	866,667
Retained earnings		<b>(188,421,304)</b>	(150,463,420)	<b>(2,263,319)</b>	(1,823,799)
Share capital	21	<b>339,339,071</b>	291,444,439	<b>4,076,145</b>	3,532,660
Convenience translation reserve		<b>(47,894,632)</b>	-	<b>(575,308)</b>	-
<b>Total capital fund</b>		<b>195,898,135</b>	212,481,019	<b>2,353,134</b>	2,575,528
<b>Total liabilities and capital fund</b>		<b>303,747,017</b>	311,443,063	<b>3,648,615</b>	3,775,068

*These financial statements were approved by the Board of Directors on 31 March 2015*

  
 Director

  
 Director

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

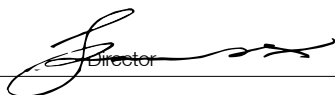


**BRAC Liberia Microfinance Company Limited**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Comprehensive Income**  
*For the year ended 31 December 2014*

Income	Notes	2014 LRD	2013 LRD	2014 USD	2013 USD
Service charge on loans	5	<b>58,010,561</b>	84,831,856	<b>696,823</b>	1,028,265
Membership fees and other charges	6	<b>3,178,450</b>	4,953,770	<b>38,179</b>	60,047
Other income	7	<b>900,915</b>	7,218,353	<b>10,822</b>	87,495
Grant income	20.1	<b>3,019,500</b>	-	<b>36,270</b>	-
		<b>7,098,865</b>	12,172,123	<b>85,271</b>	147,542
<b>Total operating income</b>		<b>65,109,426</b>	97,003,979	<b>782,094</b>	1,175,807
<b>Expenditures</b>					
Impairment losses on loans	8	<b>(2,676,673)</b>	(12,000,810)	<b>(32,152)</b>	(145,464)
<b>Operating income after impairment charges</b>		<b>62,432,753</b>	85,003,169	<b>749,942</b>	1,030,343
Staff costs	9	<b>(55,662,836)</b>	(66,347,053)	<b>(668,623)</b>	(804,207)
Other operating expenses	10	<b>(43,207,632)</b>	(52,533,444)	<b>(519,010)</b>	(636,770)
Depreciation expense	15	<b>(1,177,483)</b>	(1,631,895)	<b>(14,144)</b>	(19,781)
<b>Total operating expenses</b>		<b>(100,047,951)</b>	(120,512,392)	<b>(1,201,777)</b>	(1,460,759)
<b>(Loss) before tax</b>		<b>(37,615,198)</b>	(35,509,223)	<b>(451,835)</b>	(430,416)
Income tax expense	11(a)	<b>(974,083)</b>	(428,502)	<b>(11,701)</b>	(5,194)
<b>Net loss for the year</b>		<b>(38,589,281)</b>	(35,937,725)	<b>(463,536)</b>	(435,610)
<b>Other comprehensive income</b>					
Unrealized exchange gains		<b>631,397</b>	-	<b>7,584</b>	-
<b>Total comprehensive income/(loss)</b>		<b>(37,957,884)</b>	(35,937,725)	<b>(455,952)</b>	(435,610)

These financial statements were approved by the Board of Directors on March 31, 2015

  
 Director

  
 Director

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

**BRAC Liberia Microfinance Company Limited**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Changes in Equity**

*For the year ended 31 December 2014*

	Share capital LRD	Donor funds LRD	Retained earnings LRD	Donated equity LRD	Total Capital fund LRD	Total Capital fund USD
At 1 January 2013	291,444,439	-	(114,525,695)	71,500,000	248,418,744	3,426,465
Donation received during the year	-	-	-	-	-	-
Transferred from grant received in advance account	-	-	-	-	-	-
(Loss) for the year	-	-	(35,937,725)	-	(35,937,725)	(425,609)
Translation difference	-	-	-	-	-	(415,329)
<b>At 31 December 2013</b>	<b>291,444,439</b>	<b>-</b>	<b>(150,462,420)</b>	<b>71,500,000</b>	<b>212,481,019</b>	<b>2,575,527</b>
At 1 January 2013	291,444,439	-	(150,463,420)	71,500,000	212,481,019	2,575,527
Donation received during the year	-	3,019,500	-	21,375,000	24,394,500	293,027
Transferred to statement of income and expenses	-	(3,019,500)	-	-	(3,019,500)	(36,270)
(Loss) for the year	-	-	(38,589,281)	-	(38,589,281)	(463,535)
Adjustment in share capital	47,894,632	-	-	-	47,894,632	575,311
Foreign exchange gains	-	-	631,397	-	631,397	7,584
Translation difference	-	-	-	-	-	(23,202)
<b>At 31 December 2014</b>	<b>339,339,071</b>	<b>-</b>	<b>(188,421,304)</b>	<b>92,875,000</b>	<b>243,792,767</b>	<b>2,928,442</b>

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

**BRAC Liberia Microfinance Company Limited**  
**Independent Auditor's Report and Financial Statement**  
**For the year ended December 31, 2014**

**Statement of Cash Flows**

*For the year ended 31 December 2014*

	Notes	2014 LRD	2013 LRD	2014 USD	2013 USD
<b>Cash flow from operating activities</b>	23	<b>(39,720,885)</b>	(23,123,835)	<b>(477,129)</b>	(280,289)
Loan disbursements		<b>(237,711,000)</b>	(376,619,000)	<b>(2,855,387)</b>	(4,565,079)
Loan collections		<b>234,130,394</b>	365,509,693	<b>2,812,377</b>	4,430,421
Interest receivable written off		<b>(667,730)</b>	(2,590,974)	<b>(8,021)</b>	(31,406)
<b>Net cash flow from operating activities</b>		<b>(43,969,221)</b>	(36,824,116)	<b>(528,160)</b>	(446,353)
<b>Cash flow from investing activities</b>					
Acquisition/ disposal of fixed assets		<b>(37,975)</b>	(1,227,440)	<b>(456)</b>	(14,878)
<b>Net cash flow from investing activities</b>		<b>(37,975)</b>	(1,227,440)	<b>(456)</b>	(14,878)
<b>Cash flow from financing activities</b>					
Changes in term loans		<b>(3,340,770)</b>	11,060,317	<b>(40,129)</b>	134,064
Changes in loan security fund		<b>1,298,929</b>	(9,891,281)	<b>15,603</b>	(119,894)
Changes in donated equity		<b>21,375,000</b>	-	<b>256,757</b>	-
Changes in share capital		<b>47,894,632</b>	-	<b>575,311</b>	-
<b>Net cash flow from financing activities</b>		<b>67,227,791</b>	1,169,036	<b>807,542</b>	14,170
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>23,220,595</b>	(36,882,520)	<b>278,926</b>	(447,061)
Cash and cash equivalent at 1 January 2014		<b>109,321,167</b>	146,203,687	<b>1,325,105</b>	2,016,603
Convenience translation reserve		<b>(47,894,632)</b>	-	<b>(587,248)</b>	(244,437)
<b>Cash and cash equivalents at 31 December 2014</b>	12	<b>84,647,130</b>	109,321,167	<b>1,016,783</b>	1,325,105

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

**BRAC Liberia Microfinance Company Limited**  
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**NOTES TO THE FINANCIAL STATEMENT**

**1. Reporting entity**

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

**2. Basis of preparation**

**(a) Basis of presentation of the financial statement**

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

**(b) Basis of measurement**

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

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

**(c) Functional and reporting currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (United States Dollars). Major activities were measured in Liberian dollars and translated in USD. The exchange rates used in the financial statements are as follows: 2014 **(1USD: 83.25 LRD)** and 2013 **(1USD: 82.5 LRD)**.

**(d) Use of estimates and judgments**

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

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

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

Notes 3(c)	Depreciation
Notes 3(g)	Provisions and other liabilities

**3. Significant accounting policies**

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

**(a) Foreign currency transactions**

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

The resulting difference is treated as foreign currency gain or loss and recorded in statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to local currency at the foreign exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to local currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

**Significant accounting policies (continued)**

***(b) Revenue Recognition***

***Service Charge on loan***

Service charge on loan is recognized in the income statement on all operational loans on an accrual basis. The recognition of interest ceases when a loan is transferred to Non Interest Bearing Loan (NIBL) as described in note -3(e). Service charge is recognised thereafter, only when it is received.

***Membership fees and other charges***

Membership fees and other charges are recognized as and when the money is received.

***Other income***

Other income comprises interest from short term deposits, gains less losses related to trading assets and liabilities and interest income on bank deposits is earned on an accrual basis at the agreed interest rate with the respective financial institution.

***(c) Fixed assets (operating assets)***

***Recognition and measurement***

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

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

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

***Subsequent costs***

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

***Depreciation***

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

	<b>Rates</b>	<b>Useful lives</b>
Motor Vehicles/Cycles	20%	5 Years
Computer equipment	20%	5 Years
Furniture and fittings	10%	10 Years
Equipment	15%	6.67 Years

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

***Disposals***

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

***(d) Financial assets***

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

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

**Significant accounting policies (continued)**

**(e) Loans and receivables**

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

ii) The company generally provides for an allowance for loan impairment at 2% of loan disbursement made. Management regularly assess the adequacy of allowance for impairment based on the age of the loan portfolio. At the year end the company calculates the required provision for loan losses based on 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.

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

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

**(f) Held-to-maturity**

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

**(g) Provisions and other liabilities**

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

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

Other accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

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

**(h) Employee benefits**

**Pension obligations**

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

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



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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

**Significant accounting policies (continued)**

***End of service benefit***

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

***(i) Stocks***

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

***(j) Other assets***

Other assets comprise prepayments, deposits and other recoverable which arise during the normal course of business; they are carried at original invoice amount less provision made for impairment losses. A provision for impairment of trade receivable is established when there is objective that the fund will not be able to collect all amounts due according to the original terms of receivables. The amount of the provisions is the difference between carrying amount and the recoverable amount.

***(k) Cash and cash equivalents***

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the balance sheet date and include: cash in hand, deposits held at call with banks, net of bank overdraft facilities subject to sweeping arrangements.

***(l) Donor grants***

All donor grants received are initially recognized at fair value and recorded as liabilities in the Grants Received in Advance Account for the period.

The portion of the grants utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the statement of comprehensive income as grant income.

Grants utilized to reimburse program related expenditure, the amounts are recognized as Grant Income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when the Company may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

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

***(m) Grant income***

Grant Income is recognized to the extent that the Company fulfills the conditions of the grant and recorded as income in the statement of comprehensive income.

A portion of the Company's donor grants are for the funding of projects and programs, and for these grants, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period.

For donor grants restricted to funding procurement fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed asset.

***(n) Administrative expenses***

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

***(o) Borrowings***

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

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

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

**Significant accounting policies (continued)**

**(p) Impairment of financial assets**

*Financial Assets*

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

(i) *Significant financial difficulty of the issuer or obligor;*

(ii) a breach of contract, such as a default or delinquency in interest or principal payments.

The entity first assesses whether objective evidence of impairment exists individually and collectively. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

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

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

**4. Financial risk factors**

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

**(a) Credit risk**

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

**(b) Liquidity risk**

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

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

	<b>2014 LRD</b>	<b>2013 LRD</b>	<b>2014 USD</b>	<b>2013 USD</b>
5. SERVICE CHARGE ON LOANS				
Group loans (Microfinance)	<b>32,020,804</b>	47,456,573	<b>384,634</b>	575,231
Small enterprise program	<b>25,989,757</b>	37,375,283	<b>312,189</b>	453,034
	<b>58,010,561</b>	84,831,856	<b>696,823</b>	1,028,265
6. MEMBERSHIP FEES AND OTHER CHARGES				
Membership fees	<b>744,640</b>	1,110,080	<b>8,945</b>	13,456
Loan appraisal fees	<b>2,377,910</b>	3,766,590	<b>28,563</b>	45,656
Loan application fees	<b>55,900</b>	77,100	<b>671</b>	935
	<b>3,178,450</b>	4,953,770	<b>38,179</b>	60,047
7. OTHER INCOME				
Gain due to early repayment	<b>900,915</b>	7,218,353	<b>10,822</b>	87,495
	<b>900,915</b>	7,218,353	<b>10,822</b>	87,495
8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES				
General provision	<b>2,676,673</b>	10,899,174	<b>32,152</b>	132,111
Specific provision	-	1,101,636	-	13,353
	<b>2,676,673</b>	12,000,810	<b>32,152</b>	145,464
9. STAFF COSTS				
Salary & benefits	<b>55,519,677</b>	66,160,276	<b>666,903</b>	801,943
Staff insurance expense	<b>143,159</b>	186,777	<b>1,720</b>	2,264
	<b>55,662,836</b>	66,347,053	<b>668,623</b>	804,207
10. OTHER OPERATING COSTS				
Occupancy cost (Note 10.1)	<b>7,959,988</b>	7,710,307	<b>95,615</b>	93,458
Staff training and development cost	<b>96,587</b>	717,231	<b>1,160</b>	8,694
Travels and transportation	<b>12,032,731</b>	17,122,546	<b>144,537</b>	207,546
Maintenance and general expenses	<b>13,821,159</b>	16,417,928	<b>166,020</b>	199,005
Printing and stationeries	<b>910,910</b>	1,502,622	<b>10,942</b>	18,214
Legal and other professional fees	<b>424,440</b>	455,660	<b>5,098</b>	5,523
Insurance claims	<b>63,000</b>	49,000	<b>757</b>	594
Audit fees	<b>843,800</b>	825,000	<b>10,136</b>	10,000
Vehicle expenses	<b>9,880</b>	247,961	<b>119</b>	3,006
HO logistic and management costs	<b>7,045,137</b>	7,485,189	<b>84,626</b>	90,730
	<b>43,207,632</b>	52,533,444	<b>519,010</b>	636,770
10.1 OCCUPANCY COST				
Rent	<b>6,501,473</b>	5,659,806	<b>78,096</b>	68,604
Utilities	<b>1,458,515</b>	2,050,501	<b>17,520</b>	24,855
	<b>7,959,988</b>	7,710,307	<b>95,616</b>	93,459

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

	<b>2014 LRD</b>	<b>2013 LRD</b>	<b>2014 USD</b>	<b>2013 USD</b>
<b>11. TAXATION</b>				
a) Income tax expenses				
Corporation tax – charge for the year	<b>974,083</b>	428,502	<b>11,701</b>	5,194
Deferred tax	-	-	-	-
Tax (credit)/ expense	<b>974,083</b>	428,502	<b>11,701</b>	5,194
b) Deferred tax				
Deferred tax is calculated on all temporary differences under the balance sheet liability method using the principle tax rate of 25%. However quarterly advance corporate tax paid as the revenue code of Liberia are recorded as tax assets and creditable against annual tax liabilities.				
Advance corporate tax	<b>1,801,864</b>	1,801,864	<b>21,644</b>	21,842
	<b>1,801,864</b>	1,801,864	<b>21,644</b>	21,842
c) Tax payable				
Balance b/f	-	1,102,645	-	15,209
Charge for the year	<b>974,083</b>	428,502	<b>11,701</b>	5,194
Transferred to withholding tax	-	(1,102,645)	-	(13,365)
Paid during the year	<b>(974,083)</b>	(428,502)	<b>(11,701)</b>	(5,194)
Translation difference	-	-	-	(1,844)
Tax payable	-	-	-	-
<b>12. CASH AND BANK</b>				
Cash in hand	<b>1,020,450</b>	1,166,128	<b>12,258</b>	14,135
Cash in bank				
Eco Bank 72,074,327				
IB Bank 11,552,353				
	<b>83,626,680</b>	108,155,039	<b>1,004,525</b>	1,310,970
	<b>84,647,130</b>	109,321,167	<b>1,016,783</b>	1,325,105
<b>13. LOAN AND ADVANCES TO CUSTOMERS</b>				
Group loan (Microfinance)	<b>100,195,334</b>	114,436,814	<b>1,203,548</b>	1,387,113
Small enterprise program	<b>85,080,233</b>	91,999,331	<b>1,021,985</b>	1,115,143
Loan written off	<b>(5,750,818)</b>	(24,741,184)	<b>(69,079)</b>	(299,893)
Interest receivable	<b>4,936,857</b>	4,837,657	<b>59,302</b>	58,638
Interest receivable written off	<b>(667,730)</b>	(2,590,974)	<b>(8,021)</b>	(31,406)
Impairment loss on loans advances	<b>(9,677,754)</b>	(13,419,629)	<b>(116,249)</b>	(162,662)
	<b>174,116,122</b>	<b>170,522,015</b>	<b>2,091,486</b>	2,066,933

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

Interest receivable is the amount of interest outstanding on loans that have passed due. The total amount of interest receivable is deducted from the interest income at the end of the day because it was accrued and collectability is not certain.

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

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

	2014 LRD	2013 LRD	2014 USD	2013 USD
13.1 The movement on loan account is analyzed as shown below				
At 1 January	181,694,961	195,326,838	2,202,363	2,694,163
Loan disbursed	237,711,000	376,619,000	2,855,387	4,565,079
Less: Loan repayment	(234,130,394)	(365,509,693)	(2,812,377)	(4,430,421)
Translation difference	-	-	(19,840)	(326,565)
<b>Gross advances to customer</b>	<b>185,275,567</b>	<b>206,436,145</b>	<b>2,225,533</b>	<b>2,502,256</b>
Less: Written off	(5,750,818)	(24,741,184)	(69,079)	(299,893)
	179,524,749	181,694,961	2,156,44	2,202,363
Interest receivable	4,936,857	4,837,657	59,302	58,638
Interest receivable written off	(667,730)	(2,590,974)	(8,021)	(31,406)
Impairment loss on loan advance (Note 3.2)	(9,677,754)	(13,419,629)	(116,249)	(162,662)
<b>Net advance to customer</b>	<b>174,116,122</b>	<b>170,522,015</b>	<b>2,091,486</b>	<b>2,066,93</b>

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

At 1 January	13,419,629	28,750,977	162,662	396,565
Charge for the year	2,676,673	12,000,810	32,152	145,464
Loan written off	(5,750,818)	(24,741,184)	(69,079)	(299,893)
Interest receivable written off	(667,730)	(2,590,974)	(8,021)	(31,406)
Translation difference	-	-	(1,465)	(48,068)
<b>At 31 December</b>	<b>9,677,754</b>	<b>13,419,629</b>	<b>116,249</b>	<b>162,662</b>

13.3 Analysis of impairment of loans

	Principal outstanding	Provision Rate	Provision Required
For general provision			
No past due	162,600,113	2%	3,252,002
For specific provision			
1-30 days	10,791,855	5%	539,593
31-180 days	308,277	20%	61,655
181 – 350 days	-	75%	-
351 days and above	5,824,504	100%	5,824,504
	179,524,749		9,677,754

**Credit risk analysis:**

	2014	2013
Portfolio at risk (PAR)		
Total loans in arrear	16,924,636	12,095,765
Total loans outstanding	179,524,749	181,694,961
Portfolio at risk (PAR)	<b>9.43%</b>	<b>6.66%</b>

The portfolio at risk is high which shows that management may not be able to recover most of the loans given out to customer. The Management of BRAC Liberia Microfinance Company has to setup a credit risk department to help in recovering some of the loans that are long past due.

The entity suspended its activity in August 2014 due to severe Ebola Outbreak in the country. The operation resumed in March 2015 and loan realization is going on. The management is closely observing the realization and will provide required provision once the trend becomes clearer.

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

	<b>2014</b>	2013	<b>2014</b>	2013
	<b>LRD</b>	LRD	<b>USD</b>	USD
14. OTHER ASSETS				
Advance to 3rd party	<b>4,761,287</b>	4,716,781	<b>57,193</b>	57,173
Current account in transit	<b>6,499,674</b>	4,107,444	<b>78,074</b>	49,787
Account receivables from programs	<b>27,704,184</b>	15,827,181	<b>332,783</b>	191,845
Inventory – stationeries	<b>750,708</b>	69,626	<b>9,018</b>	844
Receivables from Stitching BRAC International	-	471,429	-	5,714
	<b>39,715,853</b>	25,192,461	<b>477,068</b>	305,363



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**For the year ended December 31, 2014**

**NOTES TO THE FINANCIAL STATEMENT (Continued)**

**15. PROPERTY PLANT AND EQUIPMENT**

	Furniture LRD	Equipments LRD	Motor vehicles/Cycles LRD	Total LRD	Total USD
<b>Costs</b>					
At 1 January 2013	3,152,048	4,669,264	1,191,025	9,012,337	124,308
Additions	117,545	1,015,645	94,250	1,227,440	14,878
Translation difference	-	-	-	-	(15,067)
At 31 December 2013	3,269,593	5,684,909	1,285,275	10,239,777	124,119
Additions	8,050	29,925	-	37,975	456
Translation difference	-	-	-	-	(1,119)
<b>At 31 December 2014</b>	<b>3,277,643</b>	<b>5,714,834</b>	<b>1,285,275</b>	<b>10,277,752</b>	<b>123,456</b>
<b>Accumulated depreciation</b>					
At 1 January 2013	1,278,970	2,212,462	510,894	4,002,326	55,205
Charge for the year	522,104	852,736	257,055	1,631,895	19,781
Translation difference	-	-	-	-	(6,692)
At 31 December 2013	1,801,074	3,065,198	767,949	5,634,221	68,294
Charge for the year	63,203	857,225	257,055	1,177,483	14,144
Translation difference	-	-	-	-	(616)
<b>At 31 December 2014</b>	<b>1,864,277</b>	<b>3,922,423</b>	<b>1,025,004</b>	<b>6,811,704</b>	<b>81,822</b>
<b>Net book value:</b>					
At 31 December 2013	1,468,519	2,619,711	517,326	4,605,556	55,825
<b>At 31 December 2014</b>	<b>1,413,366</b>	<b>1,792,411</b>	<b>260,271</b>	<b>3,466,048</b>	<b>41,634</b>

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

	2014 LRD	2013 LRD	2014 USD	2013 USD
16. LOAN SECURITY FUND				
Opening balance	43,162,149	53,053,430	523,177	731,771
Received during the year	10,524,645	19,548,187	126,422	236,948
Paid off/adjustment	(9,225,716)	(29,439,468)	(110,819)	(356,842)
Translation difference			(4,713)	(88,700)
Closing balance	44,461,078	43,162,149	534,067	523,177

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

	2014 LRD	2013 LRD	2014 USD	2013 USD
17. RELATED PARTY				
Payable to BRAC Bangladesh	26,400,837	18,654,773	317,127	226,118
Payable to Stichting BRAC international	3,351,485	-	40,258	-
	29,752,322	18,654,773	357,385	226,118
18. BORROWINGS				
KIVA	24,238,611	27,579,381	291,154	334,296
	24,238,611	27,579,381	291,154	334,296
19. OTHER LIABILITIES				
Provision for audit fees	373,892	595,575	4,491	7,219
Self insurance fund	352,720	209,561	4,237	2,540
Bonus provision	3,276,472	3,251,300	39,357	39,410
NASSCORP provision	3,376,865	2,598,356	40,563	31,495
Tax withholdings	346,004	516,266	4,156	6,258
Salary provision	1,104,142	1,738,416	13,263	21,072
Other provision	566,776	656,267	6,808	7,955
	9,396,871	9,565,741	112,875	115,949
20. DONOR FUNDS				
Donor funds received in advance (Note 20.1)	-	-	-	-
Donor funds investment in fixed asset (Note 20.2)	-	-	-	-
Donor funds investment in loans to group members	-	-	-	-
	-	-	-	-
20.1 Donor funds received in advance				
Opening balance	-	-	-	-
Donation received during the year (Note -20.1.1)	24,394,500	-	293,027	-
Transferred to deferred income investment in fixed asset	-	-	-	-
Transferred to donated equity	(21,375,000)	-	(256,757)	-
Transferred to statement of income and expenses	(3,019,500)	-	(36,270)	-
	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

	<b>2014</b>	2013	<b>2014</b>	2013
	<b>LRD</b>	LRD	<b>USD</b>	USD
20.1.1 Donations received during the year				
BRAC USA (MF support-Ebola)	<b>3,019,500</b>	-	<b>36,270</b>	-
Stichting BRAC International	<b>21,375,000</b>	-	<b>256,757</b>	-
	<b>24,394,500</b>	-	<b>293,027</b>	-

**21. CAPITAL COMMITMENTS**

**SHARE CAPITAL**

<b>Name</b>	<b>% of holding</b>	<b>2014</b>	2013	<b>2014</b>	2013
		<b>LRD</b>	LRD	<b>LRD</b>	LRD
BRAC International Holdings BV	51%	<b>173,062,927</b>	148,636,631	<b>2,078,833</b>	1,801,656
SEDF	24.5%	<b>83,138,072</b>	71,403,904	<b>998,656</b>	865,502
Omidyar Network	24.5%	<b>83,138,072</b>	71,403,904	<b>998,656</b>	865,502
		<b>339,339,071</b>	291,444,439	<b>4,076,145</b>	3,532,660

**22. USE OF ESTIMATES AND JUDGMENTS**

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

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

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

- i) Impairment [ Note 3(p)]
- ii) Provision and other liabilities [ Note 3(g)]

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**NOTES TO THE FINANCIAL STATEMENT (Continued)**

**23. CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>LRD</b>	<b>LRD</b>	<b>USD</b>	<b>USD</b>
Net loss for the year	<b>(37,957,884)</b>	(35,937,725)	<b>(455,952)</b>	(435,610)
Depreciation	<b>1,177,483</b>	1,631,895	<b>14,144</b>	19,781
Loan loss provision	<b>2,676,673</b>	12,000,810	<b>32,152</b>	145,464
<b>Cash flow before changes in working capital</b>	<b>(34,103,728)</b>	(22,305,020)	<b>(409,656)</b>	(270,365)
Changes in provision for taxation	-	(1,102,645)	-	(13,365)
<b>Changes in working capital</b>				
Changes in receivable and other current accounts	<b>(14,523,392)</b>	(5,500,312)	<b>(174,455)</b>	(66,670)
Changes in deferred tax asset	-	-	-	-
Changes in interest receivable	<b>(2,022,444)</b>	2,907,082	<b>(24,294)</b>	35,237
Changes in related party	<b>11,097,549</b>	7,474,817	<b>133,304</b>	90,604
Changes in current liabilities	<b>(168,870)</b>	(4,597,757)	<b>(2,028)</b>	(55,730)
<b>Net cash flow from operations</b>	<b>(39,720,885)</b>	(23,123,835)	<b>(477,129)</b>	(280,289)

**24. CONTINGENT LIABILITIES**

Contingent liabilities are not recognized 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 statement as this may results in the recognition of income which may never be realized.



**Photo credit:**

BRAC/Nasir Ali Mamun  
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