





Internship Report on

**‘Finding accounting elements that impact After-Tax Profit of BRAC International’s
Microfinance Project’**

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Letter of Transmittal

September 7, 2018

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Subject: Submission of Internship Report on **‘Finding accounting elements that impact After-Tax Profit of BRAC International’s Microfinance Project’**

Dear Sir,

It is my pleasure to submit the internship report on **‘Finding accounting elements that impact After-Tax Profit of BRAC International’s Microfinance Project’** as a part of the requirement of my internship. I have tried my level best to collect relevant information from the annual reports of BRAC International in order to prepare this report.

This study is both educative and practical, and has given me the chance to know more about the financial condition and accounting reporting of BRAC International. I have put in my best effort to contribute towards the successful completion of the report. I cordially thank you to give me the chance to undertake the study. This report has some limitations. I hope you would accept it with thoughtful consideration.

Yours Sincerely

Rasha Kabir

ID – 14304103

Letter of Endorsement

This to certify that Rasha Kabir, bearing ID – 14304103, is a regular student of BRAC Business School, BRAC University and has completed the internship report titled **‘Finding accounting elements that impact After-Tax Profit of BRAC International’s Microfinance Project’** under my supervision. His internship placement was at BRAC International. I am pleased to state that he has worked hard during his internship tenure and preparing this report as well. He has been able to present a good picture of the report. The data and findings presented in the report seemed to be authentic. Though it has some minor slip-ups, it is of a kind which can be used by others for any further researchers want to work on this particular topic.

I wish him every success in life.

With Regards,

Mr. Ahmed Abir Choudhury

Lecturer

BRAC Business School

BRAC University

Acknowledgement

Before everything else I would like to express my deepest appreciation to the Almighty Creator for allowing me reach such state where I can complete my internship report after these four years of Undergrad life at BRAC University.

A special gratitude and indebtedness to my supervisor faculty, Mr. Ahmed Abir Choudhury, Lecturer, BRAC Business School, BRAC University for his endless and constant support, guidance, encouragement and suggestion during the preparation of my internship report. I cordially thank him for sparing his valuable time to read my paper.

Lastly I would like to convey my deepest gratitude to my Internship Supervisor at BRAC International Mr. Zohirul Islam Jewel, ACCA, Deputy General Manager, Financial Accounting & Reporting. He has been mentoring me for the last three months with great motivation. Upon his guidance, I have been working in this team and getting to learn newer things everyday. In addition to that I am definitely very lucky to get huge support and learnings from the finance and accounts team of BRAC International. I thank all of them.

Executive Summary

BRAC, the number one NGO in the world as of 2018, has been created during the inception of liberation war of our country. For the last three months, I have got the opportunity to work there in BRAC International as an intern of Accounts and Finance.

My report is entitled '**Finding accounting elements that impact After-Tax Profit of BRAC International's Microfinance Project**' where I have worked in the Microfinance Project of BRAC International. In this report I have basically taken After Tax Profit and seven other elements from the Annual Reports of last seven year.

After that I have done a literature review of the selected elements and then I have run a regression model and correlation of each element with the dependent variable. The result of this finding have been analyzed in the later part. Therefore the report has been concluded with some recommendation.

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Organizational Overview

BRAC

BRAC, a non-government organisation which was established in 1972 by its founder Sir Fazle Hasan Abed in Habiganj district. Previously its name was Bangladesh Rural Advancement Committee (BRAC). Since 2009 the abbreviated name “BRAC” has been officially approved as its name. BRAC initially provided relief and rehabilitation help to the refugees returning from India after the war of liberation. Later, BRAC turned its focus on the long-term issues of poverty alleviation, creating economic development, enhancing literacy rate, creating awareness regarding public health, gender equality and empowerment of the poor in rural areas of the country. At present, BRAC promotes income generation for the poor, mostly underprivileged rural people through microcredit and programmes on healthcare and literacy by providing primary education and training. In addition to this BRAC has currently been working nationally and globally with great pride.

BRAC International

BRAC International is just a part of Global BRAC which has got two parts Stichting BRAC International and BRAC International Holdings B.V.

Stitching BRAC International was set up in 2009 as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for their affiliates. In each of these countries, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements. Their unique holistic approach to poverty alleviation include a range of core programmes in economic and social development. BRAC’s institutional expertise on successfully implemented programmes is applied in countries where our models are either replicated or adapted according to the country context. Together, it help people realise their potential and create opportunities through our multi-stakeholder collaboration.

BRAC International Holdings B.V is a wholly owned subsidiary of Stichting BRAC International and it has been set up as a private limited liability company under the laws of the Netherlands. It is socially responsible for profit organization, engaging people in economic activities and creating sustainable income generating activities for themselves. The main focus of BRAC International Holdings B.V is to provide

microfinance services to people who are financially constrained and marginalized and who do not have opportunity to take formal banking facilities. Additionally the social enterprise program includes seed production and distribution in Uganda.

BRAC International affiliates were founded in 2006 to promote the profile of BRAC International globally. It plays a pivotal role in building awareness, developing new business plans, mobilizing resources and maintaining working partnership with organizational fund providers, foundations, NGOs, research organizations as well as the media. These affiliates work with international counterparts to design and implement cost-effective and innovative poverty innovations worldwide. There are two affiliates. One is BRAC USA and the other is BRAC UK.

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 men and women to realise their potential.

Values

Integrity. Innovation. Inclusiveness. Effectiveness.

Countries BRAC International Operates In

BRAC has expanded at scale in other developing countries with a distinctive integrated approach, adapted to each country context. BRAC's institutional expertise through decades of implementing programs across multiple sectors is currently being applied in ten countries outside Bangladesh. BRAC Internationals operating countries are Afghanistan, Liberia, Myanmar, Nepal, Pakistan, Phillippines, Sierra Leone, South Sudan, Tanzania and Uganda.

Projects of BRAC International

1. **MICROFINANCE:** BRAC International has got microfinance operations in Liberia, Myanmar, Pakistan, Sierra Leone, Tanzania and Uganda. According to (N.D) 625 million of adults in South Asia and 350 million adults in Sub-Saharan Africa do not have access to formal financial services. They often choose risky, unreliable and expensive source of credit. BRAC is one of largest financial services providers in Asia and Sub-Saharan Africa. BRAC Internationals microfinance activities offer a wide ranges of financial solutions to people who are excluded from the financial solutions. With the help of microloans, families are able to enhance income, smooth consumption, build assets and decrease vulnerability to shocks.

Impacts

- 525,414 borrowers reached including those with low incomes, small entrepreneurs, farmers, low-income salaried workers and adolescents, an increase of 18% from 2015
 - USD 223 million disbursed, an increase of 33% from 2015
 - 96% of the clients served were female.
2. **EDUCATION:** BRAC International has got education programs in Afghanistan, Liberia, Pakistan, Philippines, South Sudan, Tanzania and Uganda. BRAC International works in countries where nearly 50% of the worlds out of school children reside. These children have been left out of the formal education system due to extreme poverty, violence, displacement and discrimination. The holistic educational approach supports governments to achieve international and national commitments in education.

The education program includes projects like early childhood development (ECD), pre-primary education, accelerating learning process, primary education, study clubs, teachers' education, and community mobilisation on girls' education as well as developing child-friendly learning atmosphere. We complement the mainstream school system to improve quality by assisting government primary and secondary schools. We provide scholarships at the secondary level, needs-based training and student mentoring to improve mainstream education approaches. Our play labs, encourage learning through play for children aged three to six years.



Impacts

- Students in BRAC schools scored 35% higher in both mathematics and English compared to government schools (Evaluation of community-based schools in South Sudan, 2012)
- Changed girls' self-perceptions, confidence and attitude towards gender norms within the family (Girls' Education Challenge Project, RCT results, Tanzania, 2016)
- Students obtained significantly higher learning scores (compared to baseline and midline study), in both reading and mathematics (GEC project, end-line evaluation, Afghanistan, 2017)

3. **EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS (ELA):** Liberia, Nepal, Sierra Leone, South Sudan, Tanzania and Uganda are the countries which have Empowerment and Livelihood for Adolescents Program. BRAC International work in the countries that has got highest child marriage and teenage pregnancy rates. Adolescent girls are vulnerable and the cost of not protecting them is high. Child marriage often prevents girls from continuing their education and realizing their full potential. According to (N.D) 12 years of education for every girl would result in a 64% drop in child marriage. BRACs goal is to simply empower girls by unlocking their potential through education, life-skills and livelihood opportunities.

Basically BRAC create and provide safe spaces for girls aged 11-21 who have dropped out from school. The ELA clubs offer spaces where girls can read, sing, dance, play games and socialize with their friends within walking distance of their homes. In every club one girl is trained as a mentor to teach the others about health and



nutrition, sexual and reproductive health, family planning, life skills and financial literacy. BRAC also provide microloan services for older ELA members allow them to start their own entrepreneurial journey.

Impacts

- ELA girls are 72% more likely to engage in income-generating activities
- Teen pregnancy fell by 26% and early entry into marriage/cohabitation fell by 58%
- Girls reporting sex against their will dropped from 14% to almost half

4. **AGRICULTURE & LIVESTOCK:** BRAC has got agriculture programs in Liberia, Sierra Leone and Uganda. According to United Nations one in nine humans in the world is malnourished. BRAC's goal is to improve food security, income and nutrition by developing highly productive, environmentally sustainable, farming livelihoods. Trained farmers with access to markets and finances grow more, earn more and feed their families.

BRAC's approach is to develop value chains for smallholder farmers by combining capacity building and extension services and link them to markets to sustain the results. BRAC's extension service providers promote good agronomic practices and techniques that farmers can incorporate when managing their farms. They inform and assist other farmers on a variety of farming techniques and provide various services. Promoters profit from selling low cost inputs to farmers. BRAC organizes producer groups of farmers and provide them with technical support to cultivate and use improved varieties of crops and invest in poultry and livestock. BRAC is also developing varieties of seed farm, feed mill and hatchery. They are also cooperating with government agencies and partners allowing maximum sustainable impact. (BRAC.NET, n.d.)

Impacts

- In Tanzania, farmers have experienced increased productivity – 71% increase in maize and 125% poultry. Yield and income increased by 400% and 400% respectively in case of maize whereas the number of poultry birds increased by 107% and eggs by 445%. Income from selling eggs and birds increased by 961%.

In Liberia, there was USD 60 (USD 20 to USD 80) increase in the annual income of poultry farmers and USD 160 (USD 342 to USD 502) increase in the annual income of agriculture farmers.



In Liberia and Sierra Leone, there was 17% increase in the food consumption score of targeted households. (BRAC.NET, n.d.)

- Reached a total of 74,666 agriculture farmers and 55,297 livestock farmers
- Released 11 new varieties of seeds and supplied maize, rice, beans and vegetables in Uganda

- Promoted agrinutrition to 19,200 households through orange fleshed sweet potato and supplied 1,000 sacks of vines to smallholder farmers in Uganda
- Formed 4,004 poultry producer groups and 4,017 maize producer groups, and provided 27,654 farmers with loans of USD 5.5 million in Tanzania
- Reached 5,428 beneficiaries in WFP funded Food for asset project
- Developed 13 entrepreneurs and 90 market actors in Liberia
- Developed the National Livestock Policy and the Disaster Vulnerability Risk Assessment of Liberia for the Ministry of Agriculture
- Trained 75 model pig rearers, and 750 general pig rearers, and set up 5 slaughterhouses in Sierra Leone
- Provided 12,077 households with vegetable seeds, fishing kits and tools in South Sudan
- Provided 200 adolescent girls with horticulture training in Afghanistan

5. **HEALTH:** BRAC has got health programs in Afghanistan, Liberia, Nepal, Pakistan, Sierra Leone, South Sudan and Uganda.

BRAC works with countries having poor health conditions notably high percentage of stunting in under five children. BRAC wants to ensure a holistic way to support respective governments to ensure a sustainable health solutions.

Community-based healthcare is the cornerstone of successful implementation of BRAC’s health system. Its success depends on community participation and their cooperation with our health staff. BRAC work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services. They have partnered with the Ministry of Health to reduce child mortality, improve maternal health and combat diseases such as tuberculosis and malaria. These services are delivered through trainings on basic literacy skills, making oral rehydration solutions, and raising awareness on good hygiene practices through WASH activities. BRAC ensure full immunisation coverage in target areas, track pregnant women for their antenatal and postnatal checkups, and promote facility delivery. Our health promoters refer critical



patients to the facilities, distribute insecticide-treated bed nets for new mothers and newborn children and ensure tuberculosis treatment. BRAC's interventions focus on playing a pivotal role in both primary and secondary level healthcare. (BRAC.NET, n.d.)

Impacts

- Use of contraceptives (condoms) doubled and fertility rate dropped by 26% among the participants of our adolescent programme in Uganda (Oriana, 2015)
- 27% decrease in under-five mortality, 33% decrease in infant mortality, and 27% decrease in neonatal mortality. BRAC in Uganda contributed to these impacts by making home visits and promoting knowledge about health, preventive behaviour, and case management of malaria and diarrhea after three years of intervention in Uganda (Svensson, 2016)

6. **ULTRA POOR PROGRAM:** BRAC has got Ultra poor program in Pakistan & Uganda.

BRAC's ultra poor graduation approach is a targeted, time-bound sequenced intervention that combine livelihoods asset transfer, access to financial services, consumption support, training and social integration. The holistic approach places ultra-poor households onto a ladder of sustainable economic self-reliance into a sustainable future.

While each programme is designed to be highly context-specific, they are generally designed to address immediate consumption needs of participants' households, support long term capital generation goals through a high-value asset transfer, build life skills and social awareness, develop technical skills and business acumen, and ensure financial inclusion through access to savings and financial education.



BRAC's ultra poor graduation initiative makes larger contributions by harnessing the expertise and building awareness and capacity. BRAC conduct advocacy and provide technical assistance to agents of scale including governments, multilateral institutions and other international NGOs, on how to design effective graduation programmes in their own local contexts. (BRAC.NET, n.d.)

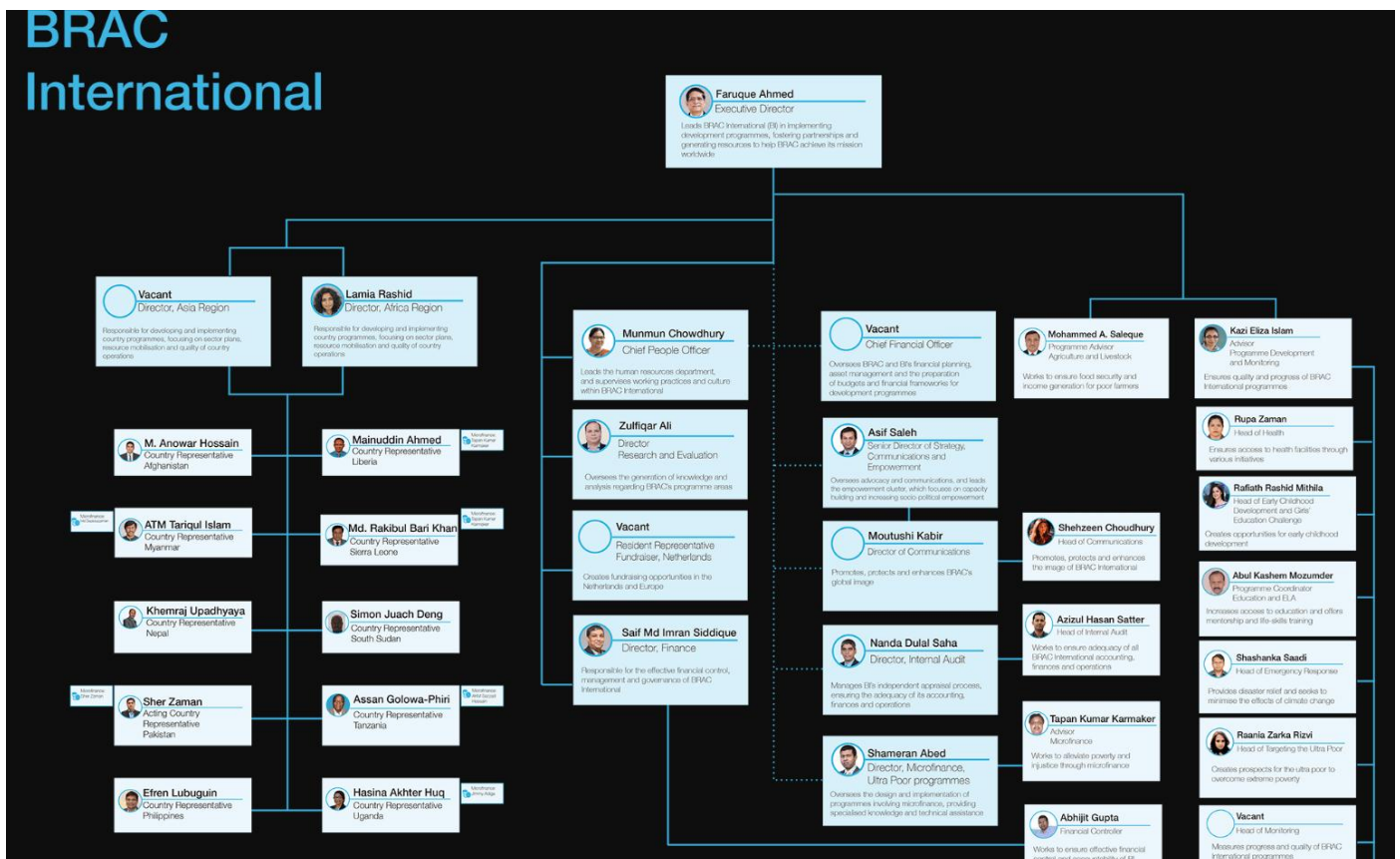
Impact

Independent researchers from the London School of Economics released 4 and 7-year RCT results on BRAC's model, the longest-running longitudinal study on a graduation program. In addition to producing broad and sweeping reductions in community-level economic inequality, evidence pointed

to substantial gains in earnings (37% increase), consumption (10% increase), savings (10-fold increase), access to land and asset value (doubled), as well as hours devoted to productive, stable, and dignified work (tripled). (BRAC.NET, n.d.)

Management

As a part management Mr. Faruque Ahmed is the Executive Director of BRAC International and the other details of the whole management is shown below:



Source: BRAC International Website

Introduction to the Report

Rationale of the Study

Bangladesh has been a country staggered with loads of problems from the inception of its birth. It has higher poverty, malnutrition, illiteracy and so on. From the very beginning Non-governmental organizations (NGO) have been playing a very active role to root out these problems from the country with financial assistance from local and international donor firms. Therefore even today the NGOs are working hand in hand with government and other stakeholders for the betterment of the country. BRAC, a Bangladeshi born NGO has been working for the betterment of this country's distressed and underprivileged people from the very first day of this country's inception.

In addition to that, BRAC has also been working outside the boundaries of Bangladesh in a quite large setup. Microfinance program is one of the most important and biggest scale program of BRAC.

To my astonishment, I have found that not much has been done with financial reporting of NGOs and I personally could find a very less amount of information regarding financial reporting of NGOs.

With these things in mind, I triggered the microfinance program of BRAC International since I was doing my internship in BRAC International. So I basically analyzed or tried to find a significant relationship of the elements that impact after tax profit of microfinance business of BRAC International.

Objective of the Study

Basically the report has been made from the businesses of Microfinance of BRAC International. The objectives of this study are followed by

- Having an understanding accounting reporting of NGOs for specially microfinance program.
- Learning about the various accounting elements of NGOs.
- Finding a relationship among these accounting elements.
- Getting to know about financial reporting for business that are done globally.
- Degree of correlation among various accounting elements of Microfinance operations in operating countries.

Limitations of the Study

- ❖ Large-scale research was not possible due to time constraints.
- ❖ Relevant data and document collection were difficult due to the organization's confidentiality variety of structure.
- ❖ Hardship in finding the relevant literatures.
- ❖ All the Information of this organization is not publicly available.
- ❖ The researcher is new to conduct such type of research.

Literature Review

Return on Assets

Return on Assets is an indication how profitable a company is in regard to its relative total total asset. It gives any stakeholder related to the business to learn about the efficiency of the management in terms using the asset to generate earnings. Basically it is calculated as the profit after taxes (sometimes interest is added) divided by total assets. (the Business Ferret, n.d.) Basically ROA gives one simple answer that is efficiency. Better ROA means better management. (INC.COM, N.D). In addition to that a bad ROA means that business is performing low compared to all its assets tied up in non-liquid privately held business. It is also suggested that for a healthier ROA increasing net operating income and efficiency is also required. So these shows that ROA and Net Profit after tax has got significant relationship. (the Business Ferret, n.d.). Likely when it comes about the BRAC International maintaining ROA matters differently. Since their business is quite much donor dependent so the donor or financing institutions ought to look into a healthier ROA. However a healthier ROA is a proof for themselves that they are somehow using their assets quite efficiently.

Depreciation

Basically in accounting terms depreciation is defined as the process of reducing recorded cost of fixed assets in a systematic manner unless the values of the asset becomes zero or negligible. (N.D.) Basically depreciation expense has a direct effect on the profit that appears into a company's financial statement. The larger the depreciation expense in a given year, the lower the company's reported net income. As it is a non cash expense so the expense doesn't change the company's cash flow. That's the only plus point they got but somehow it higher value lowers the operating profit along with operating profit after tax. However the companies ended up triggering the tax factor for which they tend to charge higher depreciation which lowers the earnings and reduce taxes as well. (Merritt, N.D.)

Cost to Income Ratio

Basically the cost to income ratio is a financial tool. It represents the company's cost in relation to the income. The ratio is an indicator of the self-sufficiency or the management soundness of the company. The rising of the ratio is a definite indicator that Cost is rising and Income is decreasing. However this means that the company is not cautious enough towards the elements of this ratio. (moneyweek, N.D.) . In a study it has been found that Cost to Income ratio is inversely related in terms of profitability measures. They studied this ratio on Kenyan banks and found that due to quite high figure of this ratio among Kenyan banks

for which these banks are not globally competitive. They have studied this on a banks ratio and they suggest this ration to be dominant in Bank business and they came out to the proposition that this ratio definitely hampers the profitability of the organization. (Mathuva, 2009) Here for us we have taken Microfinance business of BRAC International and this business is quite similar since they give loans. So BRAC Internationals business we are assuming that CIR have profound impact to profitability and to some extent a significant relation.

Grant Income

Basically for the financing of microfinance organizations they need a huge amount of fundings. These funds are distinguished as own funds or grants or donations. (Ming-Yee, 2007) Basically Grant Income can take many forms including private and government grants. The basic consideration about grant is whether the income is literally grant or not. Grants are in general taxable income and it would be generally recorded in profit and loss account and it is reflected in the income. However this sort of grants can be deferred as well. Deferred means these grants are initially recorded in the balance sheet and then sent to profit loss statement when it is spent. (Green Accountancy, N.D).

Provision for impairment loss

IAS 37 defines provisions as “liabilities of uncertain timing or amount” Basically the term provision is used for the cases of depreciation, impairment of assets and doubtful debts. The IAS 37 paragraph 11 defines three kinds of liabilities. Those are accounts payable, accruals and provisions. The main discretion between provisions and accruals is the level of uncertainty regarding the calculation of the liability or the actual maturity (Ricardo Julio Rodil, 2015). Basically a provision is an amount set aside from a company’s profits to cover an expected liability or decrease in the value of an asset. Basically the way a provision is handled for tax purposes depends on whether it is a general provision or a specific provision. Rather than the general provision specific provisions are allowed for tax deduction with proper documented evidence (DEBITOOR.COM, N.D) Here the relation of provision with tax is a clearly showing that any provisions definitely decrease the earning and also the tax so therefore the provision for impairment loss would have an inverse relation.

Total Assets

Total Asset is simply a summation of all the current and non current asset. The evidence clearly demonstrates that the disaggregation of the change in return on net operating assets provides information about future profitability. The disaggregation provides incremental information over other simple indicators of future profitability, including the level of current profitability, growth in net operating assets, and the presence of unusual and/or non-recurring items in current profitability. (YOHN, 2001). So it can be seen that somehow assets and profit has got a relation.

Research Methodology

Finding Elements

The research is intended to find out the influence of the financial factors that impacts the after tax profit. Before analyzing the actual factors, some factors from the articles were found where different writers provide different information about the factors. Then the actual factors were analyzed by running multiple regressions analysis.

Sample

The sample has been selected randomly. Basically we have used the data of all microfinance companies of BRAC International which are operating for profit. The details of the sample are given below

SI NO.	Company Name
1.	BRAC Myanmar Microfinance Company Limited
2.	BRAC Pakistan
3.	BRAC Uganda Microfinance Limited
4.	BRAC Microfinance (SL) Limited
5.	BRAC Tanzania Finance Limited
6.	BRAC Liberia Microfinance Company Limited

Selection of the Period for the Historical Data

For the historical data we have taken it from their disclosed annual report. The time period of the historical data of our analysis we have taken data from 2011 to 2017.

Data Sources

Data used for this study is secondary in nature all of which was collected from organization's official website.

Calculation and Analysis

For the overall calculation of analysis we started to input data elements from the annual reports. After we have done sorting them properly we have done data analysis in excel. In the data analysis we have done regression analysis. From the result of the regression, I have done the analysis of the p value.

After that I have run individual correlation with the dependent variable to see the positive or negative relation as per as the hypothesis and how much strong those relations were.

After that I have come up with the findings.

Techniques Used for Data Analysis

Some statistical techniques such as: Correlation, Standard Deviation, Standard Error, P value, multiple regression have been used in this study to analyze the findings more appropriately. Results were derived using Microsoft Excel.

Findings & Analysis

R square explanation

<i>Regression Statistics</i>	
Multiple R	0.937231929
R Square	0.878403688
Adjusted R Square	0.840666902
Standard Error	884999.8416
Observations	39

R square is the coefficient of determination for multiple regressions. It defines how much dependent variable can be expanded by the independent variable. Here R square is only 87.84% which proves that the model that we used has higher variability of the response data around the mean. There is strong relationship between the factors with the net profit after tax.

Hypothesis Test

H1: Tax has negative relationship with Profit after Tax

H2: Grant Income has positive relationship with Profit after Tax

H3: Provision for impairment loss has positive relationship with Profit after Tax

H4: Total Asset has positive relationship with Profit after Tax

H5: Depreciation has negative relationship with Profit after Tax

H6: ROA has positive relationship with Profit after Tax

H7: Cost to Income has negative relationship with Profit after Tax

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	202782.8702	447666.0375	0.452978009	0.653935596
Tax	1.931402619	0.483441819	3.995108701	0.000405413
Grant Income	0.215317594	0.101146582	2.128767884	0.040826802
Provision for Impairment loss	0.571062617	0.334052495	1.709499632	0.098040066
Total Asset	0.003472723	0.020009863	-0.17355057	0.863424441
Depreciation	0.362255867	0.332176118	1.090553616	0.28444807
ROA	1602892.761	877965.8102	1.825689272	0.078211454
Cost to Income	122331.6244	89676.9572	1.364136655	0.183018774

If P value is less than 0.05, we will reject the null (there is no relationship between dependent and independent variable) and accept the alternative hypothesis which says there is relationship between chosen factors and profit after tax.

Tax: For tax P value is .000405413 which is less than .05, therefore according to the rule we will reject the null and we can say that there is significant relationship between Tax and After Tax Profit.

Grant Income: For grant income P value is 0.040826802 which is less than .05, therefore we are definitely rejecting the null and we can say that there definitely lies a relationship between Grant Income and After Tax profit.

Provision for Impairment loss: For Provision for Impairment P value is .098040 which is greater than .05. Therefore we can't reject the null and can't tell about the significant relationship between Provision for Impairment Loss and Profit after tax.

Total Asset: For total Asset the P value came out to be .8634244 which is definitely quite bigger than .05. Therefore we can't reject the null and it becomes true that there is no relationship between Total Assets and Profit after tax.

Depreciation: For depreciation P value is 0.28448 which is less than .05, therefore we are definitely rejecting the null and we can say that there definitely lies a relationship between Depreciation and After Tax profit.

Return on Asset: For Return on Asset the P value came out to be .078211454 which is definitely quite bigger than .05. Therefore we can't reject the null and it becomes true that there is no relationship between ROA and Profit after tax.

Cost to Income: There has been no significant relationship between Cost to Income and Profit after tax since its P value is .1830 which is greater than .05. Therefore we won't be able to reject the null.

Individual Correlation Analysis of Each Element:

SI. No	Component	Correlation Values
1	Net Profit After Tax & Tax	-0.904252371
2	Net Profit After Tax & Grant Income	0.759359617
3	Net Profit After Tax & Provision for Impairment Loss	0.522148716
4	Net Profit After Tax & Total Asset	0.302155278
5	Net Profit After Tax & Depreciation	-0.631411042
6	Net Profit After Tax & ROA	0.363104195
7	Net Profit After Tax & Cost to Income	-0.181716748

1. Net Profit after Tax & Tax: Here we see that both the net profit after tax and Tax is negatively correlated but they have quite stronger correlation.

2. Net Profit after Tax & Grant Income: Both of these components share a positive and almost relationship.

3. Net Profit after Tax & Provision for Impairment Loss: These components share a positive relationship but not much strong and not much weak even.

4. Net Profit after Tax & Total Asset: These two elements have a positive relationship which means they change positively in the same way however they share quite weak relation.

5. Net Profit after Tax and Depreciation: These two factor got a negative relation and almost strong. This means two of them changes in two opposite direction.

6. Net Profit after Tax & ROA: ROA and Net Profit after tax share weak but positive relation.

7. Net Profit after Tax & Cost to Income: One thing is proven that these two elements are inversely related but their correlation is not all strong enough to create a significance.

Recommendations

First we have found that Taxation and Grant Income is correlated and significant impact are being created by them over the after tax profit. So there is a very significant relationship among them. Therefore, we believe that BRAC International would be always very cautious and conscious to collect more and more grant incomes for their further operations. At the same time they should be cautious in terms of taxation and its policies since they are running their operations in different countries. Therefore the taxation policies would be definitely varying.

In addition to that, the other components which are mathematically showing no significance at all but we strongly believe that those elements are also significant qualitatively.

Lastly the correlation results have somehow shown some relationship of those above mentioned factors. Some are quite strong and the other are not much stronger.

Conclusion

From the above analysis it can be stated that all the factors are not directly related with after tax profit. Some factors have significant impact and that's what we have tried to find. However the analysis may have some limitations as the study is done only based on some limited literature. Therefore, the result cannot be generalized. Most importantly the study has shed some light on our understandings for the NGO's like BRAC. Therefore we plan for further study on their financial aspect.

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Appendix

1. Data Collected for Analysis

	2017							
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar	\$ 36,401.00	\$ -	\$ 18,493.00	\$ 161,508.00	\$ 10,003,967.00	\$ 42,567.00	0.42%	112%
Pakistan	\$ 2,791,942.00	\$ (263,835.00)	\$ 5,339,262.00	\$ 426,382.00	\$ 18,035,444.00	\$ 121,846.00	16.94%	72%
Uganda	\$ 6,091,360.00	\$ (2,086,306.00)	\$ 80,352.00	\$ 1,338,173.00	\$ 795,447.00	\$ (118,200.00)	15%	75%
Tanzania	\$ 4,224,547.00	\$ (1,945,523.00)	\$ 139,874.00	\$ 2,163,509.00	\$ 41,949,044.00	\$ (51,926.00)	17.00%	129%
Liberia	\$ 595,658.00	\$ 49,943.00	\$ 91,636.00	\$ 110,602.00	\$ 5,324,237.00	\$ 67,823.00	11.00%	73%
Sierra Leone	\$ 1,007,000.00	\$ 343,000.00	\$ 97,000.00	\$ 255,000.00	\$ 6,350,796.00	\$ 25,370.00	11.00%	75%

2016								
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar	\$ (231,733.00)	\$ -	\$ 137,672.00	\$ 109,831.00	\$ 6,908,676.00	\$ 37,333.00	-4.00%	120%
Pakistan	\$ 459,382.00	\$ (112,963.00)	\$ 5,117,921.00	\$ 552,774.00	\$ 15,697,256.00	\$ 130,317.00	3.65%	95%
Uganda	\$ 9,162,865.00	\$ (5,054,513.00)	\$ 67,987.00	\$ 1,392,281.00	\$ 846,837.00	\$ (5,054,513.00)	48%	75%
Tanzania	\$ (6,545.00)	\$ (1,772,947.00)	\$ 261,089.00	\$ 1,307,069.00	\$ 6,908,676.00	\$ 124,539.00	12.00%	131%
Liberia	\$ 103,782.00	\$ 69,581.00	\$ 112,074.00	\$ 130,251.00	\$ 4,148,075.00	\$ 12,415.00	6.00%	91%
Sierra Leone	\$ 114,000.00	\$ 11,867.00	\$ 129,000.00	\$ 262,000.00	\$ 4,536,481.00	\$ 12,174.00	4.00%	93%

2015								
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar	\$ (386,109.00)	\$ -	\$ 184,596.00	\$ 44,397.00	\$ 3,497,796.00	\$ 17,083.00	-18%	186%
Pakistan	\$ 413,971.00	\$ (60,280.00)	\$ 3,699,019.00	\$ 538,330.00	\$ 13,342,599.00	\$ 117,034.00	3.55%	94%
Uganda	\$ 5,502,068.00	\$ (2,321,830.00)	\$ 106,590.00	\$ 1,989,195.00	\$ 25,805,856.00	\$ 114,447.00	44%	71%
Tanzania	\$ (3,439.00)	\$ 3,615.00	\$ 124,538.00	\$ 1,017,626.00	\$ 30,579,011.00	\$ 93,933.00	16%	126%
Liberia	\$ 263,783.00	\$ -	\$ 3,802,382.00	\$ 146,755.00	\$ 3,406,524.00	\$ 13,087.00	-7%	113%
Sierra Leone	\$ (569,000.00)	\$ -	\$ -	\$ 1.00	\$ 3,291,000.00	\$ 24,000.00	-13%	149%

	2014							
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar	\$ (363,346.00)	\$ -	\$ -	\$ 6,237.00	\$ 742,478.00	\$ 4,019.00	48%	1318%
Pakistan	\$ 310,358.00	\$ (46,495.00)	\$ 3,462,827.00	\$ 432,536.00	\$ 12,322,682.00	\$ 108,741.00	2.90%	95%
Uganda	\$3,639,069.00	\$ (1,454,398.00)	\$ 940,689.00	\$ 1,477,314.00	\$ 25,539,716.00	\$ (138,272.00)	49%	69%
Tanzania	\$ 7,791.00	\$ 900.00	\$ 44,651.00	\$ 844,572.00	\$ 27,045,015.00	\$ 56,942.00	48%	115%
Liberia	\$ (455,952.00)	\$ -	\$ 36,270.00	\$ 116,249.00	\$ 3,648,615.00	\$ 14,144.00	-12%	158%
Sierra Leone	\$ (439,000.00)	\$ (10,000.00)	\$ -	\$ 33,000.00	\$ 3,895,000.00	\$ 31,000.00	-11%	142%

	2013							
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar	\$ (134,775.00)	\$ -	\$ -	\$ -	\$ 90,907.00	\$ 406.00	-48%	7.50%
Pakistan	\$ 23,366.00	\$ (26,479.00)	\$ 2,373,964.00	\$ 516,270.00	\$11,430,107.00	\$ 100,188.00	0.44%	99%
Uganda	\$ 2,564,512.00	\$ (1,091,017.00)	\$ 1,940,739.00	\$ 1,091,372.00	\$22,166,529.00	\$ (129,961.00)	42%	76%
Tanzania	\$ (76,192.00)	\$ (26,391.00)	\$ 49,612.00	\$ 837,338.00	\$25,805,856.00	\$ 84,463.00	44%	111%
Liberia	\$ 435,610.00	\$ -	\$ -	\$ 162,262.00	\$ 3,775,068.00	\$ 19,781.00	-11%	113%
Sierra Leone	\$ (635,000.00)	\$ 3,000.00	\$ -	\$ 110,000.00	\$ 4,342,000.00	\$ 39,000.00	-15%	148%

	2012							
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar								
Pakistan	\$ (929,816.00)	\$ (87,816.00)	\$ 30,915.00	\$ 651,373.00	\$ 10,698,883.00	\$ 91,736.00	- 7.80%	117%
Uganda	\$ 3,109,721.00	\$ (1,301,467.00)	\$ 1,958,258.00	\$ 637,594.00	\$ 26,838,503.00	\$ 107,901.00	32%	68%
Tanzania	\$ 2,263,656.00	\$ (1,143,032.00)	\$ 21,413.00	\$ 770,359.00	\$ 25,539,716.00	\$ 110,234.00	49%	124%
Liberia	\$ (570,502.00)	\$ -	\$ -	\$ 396,565.00	\$ 4,775,068.00	\$ 21,566.00	-12%	134%
Sierra Leone	\$ (964,000.00)	\$ 1,000.00	\$ -	\$ 158,000.00	\$ 3,624,000.00	\$ 33,000.00	-27%	176%

	2011							
	Net Profit After Tax	Tax	Grant Income	Provision for Impairment loss	Total Asset	Depreciation	ROA	Cost to Income
Myanmar								
Pakistan	\$ (909,042.00)	\$ -	\$ 39,966.00	\$ 711,136.00	\$ 10,746,864.00	\$ 69,020.00	-8.50%	118%
Uganda	\$ 1,969,502.00	\$ (557,173.00)	\$ 1,024,747.00	\$ 987,222.00	\$ 24,048,643.00	\$ 87,755.00	34%	75%
Tanzania								
Liberia	\$ (320,619.00)	\$ -	\$ -	\$ 352,262.00	\$ 5,064,052.00	\$ 20,731.00	-6%	121%
Sierra Leone	\$ (707,000.00)	\$ (4,000.00)	\$ -	\$ 220,000.00	\$ 4,207,000.00	\$ 27,000.00	-15%	161%

2. Regression Output

SUMMARY OUTPUT	
<i>Regression Statistics</i>	
Multiple R	0.937231929
R Square	0.878403688
Adjusted R Square	0.840666902
Standard Error	884999.8416
Observations	39

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	9	1.64081E+14	1.82312E+13	23.27711953	5.80475E-11
Residual	29	2.27135E+13	7.83225E+11		
Total	38	1.86794E+14			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 90.0%</i>	<i>Upper 90.0%</i>
Intercept	202782.8702	447666.0375	0.452978009	0.653935596	-712796.9795	1118362.72	-557858.593	963424.3334
Tax	-1.931402619	0.483441819	-3.995108701	0.000405413	-2.920152158	0.94265308	-2.75283168	1.109973558
Grant Income	0.215317594	0.101146582	2.128767884	0.040826802	0.009533327	0.421101862	0.044141134	0.386494055
Provision for Impairment loss	-0.571062617	0.334052495	-1.709499632	0.098040066	-1.254276681	0.112151447	-1.138660239	-0.003464995
Total Asset	-0.003472723	0.020009863	-0.17355057	0.863424441	-0.044397489	0.037452043	-0.037472023	0.030526577
Depreciation	0.362255867	0.332176118	1.090553616	0.28444807	-0.317120577	1.041632311	-0.202153553	0.926665288
ROA	1602892.761	877965.8102	1.825689272	0.078211454	-192748.9387	3398534.461	111117.3247	3094668.198
Cost to Income	-122331.6244	89676.9572	-1.364136655	0.183018774	-305741.5955	61078.34667	-274704.166	30040.91722