

**BRAC**

**Financial Statements – December 31, 1997  
Together With Independent Auditors' Report**

BRAC  
INDEPENDENT AUDITORS' REPORT

Financial Statements – December 31, 1997  
Together With Independent Auditors' Report

We have audited the accompanying balance sheet of BRAC (registered in Maryland as a company under the National Registration Act and operating as a non-governmental development organization) as of December 31, 1997 and the related statements of income and expenses and statement of receipts and payments for the year then ended as reflected in pages 1 to 29. These financial statements are the responsibility of BRAC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC as of December 31, 1997 and the results of its operations and its receipts and payments for the year then ended in conformity with the accounting policies summarized in note 2 of the accompanying financial statements.

*Arthur Andersen & Co.*

Arthur Andersen & Co.  
Chicago

*ACMAHIN & Co.*

ACMAHIN & Co.  
Chicago

July 29, 1998

**INDEPENDENT AUDITORS' REPORT**

To the Governing Body of BRAC

We have audited the accompanying balance sheet of BRAC (registered in Bangladesh as a society under the Societies Registration Act and operating as a non-government development organisation) as of December 31, 1997 and the related statement of income and expenditure and statement of receipts and payments for the year then ended as outlined on pages 1 to 20. These financial statements are the responsibility of BRAC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC as of December 31, 1997 and the results of its operations and its receipts and payments for the year then ended in conformity with the accounting policies summarized in note 2 of the accompanying financial statements.

*Arthur Andersen & Co.*

Arthur Andersen & Co.  
 Dubai

*Acnabin & Co*

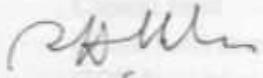
ACNABIN & Co  
 Dhaka

July 19, 1998

**BRAC**  
Balance Sheet as at December 31, 1997

	Notes	1997 Taka	1996 Taka
<b>PROPERTY AND ASSETS</b>			
Fixed assets	03	1,749,193,116	1,451,654,695
Investment in related companies	04	72,096,675	175,493,179
Investment in securities and others	05	60,353,471	9,016,409
Loans to VO members	06	3,693,869,020	2,995,907,523
Deferred revenue expenditure	07	7,208,538	4,105,603
Motor cycle loan	08	74,483,657	152,252,342
Stock, stores and spares	09	325,258,248	256,557,269
Advance, deposits and prepayments	10	220,628,939	207,029,612
Sundry debtors/accounts receivable	11	425,237,392	330,370,758
Current account with projects/area offices	12	138,112,957	76,426,348
Fixed deposits and PSPs	13	1,338,317,351	754,016,428
Cash in hand and at bank	14	315,465,884	194,170,252
		<u>8,420,225,248</u>	<u>6,607,000,418</u>
<b>FUND AND LIABILITIES</b>			
Capital fund	15	2,345,887,710	2,261,230,417
Donor fund-general	16	42,131,484	69,774,014
Donor fund - investment in fixed assets	17	275,026,742	82,079,632
Donor fund - investment in loan fund	18	1,974,401,438	1,792,318,442
Motorcycle replacement fund	19	204,763,833	107,857,033
Other fund	20	4,046,779	3,650,606
Group insurance fund	21	41,912,165	57,432,827
Gratuity & redundancy fund	22	395,910,520	268,578,705
Long-term loans	23	791,961,801	428,369,960
VO members savings deposits	24	1,755,395,533	1,181,403,473
Group trust fund	25	21,666,244	29,593,588
VO members project & current accounts	26	31,817,916	23,286,879
Other liabilities	27	354,390,982	271,178,318
Bank overdraft		180,912,101	30,246,524
		<u>8,420,225,248</u>	<u>6,607,000,418</u>

The accompanying notes form an integral part of this balance sheet.

  
Chairman, Governing Body  
BRAC  
Dhaka, July 19, 1998

  
Executive Director  
BRAC

**BRAC**  
**Statement of Income and Expenditure**  
**For the Year Ended December 31, 1997**

	Notes	1997 Taka	1996 Taka
<b>Income:</b>			
Donation income	16	1,521,058,064	1,194,341,090
Revenue from sales of commercial ventures	28	643,303,809	557,918,171
Interest on loans to VO members/staff	29	888,359,541	694,708,869
Income from investment in related companies		3,249,987	3,750,000
Training income		89,687,491	60,326,658
Interest on bank accounts, fixed deposits & PSPs	30	103,107,047	59,470,831
Other income	31	108,769,302	66,829,975
Donor fund-investment in fixed assets	17	8,793,943	0
		<u>3,366,329,184</u>	<u>2,637,345,594</u>
<b>Expenditure:</b>			
Salaries and benefits		911,295,816	713,729,457
Travelling and transportation		149,258,051	108,127,135
Teachers salary		247,111,197	228,608,952
Teacher training		48,860,323	29,672,877
School rent and maintenance		77,013,236	66,078,804
Stationery, rent and utilities		142,983,030	120,154,399
Maintenance and general expenses		51,717,669	42,033,473
VO members training		89,456,903	83,053,761
Staff training and development		46,716,206	34,825,085
Program supplies		364,359,820	281,041,624
Interest on VO members savings deposit		71,853,236	48,531,602
Interest on long term loans		24,415,704	21,112,242
Bank overdraft interest and charges		7,103,548	6,815,890
Cost of sales of commercial ventures	32	474,786,704	404,577,212
Loan loss provision for loans to VO members	6	137,844,007	92,788,288
Depreciation and other provisions		101,624,830	78,876,236
Loss on investment	33	116,714,561	0
		<u>3,063,114,841</u>	<u>2,360,027,037</u>
Surplus of income over expenditure transferred to			
: Capital fund		303,214,343	268,811,348
: Donor fund investment in fixed assets		0	(6,791,991)
: GOB long term loan		0	15,299,200
		<u>3,366,329,184</u>	<u>2,637,345,594</u>

The accompanying notes form an integral part of this statement.

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	1997	1996
Opening cash and bank balance	194,170,252	218,630,212
<b>ADD: Receipts</b>		
Donation		
Long-term loans, net	34	34
Revenue from sales of commercial ventures	643,303,809	557,918,171
Interest on loans to V.O. member	832,679,916	642,223,256
Training income	89,687,491	60,326,658
Income from investment in related companies	3,249,987	3,750,000
Interest on bank account, fixed deposits & PSPs	103,107,047	59,470,731
Other income	108,769,302	65,696,902
Loan to V.O. members realised	6,095,655,534	4,284,866,402
V.O. members savings deposit	573,992,060	379,589,577
Proceeds from sale of related companies	48,090,458	0
10,891,550,091	8,058,759,761	
<b>LESS: Payments</b>		
Salaries and benefits	911,295,816	713,729,457
Travelling and transportation	149,258,051	108,127,135
Teachers salary	247,111,197	228,608,952
Staff training and development	46,716,206	34,825,085
Teacher training	48,860,323	29,672,877
Stationery, rent and utilities	142,983,030	120,154,399
School rent and maintenance	77,013,236	66,078,804
V.O. members training	89,456,903	83,053,761
Maintenance and general expenses	51,717,669	42,033,473
Program supplies	364,359,820	285,140,071
Costs of sale of commercial ventures	474,786,704	404,577,212
Interest expenses	103,372,488	76,459,734
Fixed assets	396,526,691	368,681,647
Loan disbursement to V.O. members	6,888,636,132	5,190,372,390
9,992,094,266	7,751,514,997	
<b>ADD/LESS: Increase/(Decrease) in working fund</b>	(55,306,046)	13,017,847
Decrease of investment in related companies	51,337,062	9,298,914
Increase in current accounts with projects/area offices	61,686,609	41,691,016
Increase in advance, deposits and prepayments	13,599,327	32,401,894
Increase in sundry debtors/accounts receivable	94,866,634	33,453,350
Decrease in other assets	(77,768,685)	2,850,373
Increase in fixed deposits & PSPs	584,300,923	(217,803,609)
Increase in stock, stores and spares	68,700,979	(57,187,157)
Increase in bank overdraft	(150,665,577)	28,460,849
Increase of group current & project account	(8,531,037)	4,237,270
Decrease in other liabilities	202,956,534	(96,784,465)
Increase in other funds	(209,114,126)	116,979,142
Decrease in group trust fund	7,927,344	(23,689,936)
583,989,941	(113,074,512)	
315,465,884	194,170,252	

Statement of Receipts and Payments  
For the Year Ended December 31, 1997

BRAC

Note	1997	1996
	Taka	Taka

**BRAC**  
Notes to Financial Statements  
December 31, 1997

**1. Introduction:**

BRAC, a national private development organization, was formed in 1972 under the Societies Registration Act in the Sialla area, north east of Bangladesh. Although it was first set up to resettle refugees in post-war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor. Today, BRAC has come a long way, having a large number of development programs that cover the areas of health, education, credit, employment and training for the landless rural people of Bangladesh. BRAC also earns from various income earning projects such as Printing press and Aaring ships.

**2. Summary of significant accounting policies:**

BRAC prepares its financial statements under the historical cost convention on a going concern basis. BRAC generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items. Certain policies are explained in the detailed notes to the financial statements. The significant accounting policies followed are summarized below.

**2.1 Maintenance of records and combinations**

BRAC maintains its books of accounts and records on a program or project-wise basis. The Head Office maintains records of all treasury, investment and management functions. All cash balances, including those held for programs, are held by the Head Office and transferred to programs as required. Major balances between projects are eliminated upon combination. The current account balances between the Head Office and project/area offices at year end is reconciled and represents items in transit between them.

**2.2 Donor grants**

Revenue is recognized when grants are utilized by BRAC to carry out the programs stipulated. All donor grants received are initially recorded as liability under the Donor Fund-General Account and transferred to Donor Fund-Fixed Assets, Donor Fund-Loans to VO Members or individual program revenue when utilized for fixed assets, loans and programs expenditure, respectively.

For ongoing projects and programs, any donor unfunded expenditure at year end is recognized as a donation receivable. In addition, amounts equivalent to donor funded fixed asset depreciation expense is transferred to revenue.

For completed or phased out projects and programs, any remaining Donor Fund balances are returned to Donor's or utilized in accordance with donor and management arrangements.

**2.3 Fixed assets**

Fixed assets are recorded at their acquisition cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

#### 2.4 Loans to VO members

BRACs activities includes providing micro-credit loans to landless group members without collateral on an interest basis under various programs. Loans are stated net of loan loss provision. BRAC annually provides for loan loss provision based on 2% of loan disbursements made. Non performing loans are monitored and interest is not recorded. Such loans are written off against the loan loss provision when recovery is unlikely. Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. Any collections received from loans previously written off are credited to the loan loss provision.

#### 2.5 Investment in related companies

Investment in related companies is stated at cost. Provision is made for impairment based on management's judgement.

#### 2.6 Investment in securities

Investment in securities are stated at the lower of average purchase cost or their quoted market value on an individual security basis.

#### 2.7 BRAC Printers and Aarong Rural Craft Centre

BRAC's principal income earning ventures comprise BRAC Printers and the Aarong Rural Craft Centre. Revenue from sales is recognized based on billings, net of discounts and allowances. Accounts receivable are stated net of provision for doubtful debts based on management's judgement. Retail stocks are stated at cost based on selling price less average mark up and other stocks, stores and spares are stated at cost. Provision is made for obsolete or slow moving items based on management's judgement.

#### 2.8 Motor cycle replacement fund

Donor Funds are utilized for providing motor cycle to project staff. Effective from January 01, 1997, these funds are held in a replacement fund. BRAC provides motorcycles to staff, the cost of which is recovered through monthly salary deduction.

#### 2.9 Foreign exchange

BRAC maintains its records in Bangladesh Taka. Transactions in foreign currencies are translated into Taka at the rate of exchange prevailing at the dates of transactions. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Bangladesh Taka at exchange rates prevailing at that date and any gain or loss recognized in the statement of income and expenditure. BRAC's foreign currency denominated monetary assets or liabilities are outlined in Note 36 below.

#### 2.10 Head Office overhead expenses

BRAC's Head Office expenses are allocated to various projects and programs at a range of 8 to 10% of their costs, based on management's judgement. Adjustments to these allocations are made at year end based on actual head office expenditure incurred.

#### 2.11 Prior year comparatives

The 1996 comparative financial statements have been reclassified to conform with current year presentation.



**Fixed assets:**

Group of fixed assets	Cost			Depreciation			Written down value 31-12-97	Written down value 31-12-96
	Opening Balance	Addition/ Adjustment	Total as on	Opening Balance	Charged/Adj. during the year	Total as on		
	01-01-97	for the year	31-12-97	01-01-97	the year	31-12-97		
Land	243,405,013	97,343,190	340,748,203	0	0	0	340,748,203	243,405,013
Building	705,348,012	133,994,669	839,342,681	65,934,891	25,828,231	91,763,122	747,579,559	639,413,121
Furniture & fixture	159,682,496	5,441,563	165,124,059	50,861,526	16,256,735	67,118,261	98,005,798	108,820,970
Equipment	252,427,981	73,242,248	325,670,229	64,071,612	34,969,773	99,041,385	226,628,844	188,356,369
Vehicle	89,801,871	25,871,001	115,672,872	47,203,025	12,898,378	60,101,403	55,571,469	42,598,846
Motor cycle	7,705,415	861,431	8,566,846	5,486,912	695,615	6,182,527	2,384,319	2,218,503
Machinery	167,315,431	53,540,805	220,856,236	34,273,396	2,520,460	36,793,856	184,062,380	133,042,035
Deep tubewell and tank	3,189,064	635,233	3,824,297	1,778,804	305,514	2,084,318	1,739,979	1,410,260
Trichery	967,693	0	967,693	967,693	0	967,693	0	0
Temp/Poultry/Livestock shed	645,371	0	645,371	645,369	0	645,369	2	2
Motor cycle	19,095,768	(17,465,648)	1,630,120	1,154,906	(365,602)	789,304	840,816	17,940,862
Leasehold right	5,646,875	0	5,646,875	0	0	0	5,646,875	5,646,875
Construction Work in progress	68,801,839	17,183,033	85,984,872	0	0	0	85,984,872	68,801,839
<b>Total</b>	<b>1,724,032,829</b>	<b>390,647,525</b>	<b>2,114,680,354</b>	<b>272,378,134</b>	<b>93,109,104</b>	<b>365,487,238</b>	<b>1,749,193,116</b>	<b>1,451,654,695</b>

Items included in addition/adjustment:

Vehicle	(3,451,350)	(3,451,350)
Motor cycle	(1,017,754)	(1,017,754)
Motor cycle	(8,372,692)	(4,999,084)
	<u>(12,841,796)</u>	<u>(9,468,188)</u>

Location of depreciation:

Shown in statement of income and expenditure	97,889,466
Included in cost of printing works	4,687,826
Adjustment against sale	(9,468,188)
	<u>93,109,104</u>

BRAC's assets, especially its fixed assets are not insured against fire, theft or other casualties or damage. Buildings are depreciated at rates of 2.5% - 4% and other assets are depreciated at rates of 10% - 20% per annum.

Investment in related companies :	Shares	Deposit for share	Loans	1997 Taka	1996 Taka
BRAC Industries Ltd. (Cold storage)	24,999,900	0	0	24,999,900	24,999,900
Delta BRAC Housing Finance Corp. Ltd.	10,000,000	20,000,000	0	30,000,000	9,980,000
BRAC BD Mail Network	0	8,500,000	3,559,775	12,059,775	2,525,047
BRAC Renata Agro Industries Ltd.	0	5,037,000	0	5,037,000	0
Arup Garment Industries Ltd.	0	0	0	0	73,360,256
Pringlons Ltd.	0	0	0	0	57,903,467
Pringlons Sports Apparels Ltd.	0	0	0	0	6,724,509
	<u>34,999,900</u>	<u>33,537,000</u>	<u>3,559,775</u>	<u>72,096,675</u>	<u>175,493,179</u>

The shareholding of BRAC in BRAC Industries Ltd. is 99%, in Delta BRAC Housing Finance Corp. Ltd. 25%, in BRAC BD Mail Network 85% and in BRAC Renata Agro Industries Ltd. 51%. Certain investments were sold during the year (see page 33)

Loans represent finance provided for working capital and earn 12% interest.

Investment in securities and others:

1997 Taka	1996 Taka
5,939,926	12,800
101,050	500,000
50,000,000	0
4,312,495	8,503,609
<u>60,353,471</u>	<u>9,016,409</u>

Share of listed companies

Deposit for share purchase of listed companies

Debenture of Industrial Development Leasing Company of Bangladesh

Other Program (Brick field, Engineering workshop & carpentry)

The debenture earns interest at 11% per annum and matures in December, 1998.

Loan to VO members:

a Principal outstanding

Name of the projects	Opening Balance	Transfer	Disbursement	Loan Realisation	Loan Write-off	Closing Balance
	1	2	3	4	5	6
Rural Dev. Prog.	874,428,990	(265,391,741)	1,850,381,635	(1,465,066,936)	(5,592,983)	988,758,965
VGDCP	386,712,675	0	1,030,554,647	(800,155,437)	(1,417,118)	615,694,767
Rural Cr. Proj.	1,721,921,589	265,391,741	3,898,758,519	(3,747,034,398)	(138,117,477)	2,000,919,974
Baor Dev. Prog.	14,785,275	0	8,024,000	(9,006,275)	(1,010,456)	12,792,544
SHLDP	64,992,261	0	94,266,291	(74,004,984)	(537,600)	84,715,968
UDP	0	0	6,651,000	(387,504)	0	6,263,496
Total Year 1997	<u>3,062,840,790</u>	<u>0</u>	<u>6,888,636,092</u>	<u>(6,095,655,534)</u>	<u>(146,675,634)</u>	<u>3,709,145,714</u>

b Interest outstanding

Name of the projects	Opening Balance	Transfer	Interest Receivable	Interest Realisation	Loan Write-off	Closing Balance
	7	8	9	10	11	12
Rural Dev. Prog.	33,227,418	(9,320,333)	97,102,532	(90,735,443)	(442,926)	29,831,248
VGDCP	0	0	96,616,427	(94,815,706)	(131,610)	1,669,111
Rural Credit Project	109,378,455	9,320,333	669,480,256	(620,481,177)	(16,294,737)	151,403,130
Baor Dev. Prog.	1,570,842	0	2,093,024	(1,708,135)	0	1,955,731
SHLDP	13,920,614	0	11,107,219	(23,660,899)	(49,654)	1,317,280
UDP	0	0	135,446	(135,446)	0	0
Total Year 1997	<u>158,097,329</u>	<u>0</u>	<u>876,534,904</u>	<u>(831,536,806)</u>	<u>(16,918,927)</u>	<u>186,176,500</u>

c Loan loss provision

Name of the projects	Opening Balance	Transfer/ Adjustment	Addition	Closing Balance	Net Outstanding
	13	14	15	16(13+14+15)	17(6+12-16)
Rural Dev. Prog.	71,149,191	(27,141,810)	36,799,905	80,807,286	937,782,927
VGDCP	0	(1,548,728)	20,611,092	19,062,364	598,301,514
Rural Cr. Proj.	148,280,629	(131,133,161)	78,254,184	95,401,652	2,056,921,452
Baor Dev. Prog.	849,976	(1,010,456)	160,480	0	14,748,275
SHLDP	4,750,800	(587,254)	1,885,326	6,048,872	79,984,376
UDP	0	0	133,020	133,020	6,130,476
Total Year 1997	<u>225,030,596</u>	<u>(161,421,409)</u>	<u>137,844,007</u>	<u>201,453,194</u>	<u>3,693,869,020</u>

Loans to VO members bear interest at 15% to 25% and are repaid in weekly/monthly installments. Loan loss provision has been made at 2% of loan disbursement. During 1997, Tk. 163,594,561 of loans were written off.

7. Deferred revenue expenditure:

	1997 Taka	1996 Taka
Aarong Rural Craft Centre	4,953,397	4,105,603
BRAC Dairy and Food Project	2,255,141	0
	<u>7,208,538</u>	<u>4,105,603</u>

8. Motor cycle loan:

Name of the projects	Balance as on 01-01-97	Addition/ Transfer/ Recovery	Retired	Balance as on 31-12-97
Rural Dev. Program	29,701,613	(19,496,589)	2,633,267	7,571,757
Vulner. Grp. Dev. Cr.Prg.	2,138,350	(966,821)	463,714	707,815
Rural Credit Project	31,984,645	(14,692,288)	4,245,656	13,046,701
Baor Development Program	71,000	(56,800)	0	14,200
Small H. Lives. Dev. Prog.	2,476,250	(1,862,050)	145,000	469,200
Integra. Nutrition Project	764,300	44,459	149,000	659,759
NIPHP/ FPFP	2,691,000	6,559,766	1,073,500	8,177,266
Repro. Health & Dise. Contr.	11,325,253	(7,796,102)	1,352,498	2,176,653
Edu. for Under Aged Garments	458,500	(275,100)	0	183,400
Non-formal Primary Education	70,204,121	(26,517,010)	3,538,600	40,148,511
BRAC Dairy and Food Project	0	276,000	0	276,000
Compensating Erosion & Flood Affect	0	300,000	0	300,000
Urban Development Program	0	654,979	0	654,979
BRAC Project Fund	437,310	(339,894)	0	97,416
	<u>152,252,342</u>	<u>(64,167,450)</u>	<u>13,601,235</u>	<u>74,483,657</u>

Motorcycles are given to employees by way of loans which are repaid in monthly instalments.

9. Stock, stores and spares:

	1997 Taka	1996 Taka
Gonokendra Journal	221,479	0
Rural Development Program	93,906,054	42,907,996
Non-formal Primary Education	92,563	(38,166)
Training and Resource Centre (TARC)	1,476,926	1,796,522
Printing and Publication	5,710,320	6,650,819
Rural Credit Project	2,573,230	3,908,838
Small Holder Livestock Dev. Program	3,679,059	1,989,652
VGDCP	2,420,658	156,253
Reproductive Health and Disease Control	553,843	744,286
BRAC Dairy and Food Project	39,600	0
Aarong Rural Craft Centre	197,773,315	179,091,770
BRAC Printers	16,811,201	19,349,299
	<u>325,258,248</u>	<u>256,557,269</u>

10. Advance, deposits and prepayments:

Name of the projects	Advances		Deposits	Prepayments	1997 Total	1996 Total
	Employee	Others				
Gonokendra Journal	0	47,167	0	0	47,167	32,778
Rural Development Program	5,744,210	35,489,390	599,838	2,264,056	44,097,494	22,212,179
Reproductive Health and Disease Control	479,885	153,998	0	0	633,883	509,548
Non-formal Primary Education	204,285	234,663	0	0	438,948	596,146
VGDCP	517,534	302,929	0	0	820,463	135,156
Training and Resource Centre	1,285,712	70,094	285,756	538,133	2,179,695	896,633
Head Office	1,436,287	95,243,120	1,461,443	0	98,140,850	61,086,238
Rural Credit Project	2,114,444	0	0	0	2,114,444	2,041,973
NIPHP/ FPPF	319,413	116,222	0	0	435,635	115,023
Strengthening Research and Eva. Act.	0	0	0	0	0	1,865,756
Small Holder Livestock Dev. Pro.	29,900	1,100	0	0	31,000	74,312
Edu for Under aged Garments Workers	0	553,104	0	0	553,104	562,152
Integrated Nutrition Project	9,908	48,500	0	0	58,408	94,469
BRAC Dairy and Food Project	0	961,303	0	0	961,303	0
Compensating Erosion & Flood Affect	80,900	3,400	0	0	84,300	0
Urban Development Program	172,500	30,000	4,302	0	206,802	0
Staff Housing Project	9,401,645	0	0	0	9,401,645	0
BRAC Project Fund	0	27,553,563	(394,696)	0	27,158,867	83,482,868
BRAC Printers	611,100	1,885,089	1,305,693	371,626	4,173,508	2,873,516
Aarong Rural Craft Centre	77,968	19,240,357	183,480	9,589,618	29,091,423	30,450,865
	22,485,691	181,933,999	3,445,816	12,763,433	220,628,939	207,029,612

BRAC has made advances of Tk. 21,845,264 to various parties for acquisition of land and property, title for which is yet to be formally obtained. Title to the land in one case is in dispute and legal case has been filed by the owner to secure title. Advances also includes Tk. 10,000,000 for income tax (Note 37).

11. Sundry debtors/accounts receivable:

Name of the projects	Donation Receivable	Interest Receivable	Other Receivables	1997 Total	1996 Total
Rural Development Program	32,053,397	0	0	32,053,397	90,008,822
Training and Resource Centre (TARC)	0	0	2,389,745	2,389,745	3,397,173
Non Formal Primary Education	63,309,627	128,377	0	63,438,004	85,994
Printing and Publication	0	0	97,334	97,334	119,490
NIPHP / FPPF	1,157,663	0	0	1,157,663	843,932
Vulnerable Gr. Dev Credit Program	0	22,105	0	22,105	19,888
Reproductive Health and Disease Control	0	0	0	0	29,043,557
Edu. for Under Aged Garment Women	2,309,415	0	0	2,309,415	3,015,406
Baor Development Program	0	0	5,218,892	5,218,892	0
Small Holder Livestock Dev Program	293,095	93,217	21,028,883	21,415,195	4,045,624
Integrated Nutrition Project	19,501,341	0	0	19,501,341	0
Agroforestry and Block Plantation	4,369,839	0	0	4,369,839	0
Hard to Reach	159,419	0	0	159,419	0
BRAC Project Fund	0	191,028,497	2,599,620	193,628,117	127,586,137
BRAC Printers	0	0	29,030,910	29,030,910	33,974,274
Aarong Rural Craft Centre	0	0	50,446,016	50,446,016	38,230,461
	123,153,796	191,272,196	110,811,400	425,237,392	330,370,758

Name of the project	Cash in Transit	Expenditure in transit	Materials in transit	1997 Total	1996 Total
Rural Development Program	15,165,582	6,826,517	39,899,520	61,891,619	30,358,022
Reproductive Health and Disease Control	3,000	64,360	236,421	303,781	614,037
Non-formal Primary Education	435,440	7,498,707	3,436,544	11,370,691	(3,600,262)
Vulnerable Group Dev. Cr. Prg.	3,171,226	(1,054,274)	877,452	2,994,404	1,642,509
Training and Resource Centre (TARC)	429,904	598,414	727,651	1,755,969	3,259,700
Rural Credit Project	10,477,018	5,511,556	32,355,123	48,343,697	21,851,754
NIPHP/FPFP	681,045	120,864	36,848	838,757	176,433
Baor Development Program	62,605	0	0	62,605	213,810
Integrated Nutrition Project	0	0	(76,342)	(76,342)	117,439
Small Holder Livestock Dev. Program	979,359	24,457	598,491	1,602,307	206,616
Urban Development Program	162,701	140,726	149,975	453,402	0
BRAC Dairy and Food Project	645,808	0	0	645,808	0
BRAC Printers	0	0	6,497,589	6,497,589	14,451,017
Aarong Rural Craft Centre	0	1,563,040	0	1,563,040	7,135,273
Compensating Erosion & Flood Affect	0	0	(134,375)	(134,375)	0
Agroforestry and Block Plantation	0	5	0	5	0
	<u>32,213,688</u>	<u>21,294,372</u>	<u>84,604,897</u>	<u>138,112,957</u>	<u>76,426,348</u>

13. Fixed deposits and PSPs:

	1997 Total	1996 Total
BRAC Project Fund	936,325,006	520,596,744
Baor Development Programme	7,100,000	7,100,000
Rural Credit Project	393,000,000	225,000,000
Head Office	1,892,345	1,319,684
	<u>1,338,317,351</u>	<u>754,016,428</u>

Investment in fixed deposits amount to Tk. 1,083,317,351 and in Patirakhya Sanchay Patras (PSP) Tk. 255,000,000. Fixed deposits and PSPs amounting to Tk. 475,618,518 is under lien with different commercial banks against overdraft facilities, loan for dairy project and loan for Baor and SHLDP projects.

14. Cash in hand and at bank:

Name of the projects	Cash	I.O.U	Bank	1997 Total	1996 Total
<u>At Field Offices</u>					
Rural Development Program	1,028,863	72,700	56,924,238	58,025,801	67,288,000
Reprod. Health and Disease Control	18,269	67,099	958,598	1,043,966	1,044,782
Vulnerable Group Dev. Cr. Prg.	1,091,144	83,500	33,241,929	34,416,573	9,570,254
Training and Resource Centre	10,958	45,000	2,096,281	2,152,239	1,929,879
Rural Credit Project	2,702,864	141,707	58,873,549	61,718,120	41,621,393
Non-formal Primary Education	21,932	5,375,409	2,033,421	7,430,762	12,811,091
NIPHP/FPPF	4,538	661,874	869,313	1,535,725	2,361,852
Small Holder Livestock Dev. Program	61,054	0	2,204,583	2,265,637	4,477,183
Integrated Nutrition Project	1,919	1,450	2,740,806	2,744,175	1,021,000
BRAC Dairy and Food Project	5,445	15,500	1,184,665	1,205,610	0
Compensating Erosion & Flood Affect	0	0	323,610	323,610	0
Adult Education Program	0	0	1,578,756	1,578,756	0
Urban Development Program	0	0	990,049	990,049	0
BRAC Printers	275,862	0	1,652,735	1,928,597	2,229,554
Aarong Rural Craft Centre	3,401,273	0	7,450,150	10,851,423	10,161,108
<u>At Head Office</u>					
Fund Control (all projects)	672,709	1,054,400	125,527,732	127,254,841	39,654,156
	<u>9,296,830</u>	<u>7,518,639</u>	<u>298,650,415</u>	<u>315,465,884</u>	<u>194,170,252</u>

	Total	IT transferred to:	Total
BRAC Printing	11,855,865	Cybernetic Staff Project	3,375,034
Aarong Rural Craft Centre	44,461,492	Urban Development Program	14,000,390
		Flood Rehabilitation Fund	2,000,000
		BRAC Project Fund	15,475,000
	<u>56,317,357</u>		<u>34,850,424</u>



15. Capital fund:

Name of the projects	Balance as on 01-01-97	Surplus/ (Deficit)	Adjustment/ Transfer	Balance as on 31-12-97
Gonokendra Journal	(341,769)	547,130	0	205,361
Rural Development Program	422,647,663	(14,991,122)	(89,643,896)	318,012,645
Reproductive Health & Disease Control	18,151,653	(1,053,265)	(11,137,251)	5,961,137
Non-formal Primary Education	98,165,755	(5,789,121)	(77,276,440)	15,100,194
Vulnerable Group Dev. Credit Program	6,272,295	40,578,609	(1,607,815)	45,243,089
Training and Resource Centre	226,761,640	7,726,489	428,640	234,916,769
Printing and Publication	12,258,082	535,785	(1,425,522)	11,368,345
Rural Credit Project	515,866,970	176,713,771	(53,426,945)	639,153,796
Urban Development Project	0	(7,298,283)	13,930,030	6,631,747
Baor Development Program	(3,334,861)	4,264,991	(1,377,375)	(447,245)
Integrated Nutrition Project	764,300	0	(149,000)	615,300
NIPHP/FPFP	4,290,932	(642,222)	2,298,925	5,947,635
Education for Under Aged Grmts. Wrkrs.	0	0	156,746	156,746
Cyclone Relief Program	0	(3,997,934)	3,997,934	0
BRAC Food and Dairy Project	59,990,853	0	(267,247)	59,723,606
Staff Housing Project	90,178,185	4,766,700	0	94,944,885
Small Holder Livestock Dev. Program	5,230,060	4,992,291	10,760,665	20,983,016
BRAC Printers	12,196,381	11,815,817	(11,802,407)	12,209,791
Aarong Rural Craft Centre	67,873,233	44,661,482	(44,661,482)	67,873,233
BRAC Project Fund	724,259,045	40,383,225	42,645,390	807,287,660
	<u>2,261,230,417</u>	<u>303,214,343</u>	<u>(218,557,050)</u>	<u>2,345,887,710</u>

Surplus of :	Taka	Transferred to :	Taka
BRAC Printers	11,815,817	Cyclone Relief Program	3,997,934
Aarong Rural Craft Centre	44,661,482	Urban Development Program	14,606,730
		Flood Rehabilitation Fund	2,000,000
		BRAC Project Fund	35,872,635
	<u>56,477,299</u>		<u>56,477,299</u>

16. Donor fund - general:

Name of the projects	Balance as on 01-01-97	Donation received in 1997	Transferred to donor fund-investment in fixed assets	Transferred to donor fund-investment in loan	Transferred to motor cycle replacement fund	Adjustment	Expenditure during the year 1997	Balance as on 31-12-97
Rural Development Program	(89,547,986)	645,789,655	(172,207,967)	(110,933,805)	(6,280,095)	0	(298,873,199)	(32,053,397)
Reproductive Health & Disease Control	(29,043,557)	82,887,706	(5,010,750)	0	0	0	(39,261,311)	9,572,088
Non-formal Primary Education	45,943,330	802,662,530	0	0	0	0	(911,915,487)	(63,309,627)
Vulnerable Group Dev. Cr. Prog.	0	68,846,352	0	0	0	0	(68,801,000)	45,352
Social Science Immunization	1,410,273	4,305,424	0	0	0	0	(3,572,668)	2,143,029
Strengthening Research & Eva. Act	138,302	0	0	0	0	(138,302)	0	0
Baor Development Program	5,793,625	2,641,560	0	0	0	1,306,375	(2,641,560)	7,100,000
Integrated Nutrition Project	4,110,206	22,052,386	(24,542)	0	(674,300)	0	(44,965,091)	(19,501,341)
NIPHP / FPPF	12,378,278	51,903,733	(3,760,704)	0	0	0	(61,678,970)	(1,157,663)
Education for Under Aged Grmts. Wrkrs.	(3,015,406)	7,882,785	0	0	0	0	(7,176,794)	(2,309,415)
Cyclone Relief Program	0	9,719,987	0	0	0	0	(9,719,987)	0
Fisheries Management and Dev. Proj.	0	7,215,813	0	0	0	0	(248,304)	6,967,509
Agroforestry and Block Plantation	0	2,556,499	0	0	0	0	(6,926,338)	(4,369,839)
Compensating Erosion and Flood Aff.	0	18,642,210	(223,956)	0	(315,000)	0	(3,537,923)	14,565,331
Hard to Reach	0	2,247,200	0	0	0	0	(2,406,619)	(159,419)
BRAC Food and Dairy Project	0	48,749,159	(48,749,159)	0	0	0	0	0
Adult Education Program	0	24,620,288	0	0	0	0	(22,882,113)	1,738,175
Small Holder Livestock Dev. Prog.	(3,689,614)	32,529,107	0	0	0	7,318,112	(36,450,700)	(293,095)
	<u>(55,522,549)</u>	<u>1,835,252,394</u>	<u>(229,977,078)</u>	<u>(110,933,805)</u>	<u>(7,269,395)</u>	<u>8,486,185</u>	<u>(1,521,058,064)</u>	<u>(81,022,312)</u>
Add: Receivables	125,296,563							123,153,796
Received in Advance	<u>69,774,014</u>							<u>42,131,484</u>

Donor-wise amount of donation received during the year is given in Note 34.



16. Memorandum of Understanding

17. Donor fund - investment in fixed assets:

Name of the projects	1997		1998		Balance as on 31-12-97
	Balance as on 01-01-97	Transferred from donor fund-general	Depreciation	Transferred to capital/motorcycle repl. fund	
Rural Development Program	57,087,513	172,207,967	(5,531,274)	(10,341,546)	213,422,660
Reprod. Health & Disease Control	847,368	5,010,750	(721,752)	0	5,136,366
Non-formal Primary Education	3,004,368	0	(716,863)	0	2,287,505
Strength. Res. & Eva. Activities	767,641	0	0	(767,641)	0
Baor Development Program	80,205	0	(1,285)	0	78,920
Integrated Nutrition Project	17,690	24,542	(22,054)	0	20,178
NIPHP/FPPF	12,329,944	3,760,704	(459,646)	(15,631,002)	0
Educ. for Under Aged Garment Women	510,590	0	(5,038)	(458,500)	47,052
Compensating Erosion and Flood Aff.	0	223,956	(18,108)	0	205,848
BRAC Food and Dairy Project	0	48,749,159	0	0	48,749,159
Small Holder Live. Dev. Program.	7,434,313	0	(1,317,923)	(1,037,336)	5,079,054
<b>Total</b>	<b>82,079,632</b>	<b>229,977,078</b>	<b>(8,793,943)</b>	<b>(28,236,025)</b>	<b>275,026,742</b>

18. Donor fund - investment in loan fund:

Name of the project	Balance as on 01-01-97	Transferred from donor fund-general	Loan transfer	Balance as on 31-12-97
Rural Development Program	836,507,217	110,933,805	71,149,191	1,018,590,213
Rural Credit Project	955,811,225	0	0	955,811,225
<b>Total</b>	<b>1,792,318,442</b>	<b>110,933,805</b>	<b>71,149,191</b>	<b>1,974,401,438</b>

19. Summary of provisions

1997	1998
1,241,211	1,491,266
388,066,779	382,086,878
1,241,211	382,086,878

**19. Motorcycle replacement fund:**

Name of the projects	1997 Taka	1996 Taka
BRAC Project Fund	480,691	12,338,745
Non Formal Primary Education	80,433,346	27,264,859
Rural Development Program	36,502,811	34,845,133
Reproductive Health and Disease Control	12,172,251	6,278,368
NIPHP/FPFP	10,637,927	512,505
Vulnerable group development Program	1,607,815	0
Baor development program	71,000	0
Integrated Nutrition Project	823,300	33,435
BRAC dairy and food project	282,388	0
Urban Development Project	676,700	0
NEPE (Garment)	458,500	0
Compensating Erosion and Flood Aff.	315,000	0
Small holder livestock development prog.	1,766,000	0
Rural Credit Project	58,536,104	26,583,988
	<u>204,763,833</u>	<u>107,857,033</u>

**20. Other fund:**

	Balance as on 01-01-97	Addition	Utilized	Balance as on 31-12-97
Special fund for scholarship	1,463,679	584,660	(1,560)	2,046,779
Flood rehabilitation fund	2,186,927	2,000,000	(2,186,927)	2,000,000
	<u>3,650,606</u>	<u>2,584,660</u>	<u>(2,188,487)</u>	<u>4,046,779</u>

Special fund for scholarship represents Cathorine H. Lovel memorial fund which will subsequently be utilized for scholarship program among the poor girls.

**21. Group insurance fund:**

	1997 Taka	1996 Taka
Staff group insurance fund	18,786,197	18,595,502
Program staff group insurance fund	4,863,865	3,952,919
Group members central insurance fund	18,262,103	34,884,406
	<u>41,912,165</u>	<u>57,432,827</u>

An amount equivalent to 1% of the basic salary of the employees is set aside at the end of each month to cover liabilities arising out of death and other injuries suffered by the employee. The group members central insurance fund was created by charging 1% of loan disbursement to pay Tk. 5,000 on death of a member. From 1997, BRAC has stopped this deduction from loan and once the fund balance is depleted, payment to VO members will be made from interest income.

**22. Gratuity & redundancy fund:**

	1997 Taka	1996 Taka
BRAC Printers	7,245,811	6,091,866
BRAC Project Fund	388,664,709	262,486,839
	<u>395,910,520</u>	<u>268,578,705</u>

Gratuity fund is created with two months basic salary (based on basic salary of the last month) for each completed year's service.

Redundancy fund is provided for on the basis of three month's full salary (based on last months' salary) for each permanent employee to be disbursed as one time termination benefit pay on cessation of service from BRAC.

**23. Long-term loans:**

Name of the Project	Name of Creditors	1997 Taka	1996 Taka
Vulnerable Group Dev. Cr. Program	GOB	189,076,500	182,399,759
	PKSF	400,600,000	51,000,000
Baor Development Program	BKB	20,084,700	21,356,000
Small Holder Livestock Dev. Program	BKB	92,565,000	92,565,000
BRAC Dairy and Food Project (Note 36)	Unibank,	47,635,601	81,049,201
	Al-Baraka Bank	42,000,000	0
		<u>791,961,801</u>	<u>428,369,960</u>

Actual loan amount received/repaid during the year is outlined in Note 35. Long term loans are due for repayment based on specific agreement terms which vary from quarterly repayments to project completion repayments. The GOB loan is interest free and interest on other loans varies from 5% to 9%. Fixed deposits and PSPs have been provided as security for the BRAC Dairy and Food Project loans.

**24. VO members savings deposits:**

Rural Development Project	449,703,359	372,951,493
Rural Credit Project	1,097,656,510	733,771,716
Vulnerable Group Dev. Cr. Prg.	178,367,030	43,159,468
Urban Development Program	4,787,851	0
Small Holder Live. Dev. Program	24,880,783	31,520,796
	<u>1,755,395,533</u>	<u>1,181,403,473</u>

**25. Group trust fund:**

Rural Development Project	403,224	3,337,671
Rural Credit Project	21,263,020	26,255,917
	<u>21,666,244</u>	<u>29,593,588</u>

**26. VO members project and current accounts:**

Rural Development Program	5,911,439	4,441,631
Rural Credit Project	18,564,093	14,992,024
Baor Development Program	17,865	71,529
Vulnerable Group Dev. Cr. Prg.	1,269,883	52,682
Nonformal Primary Education	5,747,244	3,401,213
Small Holder Live. Dev. Program	307,392	327,800
	<u>31,817,916</u>	<u>23,286,879</u>

**27. Other liabilities:**

Name of the projects	For Goods	For Expenses	For Other Finance	1997 Total	1996 Total
Gonokendra Journal	0	475,777	0	475,777	294,160
Rural Development Program	0	61,057,848	0	61,057,848	46,966,497
Reprod. Health and Dis. Control	0	867,296	0	867,296	1,093,890
Nonformal Primary Education	0	5,128,449	1,840,290	6,968,739	10,591,075
Vulnerable Group Dev. Cr. Prg.	0	14,195,249	0	14,195,249	3,416,399
Training and Resource Centre	0	1,629,704	0	1,629,704	3,190,899
Head Office	0	7,093,178	25,772,575	32,865,753	23,234,339
NIPHP/FPFP	0	2,065,875	960,449	3,026,324	1,890,151
Integrated Nutrition Project	0	1,863,952	0	1,863,952	198,409
Rural Credit Project	0	72,247,856	0	72,247,856	50,560,512
Strength. Res. And Eval. Program	0	0	0	0	1,098,807
Baor Development Program	0	10,457,505	0	10,457,505	9,019,347
Small Holder Live. Dev. Program	0	48,558,059	0	48,558,059	34,696,653
Social Science Immunization	0	0	0	0	116,149
Compensating Erosion and Flood Program	0	268,746	0	268,746	0
BRAC Dairy and Food Project	0	0	15,895,000	15,895,000	0
BRAC Publication	0	675,905	1,893,071	2,568,976	5,015,475
Urban Development Program	0	232,988	0	232,988	0
BRAC Staff Housing Project	0	0	3,862,646	3,862,646	4,963,070
BRAC Printers	0	2,171,102	1,345,791	3,516,893	8,391,945
Aarong Rural Craft Centre	10,352,772	1,061,598	3,922,439	15,336,809	10,088,737
BRAC Project Fund	0	34,910,525	23,584,337	58,494,862	56,351,804
	<u>10,352,772</u>	<u>264,961,612</u>	<u>79,076,598</u>	<u>354,390,982</u>	<u>271,178,318</u>

**28. Revenue from sales of commercial ventures:**

	1997 Taka	1996 Taka
Gonokendra Journal	4,240,715	2,654,953
Printing & Publication	6,233,635	8,366,689
Aarong	475,084,411	392,318,321
BRAC Printers	157,745,048	154,578,208
	<u>643,303,809</u>	<u>557,918,171</u>

**29. Interest on loans to VO members/staff:**

Rural Development Program	199,420,256	185,029,081
Vulnerable Group Dev. Cr. Prg.	103,163,956	39,690,889
Rural Credit Project	571,188,948	447,673,492
Baor Development Program	2,068,606	2,307,201
Urban Development Program	135,446	0
Small Holder Live. Dev. Program	11,239,219	20,008,206
Staff housing Project	1,143,110	0
	<u>888,359,541</u>	<u>694,708,869</u>

**30. Interest on bank accounts, fixed deposits and PSPs:**

Name of the project	FDR	PSP	Bank Interest	Total 1997	Total 1996
Nonformal Primary Education	0	0	128,377	128,377	85,994
Rural Development Program	0	0	2,113,731	2,113,731	0
Vulnerable Group Dev. Cr. Prg.	0	0	162,683	162,683	0
Rural Credit Project	0	30,845,371	0	30,845,371	33,455,381
Small Holder Live. Dev. Program	0	0	93,217	93,217	356,010
BRAC Project Fund	54,501,231	15,262,437	0	69,763,668	25,573,446
	<u>54,501,231</u>	<u>46,107,808</u>	<u>2,498,008</u>	<u>103,107,047</u>	<u>59,470,831</u>

**31. Other income:**

	1997 Taka	1996 Taka
Gonokendra Journal	215,000	181,000
Rural Development Program	32,345,177	26,850,838
Reprod. Health and Dis. Control	2,526,647	2,946,122
Vulnerable Group Dev. Cr. Prg.	3,290,379	553,414
Training and Resource Centre	9,153,657	6,897,356
Small Holder Live. Dev. Program	10,887,651	1,586,429
BRAC Project Fund	33,538,805	19,867,998
Rural Credit Project	6,178,900	6,954,084
Baor Development Program	5,737,697	0
Staff Housing Project	3,623,590	0
BRAC Printers	483,118	285,709
Aarong Rural Craft Centre	788,681	707,025
	<u>108,769,302</u>	<u>66,829,975</u>

Other income mainly represents program service charges realised and lease rental income.

**32. Cost of sales of commercial ventures:**

Gonokendra Journal	3,426,320	3,177,928
Printing & Publication	4,841,800	4,418,569
Aarong	337,761,358	278,133,045
BRAC Printers	128,757,226	118,847,670
	<u>474,786,704</u>	<u>404,577,212</u>

**33. Loss on investment:**

Loss on sale of related companies	89,897,774	0
Diminution in price of securities	3,423,827	0
Advance to Aarong, UK - written off	23,392,960	0
	<u>116,714,561</u>	<u>0</u>

34. Schedule of donation received :

Name of the project	Donor	Taka
Rural Development Programme	NOVIB	145,010,580
	AKF/CIDA	89,216,866
	EC	240,412,259
	DFID	171,149,950
<b>Total</b>		<b>645,789,655</b>
Reproductive Health and Diseases Control	DFID	24,929,458
	UNICEF	22,536,122
	SIDA	35,422,126
<b>Total</b>		<b>82,887,706</b>
Family Planning Facilitation Program/ NIPHP	Pathfinder International	51,903,733
Vulnerable Group Deve. Cr. Programme	GOB	68,846,352
Intigrated Nutrition Project	GOB	22,052,386
Social Science Immunization	Royal Tropical Institute	4,305,424
Fisheries Management and Dev. Prog.	Ford Foundation	7,215,813
Baor Development Programme	DANIDA	2,641,560
Cyclone Relief Programme	CIDA	1,899,576
	NOVIB	5,415,901
	OXFAM America	2,404,510
<b>Total</b>		<b>9,719,987</b>
Nonformal Primary Education (Expansion)	UNICEF	22,722,900
	KFW	278,381,637
	DGIS	113,643,250
	NOVIB	6,732,270
	DFID	178,825,000
	AKF/CIDA	28,173,732
<b>Total</b>	EC	174,183,741
		<b>802,662,530</b>
Small Holder Livestock Development Programme	DANIDA	17,529,107
	GOB	15,000,000
		<b>32,529,107</b>
Education for Under Aged Garment Workers	UNICEF	7,882,785
Agroforestry and Block Plantation	EC	2,556,499
Adult Education	GOB	24,620,288
Hard to Reach	GOB	2,247,200
BRAC Dairy & Food Project	DANIDA	48,749,159
Jamuna Bridge	GOB	18,642,210
<b>GRAND TOTAL</b>		<b>1,835,252,394</b>

**35. Schedule of long-term loan receipts and repayments:**

Name of the Project	Name of creditors	Received	Repaid	Net received
Vulnerable Group Dev. Credit Program	Govt. of Bangladesh	6,676,741	0	6,676,741
Income Generating for Vulnerable Group Development Program	Pally Karma Shayhak Foundation	349,600,000	0	349,600,000
Small Holder Livestock Dev. Program	Bangladesh Krishi Bank	0	1,271,300	(1,271,300)
BRAC Dairy & Food Project	Unibank, Denmark	23,163,299	56,576,899	(33,413,600)
	Al-Baraka Bank	42,000,000	0	42,000,000
		<u>421,440,040</u>	<u>57,848,199</u>	<u>363,591,841</u>

**36. Foreign currency denominated monetary assets and liabilities:**

1997 Taka	1996 Taka
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Cash at bank (in US\$)	892,874	0
Long term loan for BRAC Dairy and Food Project (in DKK)	47,635,601	81,049,201

The long term loan from Unibank, Denmark has been recorded as being denominated in Danish Kroner (DKK). This matter is under discussion as the bank has reported this as a dollar denominated loan of US\$ 1,316,035 equivalent to Tk. 59,879,592, a difference of Tk. 12,243,991 at 31 December, 1997 exchange rates. In addition, the interest charge on the loan is also disputed.

**37. Contingent liability for income tax:**

The National Board of Revenue (NBR) has assessed BRAC for income taxes commencing from 1988 though BRAC appealed to the Appellate Tribunal that it is not subject to income taxes and received a verdict in its favour on 10 July' 95. However, NBR has continued to make assessment orders on BRAC and has on 28.12.95 filed an appeal against the verdict in the Bangladesh High Court. An advance of Tk. 10,000,000 has been paid in prior years to NBR in respect of the above appeal.

The total amount of income taxes including interest and surcharges, claimed by NBR amount to Taka 1,619,295,466 as on 31 December, 1997. BRAC management believe that no income tax liability arises given its not -for-profit status as all income of BRAC is utilized for charitable purposes and donation is exempted from tax.

Accordingly, as of the balance sheet date, BRAC's liability for income taxes, if any, is uncertain pending the ultimate outcome of NBR's appeal to the Bangladesh High Court.