
BRAC (REGISTERED IN BANGLADESH UNDER THE SOCIETIES
REGISTRATION ACT 1860)
Audited Financial Statements
December 31, 2001

ERNST & YOUNG

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REGISTRATION ACT 1860)
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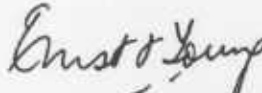
INDEPENDENT AUDITORS' REPORT


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 1860 and operating as a non-government development organisation) as of December 31, 2001 and the related Statements of Income and Expenditure and Cash Flows for the year then ended. These financial statements, which are set out on pages 1 to 30, 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 auditing standards adopted in Bangladesh. Those 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 presentation of the financial statements. 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, 2001 and the results of its operations and its cash flows for the year then ended in conformity with the accounting policies summarized in Note 2 of the financial statements.


ERNST & YOUNG
Chartered Accountants
Kuala Lumpur, Malaysia


S. F. Ahmed & Co.
Chartered Accountants
Dhaka, Bangladesh

27 April, 2002

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Balance Sheet
as at December 31, 2001

	Notes	2001 Taka	2000 Taka
ASSETS			
Fixed assets	3	3,487,722,536	3,020,016,265
Investment in related undertakings	4	498,268,987	206,635,581
Investment in securities and others	5	85,897,901	77,305,969
Loans to Village Organisation members	6	7,711,317,218	7,310,962,622
Motor cycle loans		161,431,141	133,209,153
Inventories	7	916,591,320	803,072,435
Grants and accounts receivable	8	779,858,315	875,131,415
Advances, deposits and prepayments	9	482,171,503	319,679,286
Fixed deposits and PSPs	10	1,267,123,836	1,177,904,421
Cash in hand and at banks	11	458,593,865	385,803,475
TOTAL ASSETS		<u>15,848,976,622</u>	<u>14,309,720,622</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Deferred income	12	518,643,273	564,116,803
Term loans	13	3,251,646,323	2,951,562,680
VO members' savings deposits	14	4,304,996,584	3,550,373,268
Other long term liabilities	15	998,960,792	841,924,819
VO members' project and current account		52,424,285	73,052,432
Grants received in advance account	16	77,351,255	18,189,531
Other current liabilities	17	511,655,759	505,060,509
Provision for taxation		31,741,030	31,741,030
Bank overdrafts	18	355,996,810	402,516,663
Total liabilities		<u>10,103,416,111</u>	<u>8,938,537,735</u>
Net Assets:			
Capital fund			
- unrestricted		5,640,775,763	5,225,886,788
- temporarily restricted		104,784,748	145,296,099
		<u>5,745,560,511</u>	<u>5,371,182,887</u>
TOTAL LIABILITIES AND NET ASSETS		<u>15,848,976,622</u>	<u>14,309,720,622</u>

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, April 27, 2002



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended December 31, 2001

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2001 Taka
Income				
Donor grants	19	50,745,399	1,485,106,528	1,535,851,927
Revenue from:				
- Commercial projects		1,135,225,461	-	1,135,225,461
- Programme support enterprises		1,568,593,864	-	1,568,593,864
Service charge on loans to VO members		2,195,038,399	-	2,195,038,399
Investment income	20	159,334,470	815,231	160,149,701
Other income	21	119,055,979	40,195,831	159,251,810
Rental income from House property		96,364,025	-	96,364,025
Total income		5,324,357,597	1,526,117,590	6,850,475,187
Expenditure				
Commercial Projects		1,029,150,649	-	1,029,150,649
Program Support Enterprises		1,380,256,787	-	1,380,256,787
House property related expenses		56,193,430	-	56,193,430
Education Programme		18,541,497	974,719,403	993,260,900
Nutrition Programme		-	289,959,610	289,959,610
Health and Population Programme		117,738,270	111,009,819	228,748,089
Micro Finance Programme		2,045,704,279	-	2,045,704,279
Relief and Rehabilitation Programme		148,722	23,754,164	23,902,886
Poultry Extension Programme		25,582,695	74,639,976	100,222,671
Fisheries Extension Programme		28,413,690	14,052,844	42,466,534
Agriculture Extension Programme		49,738,919	13,342,130	63,081,049
Sericulture and Silk Development Programme		27,793,497	-	27,793,497
Human Rights and Legal Education Programme		49,374,761	265,022	49,639,783
Rural Enterprise Development Programme		24,264,556	-	24,264,556
Training, Workshop and Seminars		37,791,565	18,110,616	55,902,181
Grant to BRAC University		50,000,000	-	50,000,000
Research, Monitoring and Evaluation		10,086,702	5,463,960	15,550,662
Total expenses		4,950,780,019	1,525,317,544	6,476,097,563
Surplus of income over expenditure before taxation		373,577,578	800,046	374,377,624
Taxation	22	-	-	-
Net surplus for the year		373,577,578	800,046	374,377,624

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, April 27, 2002



Executive Director
BRAC

BRAC
 (Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
 for the year ended December 31, 2000

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2000 Taka
Income				
Donor grants	19	10,816,406	1,710,264,392	1,721,080,798
Revenue from:				
- Commercial projects		1,173,113,604	-	1,173,113,604
- Programme support enterprises		1,013,979,035	-	1,013,979,035
Service charge on loans to VO members		1,893,023,196	-	1,893,023,196
Investment income	20	194,645,052	-	194,645,052
Other income	21	152,276,537	160,255,559	312,532,096
Rental income from House property		90,515,065	-	90,515,065
Total income		4,528,368,895	1,870,519,951	6,398,888,846
Expenditure				
Commercial Projects		1,101,345,094	-	1,101,345,094
Program Support Enterprises		915,709,029	-	915,709,029
House property related expenses		51,589,381	-	51,589,381
Education Programme		16,439,592	943,430,267	959,869,859
Nutrition Programme		-	189,116,599	189,116,599
Health and Population Programme		9,185,607	282,769,444	291,955,051
Micro Finance Programme		1,823,464,673	-	1,823,464,673
Relief and Rehabilitation Programme		-	21,842,209	21,842,209
Poultry Extension Programme		-	102,344,414	102,344,414
Fisheries Extension Programme		-	63,951,543	63,951,543
Agriculture Extension Programme		-	77,365,360	77,365,360
Sericulture and Silk Development Programme		-	78,852,271	78,852,271
Human Rights and Legal Education Programme		-	71,890,930	71,890,930
Rural Enterprise Development Programme		-	24,331,964	24,331,964
Training, Workshop and Seminars		59,926,016	-	59,926,016
Research, Monitoring and Evaluation		-	10,493,370	10,493,370
Total expenses		3,977,659,392	1,866,388,371	5,844,047,763
Surplus of income over expenditure before taxation		550,709,503	4,131,580	554,841,083
Taxation	22	(19,259,284)	-	(19,259,284)
Net surplus for the year		531,450,219	4,131,580	535,581,799

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Changes in Net Assets
for the year ended December 31, 2001

	Note	Capital Fund		Total Net assets Taka
		Unrestricted	Temporarily restricted	
		Taka	Taka	
At 1 January 2000 (as previously reported)		3,049,529,557	1,585,165,652	4,634,695,209
Prior period adjustment				
- accumulated amounts transferred to income and expenditure account	24	186,635,668	14,270,211	200,905,879
At 1 January 2000 - restated		3,236,165,225	1,599,435,863	4,835,601,088
Transfer following expiry of micro-finance and loan assistance programmes		1,458,271,344	(1,458,271,344)	-
Net surplus for the year (as previously reported)		520,633,813	-	520,633,813
Prior year adjustment				
- effect on surplus for the year		10,816,406	4,131,580	14,947,986
Net surplus for the year - restated		531,450,219	4,131,580	535,581,799
At 31 December 2000 - restated		5,225,886,788	145,296,099	5,371,182,887
At 1 January 2001 (as previously reported)		5,083,685,679	126,894,308	5,210,579,987
Prior period adjustment				
- accumulated amounts transferred to income and expenditure account	24	197,452,074	18,401,791	215,853,865
- amounts previously transferred to Capital Fund	12	(55,250,965)	-	(55,250,965)
At 1 January 2001 - restated		5,225,886,788	145,296,099	5,371,182,887
Transfer following expiry of programmes		41,311,397	(41,311,397)	-
Net surplus for the year		373,577,578	800,046	374,377,624
At 31 December 2001		5,640,775,763	104,784,748	5,745,560,511

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended December 31, 2001

Notes	2001 Taka	2000 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	374,377,624	554,841,083
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	250,194,734	298,865,900
Depreciation	212,593,432	202,027,513
Gain on disposal of fixed assets	(6,163,450)	(4,381,151)
Share of reserves in related undertakings during the year	(23,338,890)	(6,804,425)
Donor grants - amortisation of investment in fixed assets	(43,849,676)	(43,299,797)
Donor grants - amortisation of motorcycle replacement funds	(11,980,297)	(14,947,986)
Adjustments for other accounts:		
Decrease in service charge outstanding on loans to VO members	33,224,915	154,836,587
(Increase)/Decrease in inventories	(113,518,885)	17,825,588
(Increase)/Decrease in advances, deposits and prepayments	(162,492,217)	174,137,582
Decrease/(Increase) in accounts receivable, net	37,180,176	(163,871,030)
Increase/(Decrease) in other current liabilities	6,595,250	(78,613,979)
Increase/(Decrease) in other long term liabilities	157,035,973	155,956,877
Increase/(Decrease) in deferred income	10,356,443	26,617,120
(Increase)/Decrease in motorcycle loans	(28,221,988)	(2,140,041)
Net cash provided by operating activities	691,993,144	1,271,049,841
Cash flows from investing activities:		
Increase in loans to VO members	(683,774,245)	(1,214,294,107)
Purchase of fixed assets	(693,520,358)	(715,806,145)
Proceeds from disposal of fixed assets	19,384,105	28,017,264
Increase in fixed deposits and PSPs	(89,219,415)	(120,847,459)
Increase in investments in related companies	(272,669,499)	(9,702,038)
Dividends received from related undertakings	4,374,983	-
Increase in investment in securities and others	(8,591,932)	(35,154,826)
Net cash used in investing activities	(1,724,016,361)	(2,067,787,311)
Cash flows from financing activities:		
Grants received during the year	1,607,633,045	1,878,070,044
Grants utilised during the year for:		
- operational expenditure	(1,480,021,954)	(1,662,833,015)
- investment in fixed assets	(5,898,798)	(23,228,241)
- motorcycle replacement funds	(4,457,645)	(3,388,879)
Increase in term loans	300,083,643	789,403,262
Increase in VO members savings deposits	754,623,316	647,419,777
Decrease in VO members project and current accounts	(20,628,147)	(19,929,985)
Net cash provided by financing activities	1,151,333,460	1,605,512,963
Net increase in cash and cash equivalents	119,310,243	808,775,493
Cash and cash equivalents, beginning of the year	(16,713,188)	(825,488,681)
Cash and cash equivalents, end of the year	11	102,597,055
		(16,713,188)

1 Introduction:

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

2 Summary of Significant Accounting Policies:

BRAC prepares its financial statements 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. The financial statements are expressed in Bangladesh Taka.

During the current financial year, BRAC had undertaken a review of its accounting policies, and accordingly revised certain policies to allow for a more appropriate presentation of its financial statements. Where material, prior period adjustments have been effected to account for the changes to these accounting policies to ensure a more appropriate presentation and comparability of the financial statements. However, where such changes to the accounting policies are considered immaterial, any adjustments arising thereon are recognised in the current year's income statement.

The main change in accounting policy effected in the financial statements for the year ended 31 December 2001 was in respect of the Motorcycle Replacement Fund. Details of this change and its effects are disclosed in Note 2.13 and Note 12 to these financial statements.

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

2.1 Basis of preparation of financial statements

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

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

2.1 Basis of preparation of financial statements (contd.)

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

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

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

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

2.2 Donor Grants

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

All donor grants received are initially recorded at fair value as liabilities in the Grants Received in Advance Account. For grants utilized to purchase fixed assets and motorcycles, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse programme-related expenditure, the amounts are recognized as income. Donor grants received in-kind, through the provision of gifts and/or services, are recorded at fair value. Income recognition of such grants follows that of cash-based donor grants and would thus depend on whether the grants are to be utilized for the purchase of fixed assets or expended as programme-related expenditure.

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

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

2.3 Revenue Recognition

Commercial projects - Aarong Rural Craft Centre, BRAC Printers and BRAC Dairy and Food Project.
Programme Support Enterprises - mainly comprising poultry farms, feedmills, seedmills, prawn hatcheries.

Revenue is recognized based on billings, net of discounts and allowances.

Service charge on loans to VO members

Service charges on regular loans, that is, loans where no amounts are overdue as at the end of the reporting period are recognized on an accrual basis as income. The recognition of service charge ceases when the loan is transferred to non-interest bearing loan. These loans are referred to as "non performing" loans.

Service charge previously accrued but not received on loans subsequently classified as non-performing is reversed. Service charge is included in income thereafter only when it is realized. Loans are returned to the accrual basis only when the full amounts of the outstanding arrears of loans are received and future collectibility is reasonably assured.

Interest on bank accounts, fixed deposits, PSPs and debentures

Revenue is recognized as the interest accrues unless collectibility is in doubt.

Other income

All other income are recognized when BRAC's right to receive such income has been reasonably determined and all conditions precedent are satisfied.

2.4 Expenses

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

2.5 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the estimated useful lives at the following annual rates:

<u>Item</u>	<u>Annual Depreciation Rate (%)</u>
Buildings	2.5 - 4
Furniture & Fixtures	10
Equipment	15
Vehicles	20
Bicycles	20
Machinery	20
Deep tube wells and tanks	20
Hatcheries	20
Motorcycles	20
Camp/Poultry/Livestock sheds	20
Crates/Manikins/Samples	33.33

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

2.6 Loans to VO Members

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

2.7 Provision for Loan Losses

BRAC provides for loan loss provision based on 2% of loan disbursements made. Non-performing loans are monitored and service charges are 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 statement of income and expenditure.

2.8 Investments in Related Undertakings

Related undertakings refer to separately-established undertakings in which BRAC has effective equity interests of more than 20%. Details of these undertakings are disclosed in Note 4.

BRAC's investments in these undertakings are accounted for by the equity method whereby the investments are initially recorded at cost and subsequently adjusted to reflect BRAC's share of results for each period added to or deducted from the respective investment costs, from the dates of their acquisition and to the dates of their disposal.

2.9 Non-consolidation

BRAC, being a society registered under the Societies Registration Act, 1860 is not subject to any requirement on the preparation of consolidated financial statements. Accordingly, BRAC's investments in related undertakings wherein the effective equity interests are more than 50% are accounted for by the equity method as explained in Note 2.8 above.

2.10 Investments in Securities and Others

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

Investments in securities were previously stated at the lower of average purchase cost or their quoted market value on an individual security basis. As discussed in 2.0 above, following a review of its accounting policies to provide a more appropriate presentation of its financial statements, BRAC has changed its accounting policy with effect from the year ended 31 December 2001, to measure, after initial recognition, investments in shares of listed companies at fair value, with unrealized gains or losses recognized in the statement of income and expenditure. Fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset. No adjustment has been made in respect of prior years as the adjustment to reflect the application of this policy retrospectively is considered immaterial.

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

2.11 Accounts Receivable

Accounts receivable arise principally from BRAC's commercial activities and programme support enterprises, and are stated net of provision for doubtful debts.

2.12 Inventories

Retail inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

2.13 Motorcycle Replacement Fund

Applicable donor funds are utilized for providing motorcycles to project staff. Effective from January 1, 1997, these funds are held in a replacement fund. BRAC provides motorcycles to staff, the cost of which is recovered through monthly salary deductions. In previous years, the balance in the Motorcycle Replacement Fund has been retained in the balance sheet, with transfers to the Unrestricted Capital Fund upon expiry of the relevant programme period, and based on the programme grant. As discussed in 2.0 above, following a review of its accounting policies to provide a more appropriate presentation of its financial statements, BRAC has changed its accounting policy whereby donor funds received and utilized for the purchase of motorcycles are amortized to the statement of income and expenditure over a period of 5 years, being the average estimated useful life of the motorcycles.

This change in accounting policy has been accounted for retrospectively by a prior year adjustment together with restatement of comparative figures as disclosed in notes 12 and 24 to the financial statements. The effect of this change in accounting policy is an increase in net surplus for the year by Taka 11,980,297 (2000: Taka 14,947,986).

2.14 Foreign Currency Translations

BRAC maintains its books of account in Bangladesh Taka. Transactions in foreign currencies are translated into Taka at the exchange rates prevailing at the dates of transactions. Monetary 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 is recognized in the statement of income and expenditure. BRAC's foreign currency denominated monetary assets or liabilities are outlined in Note 23 below.

2.15 Self - Insurance Funds

BRAC has created a self-insurance fund to cover the risk of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001 by reference to external actuarial valuations. It is held as a provision and is not externally funded.

BRAC also sets aside monthly amounts equivalent to 3% of the basic salary of employees, to constitute the group self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by the employees. The terms of employment provide for payment in the event of death or permanent injury, of amounts ranging from 12 months' equivalent of basic salary in the first year of employment, to 50 months' equivalent of basic salary in the 10th year of employment onwards. The self-insurance fund for employees is held as a provision and is not externally funded. It is based on estimates by the Governing Body, and as from 2001 by reference to external actuarial valuations.

2.15 Self - Insurance Funds (contd.)

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediately following financial periods have been determined based on actuarial valuations carried out in 2001 in respect of the funds and are reflected in Note 15 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provisions in respect of these funds.

2.16 Employee Gratuity and Redundancy Fund

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

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediately following financial periods have been determined based on actuarial valuation carried out in 2001. The provision is reflected in Note 15 to the financial statements. It is BRAC's policy to carry out actuarial reviews at least every three years to assess the adequacy of the provision in respect of the fund.

2.17 Deferred Taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxation benefits are only recognised when there is reasonable expectation of realisation in the near future.

2.18 Borrowing Costs

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

2.19 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprise cash and bank balances, against which bank overdrafts, if any, are deducted. Included in cash and bank balances are donations which are received through donor grants. By virtue of donor agreements, the manner in which such donations are to be applied may be restricted to specific projects and/or assets.

3. Fixed assets

Group of fixed assets	Cost					Depreciation				Net book value 31-12-2001	Net book value 31-12-2000
	Opening balance	Additions during the year	Transferred during the year	Disposals during the year	Closing balance	Opening balance	Charged during the year	Adjustment for disposals/transfer during the year	Closing balance		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Freehold land	982,384,559	310,086,496	-	(1,716,857)	1,290,754,198	-	-	-	-	1,290,754,198	982,384,559
Buildings	1,531,497,045	-	113,108,377	(11,503,798)	1,633,101,624	206,637,929	63,931,643	(4,246,143)	266,323,429	1,366,778,195	1,324,859,116
Furniture and fixtures	291,079,299	3,263,093	-	-	294,342,392	139,608,790	26,633,797	-	166,242,587	128,099,805	151,470,509
Equipment	522,330,569	143,345,406	-	-	665,675,975	261,004,195	73,319,508	-	334,323,703	331,352,272	261,326,374
Vehicles	187,744,651	3,242,350	-	-	190,987,001	128,823,930	19,601,955	-	148,425,885	42,561,116	58,920,721
Bicycles	9,782,234	2,375,128	-	-	12,157,362	8,273,063	1,000,073	-	9,273,136	2,884,226	1,509,171
Machinery	272,699,275	234,587	-	-	272,933,862	101,985,318	23,550,422	-	125,535,740	147,398,122	170,713,957
Deep tubewell and tank	4,669,580	171,683	-	-	4,841,263	2,930,248	501,214	-	3,431,462	1,409,801	1,739,332
Hatchery	1,980,902	163,877	-	-	2,144,779	1,001,885	214,470	-	1,216,355	928,424	979,017
Camp/poultry/livestock sheds	645,371	35,311,232	69,055,869	-	105,012,472	645,369	491,345	4,246,143	5,382,857	99,629,615	2
Motorcycles	1,682,611	181,173	-	-	1,863,784	999,192	79,068	-	1,078,260	785,524	683,419
Construction work in progress	55,619,771	193,783,340	(182,164,246)	-	67,238,865	-	-	-	-	67,238,865	55,619,771
Crates/mannequins/samples	38,036,410	1,361,993	-	-	39,398,403	28,226,093	3,269,937	-	31,496,030	7,902,373	9,810,317
Total 2001	3,900,152,277	693,520,358	-	(13,220,655)	4,580,451,980	880,136,012	212,593,432	-	1,092,729,444	3,487,722,536	3,020,016,265
Total 2000	3,208,432,495	715,806,145	-	(24,086,363)	3,900,152,277	678,558,749	202,027,513	(450,250)	880,136,012	3,020,016,265	

Allocation of depreciation:

		2001	2000
		Taka	Taka
i) included in cost of sales of commercial projects	Note 27	6,934,210	18,747,636
ii) reflected in programme related expenses	Note 27	205,659,222	183,279,877
		<u>212,593,432</u>	<u>202,027,513</u>

An amount of TK.43,849,676 (2000: TK.43,299,797) has been transferred to the statement of income and expenditure from Deferred Income - investment in fixed assets to cover the depreciation charge for donor-funded fixed assets as disclosed in Notes 12 & 19

Landed properties with an aggregate net book value of TK.396,769,679 (2000: TK. 275,526,729) have been pledged to secure bank overdraft facilities as disclosed in Note 13 and 18 to the financial statements.

4. Investment in related undertakings

Related undertakings - unquoted	2001				
	Shares Taka	Deposit for shares Taka	Share of Reserves Taka	Loans Taka	Total Taka
BRAC Bank Ltd.	249,940,000	-	(1,506,696)	-	248,433,304
BRAC Industries Ltd.	24,999,900	-	848,216	-	25,848,116
BRAC BD Mail Network	9,250,000	-	(847,748)	-	8,402,252
BRAC Renata Argo Industries Ltd.	21,420,000	-	3,525,098	17,632,320	42,577,418
BRAC Services Ltd.	-	10,000,000	(20,340,880)	24,692,038	14,351,158
BRAC Concord Lands Ltd.	-	60,000,000	-	24,223,514	84,223,514
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	-	24,433,225	-	74,433,225
	<u>355,609,900</u>	<u>70,000,000</u>	<u>6,111,215</u>	<u>66,547,872</u>	<u>498,268,987</u>

Related undertakings - unquoted	2000				
	Shares Taka	Deposit for shares Taka	Share of Reserves Taka	Loans Taka	Total Taka
BRAC Industries Ltd.	24,999,900	-	748,932	-	25,748,832
BRAC BD Mail Network	8,500,000	-	(2,794,260)	-	5,705,740
BRAC Renata Argo Industries Ltd.	-	15,300,000	(1,575,463)	25,615,406	39,339,943
BRAC Services Ltd.	-	10,000,000	(19,095,879)	25,072,967	15,977,088
BRAC Concord Lands Ltd.	-	60,000,000	1,111,290	-	61,111,290
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	-	8,752,688	-	58,752,688
	<u>83,499,900</u>	<u>85,300,000</u>	<u>(12,852,692)</u>	<u>50,688,373</u>	<u>206,635,581</u>

Related undertakings	2001 %	2000 %	Principal activities
BRAC Bank Ltd. (Incorporated in Bangladesh)	99.9	-	Banking business
BRAC Industries Ltd. (Incorporated in Bangladesh)	99.9	99.9	Cold storage
BRAC BD Mail Network Ltd. (Incorporated in Bangladesh)	98.0	90.0	Internet service provider
BRAC Renata Agro Industries Ltd. (Incorporated in Bangladesh)	51.0	51.0	Poultry farm
BRAC Services Ltd. (Incorporated in Bangladesh)	100	100	Hospitality
BRAC Concord Lands Ltd. (Incorporated in Bangladesh)	50.0	50.0	Land and housing
Delta BRAC Housing Finance Corp. Ltd. (Incorporated in Bangladesh)	25.0	25.0	Housing finance

BRAC's investment in the related undertakings are represented by its share in the respective net tangible assets.

On 27 June 2001, BRAC completed its investment in BRAC Bank by subscribing for 2,499,400 ordinary shares of Tk. 100 each representing a 99.9% equity interest. The share of results of BRAC Bank has been accounted for using the equity method from that date. Loans represent finance provided for working capital and earn 12% - 20% (2000: 12% - 20%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2001 is a non-distributable portion amounting to Tk10,349,875. In prior years, BRAC's financial statements did not include its share of non-distributable reserves. The amount of Tk10,349,875 brought to account in 2001 includes Tk5,498,481 relating to prior years. In view of the relative immateriality of the amount attributable to prior years, no prior period adjustment has been effected.

5. Investment in securities and others

	2001 Taka	2000 Taka
Original cost of shares in companies listed in Bangladesh	9,765,706	9,544,706
Provision for permanent diminution in value	(3,867,805)	(4,592,646)
	5,897,901	4,952,060
Debentures	80,000,000	70,000,000
Other program investments	-	2,353,909
	85,897,901	77,305,969
Market value of shares in companies listed in Bangladesh	5,897,901	5,640,090

Investments in securities were previously stated at the lower of average purchase cost or their quoted market value on an individual security basis. Following a review of its accounting policies to provide a more appropriate presentation of its financial statements, BRAC has changed its accounting policy to measure, after initial recognition, investments in shares of listed companies at fair value, with unrealized gains or losses recognized in income. No adjustment has been made in respect of prior years as the adjustment to reflect the application of this policy retrospectively is considered relatively immaterial.

Debentures of Tk.10,000,000 (2000: Tk.30,000,000) have been pledged as security for borrowing facilities, as disclosed in Note 18 to the financial statements. The debentures earned interest at 11.5% - 13.50% (2000: 11.5% - 12.75%) per annum during the year.

6. Loans to Village Organisation members

	Principal outstanding Taka	Service charge receivable Taka	Loan loss provision Taka	Total Taka
At January 1, 2001	7,732,454,484	123,368,525	(544,860,387)	7,310,962,622
Additions	15,099,817,735	2,195,038,399	(250,194,734)	17,044,661,400
Realisation	(14,416,043,490)	(2,210,424,626)	-	(16,626,468,116)
Write-off	(160,816,201)	(17,838,688)	160,816,201	(17,838,688)
At December 31, 2001	8,255,412,528	90,143,610	(634,238,920)	7,711,317,218

Loans to VO members bear annual service charges as follows:

Micro-credit	15% flat
Housing loans	10% flat

Repayments are made in weekly/bi-weekly/monthly instalments.

6. Loans to Village Organisation members (Contd.)

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

Loan Classification	Days in Arrears	Loan Principal 2001	Loan loss Provision 2001	Loan Principal 2000	Loan loss Provision 2000
Standard	Current (no arrears)	7,326,300,528	146,526,020	6,580,397,215	126,665,984
Watchlist	1 - 30	127,448,000	6,372,400	325,845,550	16,292,277
Substandard	31 - 180	345,420,000	69,084,000	480,966,232	96,193,246
Doubtful	181 - 350	175,950,000	131,962,500	158,146,427	118,609,820
Loss	Over 350	280,294,000	280,294,000	187,099,060	187,099,060
		<u>8,255,412,528</u>	<u>634,238,920</u>	<u>7,732,454,484</u>	<u>544,860,387</u>

7. Inventories

	2001 Taka	2000 Taka
Seeds and feeds	385,649,323	265,600,811
Medical supplies and consumables	50,507,777	18,141,260
Printing and stationeries	73,261,602	96,465,994
Handicraft goods	197,657,374	210,307,895
Dairy products	31,709,781	19,418,612
Programme materials	177,805,463	193,137,863
	<u>916,591,320</u>	<u>803,072,435</u>

8. Grants and accounts receivable

Grants receivable (Note 16)	242,930,310	301,023,234
Interest receivable on fixed deposits and PSPs	184,811,311	350,255,678
Other accounts receivable	364,730,436	236,480,495
	<u>792,472,057</u>	<u>887,759,407</u>
Provision for doubtful debts	(12,613,742)	(12,627,992)
	<u>779,858,315</u>	<u>875,131,415</u>

Included in interest receivable on fixed deposits and PSPs is Tk.17,469,157 (2000: Tk.25,000,000) receivable after 12 months.

9. Advances, deposits and prepayments

	2001 Taka	2000 Taka
Advances:		
Employees	38,596,197	28,965,534
Suppliers	320,731,774	195,879,666
Advance for tax	62,043,545	50,706,800
	<u>421,371,516</u>	<u>275,552,000</u>
Deposits for facilities and utilities	16,587,714	13,257,330
Prepayments	44,212,273	30,869,956
	<u>482,171,503</u>	<u>319,679,286</u>

10. Fixed deposits and PSPs

Fixed deposits	1,167,123,836	922,904,421
* Patirakhya Sanchya Patras (PSPs)	100,000,000	255,000,000
	<u>1,267,123,836</u>	<u>1,177,904,421</u>

* PSPs are Defence Savings Certificates issued by the Government of Bangladesh.

Fixed deposits and PSPs amounting in aggregate to Tk.649,145,543 (2000: Tk.840,601,506) have been pledged to secure term loan and overdraft facilities as disclosed in Notes 13 and 18.

11. Cash in hand and at banks

Cash in hand	28,255,674	38,073,320
Cash at banks	430,338,191	347,730,155
	<u>458,593,865</u>	<u>385,803,475</u>

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following as at December 31:

Cash in hand and at banks	458,593,865	385,803,475
Bank overdrafts (Note 18)	(355,996,810)	(402,516,663)
	<u>102,597,055</u>	<u>(16,713,188)</u>

12. Deferred income

Note	Investment in Fixed Assets Taka	Motorcycle Replacement Fund Taka	Total Taka
At 1 January 2000 (as previously reported)	564,175,493	232,477,852	796,653,345
Prior period adjustment	24		
- accumulated amounts transferred to income and expenditure account	-	(200,905,879)	(200,905,879)
At 1 January 2000 - restated	564,175,493	31,571,973	595,747,466
Transferred from			
Grants received in advance	16	3,388,879	26,617,120
Amortisation to Statement of Income and Expenditure	19	(14,947,986)	(58,247,783)
At 31 December 2000 - restated	544,103,937	20,012,866	564,116,803
At 1 January 2001 (as previously reported)	544,103,937	180,615,766	724,719,703
Prior period adjustment	24		
- accumulated amounts transferred to income and expenditure account	-	(215,853,865)	(215,853,865)
- amount previously transferred to Capital Fund	-	55,250,965	55,250,965
At 1 January 2001 - restated	544,103,937	20,012,866	564,116,803
Transferred from			
Grants received in advance	16	4,457,645	10,356,443
Amortisation to Statement of Income and Expenditure	19	(11,980,297)	(55,829,973)
At 31 December 2001	506,153,059	12,490,214	518,643,273

13. Term loans

Note	2001 Taka	2000 Taka
Government of Bangladesh	(a) 62,897,925	239,338,526
Palli Karma Shahayak Foundation (PKSF)	(b) 2,414,500,000	1,827,000,000
* Bangladesh Krishi Bank (BKB)	(c) 73,936,200	85,328,300
* Standard Chartered Bank	(d) 250,000,000	490,000,000
Credit Agricole Indosuez	(e) 60,000,000	50,000,000
* Agrani Bank	(f) 125,000,000	189,000,000
Unibank	(g) 10,105,952	28,895,854
BASIC Bank Ltd	(h) 22,400,000	-
* The Trust Bank Ltd	(i) 32,806,246	-
Sonali Bank	(j) 200,000,000	-
Al-Baraka Bank Bangladesh Ltd	-	42,000,000
	3,251,646,323	2,951,562,680

13. Term loans (contd.)

Term Loans are analysed as follows:
 Amount repayable within 12 months
 Amount repayable after 12 months

2001 Taka	2000 Taka
528,748,450	376,960,680
2,722,897,873	2,574,602,000
<u>3,251,646,323</u>	<u>2,951,562,680</u>

- * Secured by fixed deposits and PSPs amounting in aggregate to Tk.348,583,043 (2000: Tk. 460,701,506) and properties amounting in aggregate to Tk.114,341,573 (2000: Tk.Nil)
 - (a) (i) Loan from the Government of Bangladesh of Tk. 32,810,000 is interest-free, and will be repaid until the completion of Poultry for Nutrition program expected to be beyond 2005.
 - (a) (ii) Loan from the Government of Bangladesh of Tk. 36,000,000 was obtained to disburse among the VO members as housing loan and bears interest at 1% per annum. The loan is repayable in equal half yearly instalment in five years, starting from August 2000.
 - (b) (i) Loan from PKSF of Tk.2,287,500,000 was obtained to support the credit program and bears service charge at 5% - 7% (2000: 5%) per annum. This loan is repayable in equal half-yearly instalments in 10 years, starting from June 10, 2001.
 - (b) (ii) Loan from PKSF of Tk.127,000,000 was obtained to support the Participatory Livestock Development Program and bears service charge 6.25% (2000: 6.25%) per annum. This loan is repayable in equal quarterly instalments in 10 instalments, starting from 1999.
 - (c) Loan from BKB bears interest at 8% (2000: 8%) per annum and is repayable in twenty equal half- yearly instalments, starting from January 01, 1998 and ending on July 01, 2007.
 - (d) Loan from Standard Chartered Bank bore interest at 9.5% (2000: 10%) per annum and was fully paid in January 2002.
 - (e) Loan from Credit Agricole Indosuez bore interest at 9% (2000: 9%) per annum and was fully paid in January 2002.
 - (f) Loan from Agrani Bank bears interest at 9.5% (2000: 9.5%) per annum and is repayable in 9 equal half yearly instalments, starting from December 2000.
 - (g) The Unibank loan balance includes capitalised interest calculated at 6% (2000: 6%) per annum at the time of drawdown for the purchase of machinery. The loan is repayable in 10 equal half yearly instalments, starting from September 30, 1997.
 - (h) Loan from The Trust Bank Limited bears interest at 12% per annum and is repayable in 36 equal monthly instalments, starting from July 2003.
 - (i) Loan from Bank of Small Industries and Commerce Bangladesh Ltd bears interest at 12% per annum and is repayable in 60 equal monthly instalments, commencing after 12 months from the date of creation (creation June 12, 2001).
 - (j) Loan from Sonali Bank bears interest at 10% per annum and is repayable in quarterly instalments with accrued interest within 3 years including 1 year moratorium at the beginning, starting from October 31, 2001

14. VO members' savings deposits

	2001 Taka	2000 Taka
Opening balance	3,550,373,268	2,902,953,491
Deposits for the year	2,281,017,934	2,124,177,419
Withdrawals the year	(1,526,394,618)	(1,476,757,642)
Closing balance	4,304,996,584	3,550,373,268

The average rate of interest paid in respect of savings deposits by VO members was 6% (2000: 6%) per annum.

15. Other long term liabilities

Employee gratuity and redundancy fund	812,579,601	722,606,711
Self-insurance fund		
- Employees	67,623,198	47,680,833
- BRAC properties and motorcycles	32,407,657	22,755,323
	100,030,855	70,436,156
Other funds		
- Special fund for scholarship	2,734,900	2,771,115
- Flood rehabilitation fund	50,810,875	46,110,837
- Emergency fund	32,804,561	-
	998,960,792	841,924,819

An actuarial valuation of the self-insurance fund for employees as at December 31, 2001 was performed by an independent professional actuary. Based on the valuation, the actuarial liabilities were estimated at Tk 27,721,000, indicating a surplus provision of Tk 39,902,000. The principal assumptions applied in the actuarial valuation included official mortality rates in Bangladesh and an interest rate of 8%, which is the average long term rate of interest expected to be applicable.

An actuarial valuation of the employee gratuity and redundancy fund as at December 31, 2001 was also performed by an independent professional actuary. Based on the valuation, the actuarial liabilities in respect of past services were estimated at Tk 799,875,000, indicating a surplus provision of Tk 12,705,000. The principal assumptions applied in the actuarial valuation were similar to those applied for the self-insurance fund for employees, and additionally a rate of salary increase of 7% per annum.

The indicative excess provisions in respect of the self-insurance fund for employees and the employee gratuity and redundancy fund, amounting to an aggregate of Tk 52,607,000, have not been written back, but will be considered in determining future provisions.

BRAC also commissioned an investigation report on the properties and motorcycles self-insurance insurance fund as at December 31, 2001 by an independent professional actuary. The provision made, of Tk 32,407,757, is in respect of properties held within the Dhaka city corporation area and motorcycles outside the area. Based on the investigation, the liabilities calculated on insurance premium rates that would be applicable were estimated at Tk 24,400,000. However, the investigation report also addresses BRAC's intention to extend its self-insurance fund to cover its properties outside the Dhaka city corporation area. The investigation report sets out a recommendation that to meet this intention, a provision of Tk 200,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended Tk 200,000,000 over a period of six years commencing 2002, subject to further periodic reviews.

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

The Flood rehabilitation fund represents recoveries from prior disbursements of grants for flood rehabilitation, and is held as a provision.

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

16. Grants received in advance account

		2001 Taka	2000 Taka
At 1 January		18,189,531	45,798,773
Receivables as at 1 January		(301,023,234)	(517,252,385)
		<u>(282,833,703)</u>	<u>(471,453,612)</u>
Donations received	25	1,607,633,045	1,878,070,044
Transferred from / (to) deferred income:			
- Investment in fixed assets	12	(5,898,798)	(23,228,241)
- Motorcycle replacement fund	12	(4,457,645)	(3,388,879)
Transfer to Statement of Income and Expenditure for expenditure during the year	19	<u>(1,480,021,954)</u>	<u>(1,662,833,015)</u>
		(165,579,055)	(282,833,703)
Receivables as at 31 December	8	<u>242,930,310</u>	<u>301,023,234</u>
At 31 December		<u>77,351,255</u>	<u>18,189,531</u>

17. Other current liabilities

Liabilities for expenses		297,914,168	399,057,695
Liabilities for goods		55,437,921	42,267,335
Advances received for training, publications, supplies etc.		<u>158,303,670</u>	<u>63,735,479</u>
		<u>511,655,759</u>	<u>505,060,509</u>

18. Bank overdrafts

Pubali Bank Ltd	(a)	193,422,781	49,645,257
Credit Agricole Indosuez	(b)	5,427,492	154,588,770
American Express Bank	(c)	142,004,366	198,282,636
Standard Chartered Bank	(d)	<u>15,142,171</u>	<u>-</u>
		<u>355,996,810</u>	<u>402,516,663</u>

The bank overdrafts are secured by fixed deposits and PSPs amounting in aggregate to Tk.300,562,500 (2000: Tk.379,900,000) by investments in debentures amounting to Tk.10,000,000 (2000: Tk.30,000,000) and by pledge of properties with a net book value of Tk.282,428,106 (2000: Tk.275,526,729).

Terms and conditions of the individual overdrafts are as detailed below:

- Overdraft from Pubali Bank Ltd which was obtained for micro-credit program bears interest at 12% (2000: 11%) per annum, and is repayable on or before April 30, 2002.
- Overdraft from Credit Agricole Indosuez was obtained for micro-credit program, bears interest at 10% (2000: 10.75%) per annum, and is repayable on or before March 01, 2003.
- Overdraft from American Express Bank was obtained for micro-credit program, bears interest at 9% (2000: 10%) per annum, and is repayable on demand.
- Overdraft from Standard Chartered Bank was obtained for working capital finance, bears interest at 10% per annum, and is repayable on demand.

19. Donor grants

		2001 Taka	2000 Taka
Transferred from grants received in advance	16	1,480,021,954	1,662,833,015
Transferred from deferred income:			
(a) amortisation of investment in fixed assets			
- unrestricted		39,565,148	-
- temporarily restricted		4,284,528	43,299,797
	12	43,849,676	43,299,797
(b) amortisation of motorcycle replacement fund			
- unrestricted		11,180,251	10,816,406
- temporarily restricted		800,046	4,131,580
	12	11,980,297	14,947,986
in			
		<u>1,535,851,927</u>	<u>1,721,080,798</u>

20 Investment income

Interest on bank accounts, fixed deposits and PSPs	123,931,418	169,272,727
Share of profits less losses in related undertakings	23,338,890	16,038,139
Debenture interest	11,251,856	4,259,931
Others	1,627,537	5,074,255
	<u>160,149,701</u>	<u>194,645,052</u>

21. Other income

Service charges	-	59,544,154
Sectoral income	11,908,622	102,887,623
Gain on disposal of assets	6,163,450	4,381,151
Partial reimbursements on cost of educational supplies	32,019,066	23,971,480
Training income	37,158,024	59,236,495
Sales revenue from Gonokendra Journal	312,530	4,319,357
Sales revenue from Printing and Publication	2,015,254	19,067,936
Interest received on loans and advances	34,913,131	7,049,815
Foreign exchange gain - unrealised	17,482,050	10,296,700
Others	17,279,683	21,777,385
	<u>159,251,810</u>	<u>312,532,096</u>

22 Taxation

	2001 Taka	2000 Taka
Income taxation charge for the year	-	19,259,284

In 2001, by virtue of new legislation under the Income Tax Ordinance 1984, in addition to its commercial activities which were previously legislated to be taxable, BRAC is also subject to taxation on income derived from its non-commercial activities unless they are tax exempt. Income from house property (rental), micro-finance activities, agricultural based programme support enterprises and dairy activities are tax-exempt.

There is no taxable income in respect of BRAC's taxable activities in 2001. As at 31 December 2001, BRAC has approximately Tk47 million tax losses arising from these activities, which can be carried forward for a maximum period of 6 years to set-off against any future taxable income within this period, subject to the agreement of the tax authorities.

The taxation charge for 2000 was in respect of net income arising from commercial projects during the year.

23. Foreign currency denominated monetary assets and liabilities :

	2001 Taka	2000 Taka
Residence Foreign Currency Deposits (in US\$)	316,803,777	279,750,750
Cash at bank (in US\$)	373,730	418,807
Term loan from Unibank for BRAC Dairy and Food Project (in US\$)	10,105,952	28,895,854

24 Prior period adjustment

In previous years, the Motorcycle Replacement Fund balance was retained in the balance sheet and transferred to the Unrestricted Capital Fund upon expiry of the relevant programme period and based on the programme grant. To provide a more appropriate presentation of its financial statements, BRAC has changed its accounting policy whereby such donor funds utilized are amortized to the statement of income and expenditure over a period of 5 years, being the average estimated useful life of the motorcycles. The change has had the effect of increasing surplus after taxation for the year by Tk.11,980,297 (2000: surplus after taxation increased by Tk.14,947,986). The effects relating to periods prior to 31 December 1999 have been adjusted against the accumulated funds brought forward from the relevant periods, and have been disclosed in the Statement of Changes in Net Assets.

25 Schedule of donations received

Name of the projects	Donor	2001 Taka	2000 Taka
Rural Development Programme	NOVIB	-	30,906,566
	AKF/CIDA	-	50,426,515
	EC	-	213,871,168
		-	295,204,249
Reproductive Health and Disease Control	DFID	48,877,500	115,441,162
		48,877,500	115,441,162
Rural Service Delivery component of National Integrated Population and Health Programme	Pathfinder International	27,191,725	99,066,139
Vulnerable Group Development Credit Programme	GOB	-	33,500,000
National Facilitation Programme (BINP)	GOB	283,360,721	231,856,735
Arsenic Mitigation	UNICEF	14,676,316	3,985,847
Flood Relief and Rehabilitation Programme	DFID	5,829,922	10,798,538
	DANIDA	18,000,000	-
	NOVIB	-	10,663,835
	E C	-	16,437,910
	Local Donors	-	155,357
		23,829,922	38,055,640
Forth Fisheries Programme	GOB/DFID	5,241,525	3,036,000
Integrated Food Assisted Rehabilitation.	World Food Program	-	9,103,000
Education for Under Aged Garment Workers	UNICEF	3,671,727	2,870,682
Implementation of Guidelines for Compensating Erosion Flood Affected Persons	GOB	204,682	12,166,497
Nonformal Primary Education (Expansion)	UNICEF	86,341,447	-
	DGIS	175,400,000	345,280,000
	NOVIB	34,918,387	47,085,370
	DFID	239,553,800	236,280,000
	AKF/CIDA	84,761,631	49,110,840
	EC	359,791,027	313,950,000
	Others	132,841	11,495
		980,899,133	991,717,705
Challenging the Frontiers and Poverty Reduction	NOVIB	18,519,164	-
		18,519,164	-
Agroforestry and Block Plantation	EC	-	7,558,862
Adult Literacy Programme	GOB	792,706	9,155,395

25 Schedule of donations received (contd.)

Name of the projects	Donor	2001 Taka	2000 Taka
Basic Education for Hard to Reach Urban Working Children	GOB	1,458,000	4,660,147
Hepatitis -B Vaccine	CIDA	-	179,347
Char Development Programme	DGIS	10,659,469	6,802,721
Strategies to Improve the Proportion of Deliveries with Skill Attendants	University Aberdeen	681,867	803,576
Micronutrient Beverage Supplementation for Adolescent Girls	International Dev. Research Centre	-	6,946,340
Participatory Livestock Development Programme	DANIDA	14,269,620	-
Homestead Poultry as the Means of Generating Earnings for and Improving Nutritional Status of the Poor Households of the Selected Thana (Poultry for Nutrition)	GOB	2,266,000	5,960,000
Popular Theater	Australian Embassy	1,227,040	-
Strengthening BRAC Staff Capacity	Rockefeller Foundation	13,457,500	-
INAFI	NOVIB	8,948,546	-
Adolescent Peer Organised Network (APON)	UNICEF	6,282,500	-
Global Nutrition Program	Uppsala University	1,126,103	-
BRAC Limb and Brace Centre (BLBC)	Jaipur Limb Centre	2,776,437	-
Management Training of NNP Managers	GOB	311,649	-
Atta Fortification Program	WFP	565,000	-
Sundarban Biodiversity Conservation Project	GOB	2,110,820	-
Training of Shasthya Sebika and Program Organisers	NOVIB	1,826,011	-
Identification of Gaps and Needed Interventions to Promote Health Equity in Rural Bangladesh	Indepth Network	953,438	-
Kangaroo Mother Care to Prevent Neonatal and Infant Mortality Project	Population Council	486,691	-
Thematic Workshop on Microfinance	Imp-Act	508,002	-
Income Generating Vulnerable Group Dev. Program (Transferred from Term Loan - Govt. of Bangladesh)	GOB	129,250,000	-
MNT Campaign	Save the Children	1,203,231	-
Total Received		1,607,633,045	1,878,070,044

26. Segmental financial information

Balance Sheet as at December 31, 2001

Assets

	Unrestricted								Temporarily restricted	Total 2001	
	Aarong Rural Craft Centre	BRAC Printers	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted		Development Projects
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Fixed assets	23,237,548	19,383,304	197,890,934	635,310,994	4,099,398	998,821,574	1,286,045,916	293,632,719	3,458,422,387	29,300,149	3,487,722,536
Investment in related undertakings	-	-	-	-	-	-	498,268,987	-	498,268,987	-	498,268,987
Investment in securities and others	-	-	-	-	-	-	85,897,901	-	85,897,901	-	85,897,901
Loans to Village Organisation members	-	-	-	-	-	7,711,317,218	-	-	7,711,317,218	-	7,711,317,218
Motor cycle loans	-	-	728,746	5,355,893	972,398	114,336,643	14,139,233	-	135,532,913	25,898,228	161,431,141
Inventories	197,657,374	28,405,271	31,138,425	427,107,238	44,258,992	12,833,370	175,014,938	-	916,415,608	175,712	916,591,320
Grants and accounts receivable	20,311,824	43,648,352	6,613,912	235,298,540	10,048,621	184,531,343	33,499,934	2,975,479	536,928,005	242,930,310	779,858,315
Advances, deposits and prepayments	21,475,335	14,143,387	14,499,451	89,168,444	2,294,827	85,337,734	242,434,561	4,625,909	473,979,648	8,191,855	482,171,503
Term loan -internal	(183,131,885)	(79,354,074)	-	-	-	-	262,485,959	-	-	-	-
Fixed deposits and PSPs	-	-	-	-	-	1,088,785,800	178,338,036	-	1,267,123,836	-	1,267,123,836
Cash in hand and at banks	27,228,299	2,026,694	(157,076,181)	(842,937,160)	(41,988,894)	1,108,313,509	373,663,811	50,043,313	519,273,291	(60,679,526)	458,593,865
Total Assets	106,778,495	28,252,934	93,795,287	549,303,949	19,685,342	11,304,277,191	3,149,789,276	351,277,420	15,603,159,894	245,816,728	15,848,976,622
Liabilities and Net Assets											
Liabilities:											
Deferred income	-	-	-	-	-	-	510,542,594	-	510,542,594	8,100,679	518,643,273
Term loans	-	-	10,105,952	55,206,247	-	3,186,334,124	-	-	3,251,646,323	-	3,251,646,323
VO members' savings deposits	-	-	-	-	-	4,304,996,584	-	-	4,304,996,584	-	4,304,996,584
Other long term liabilities	-	12,103,635	-	-	-	-	954,052,596	-	966,156,231	32,804,561	998,960,792
Vo members project and current account	-	-	-	-	-	40,273,220	-	-	40,273,220	12,151,065	52,424,285
Grants received in advance account	-	-	-	-	-	-	-	-	-	77,351,255	77,351,255
Other current liabilities	38,905,262	4,034,075	12,511,693	15,539,037	1,951,742	243,509,230	175,632,256	8,948,044	501,031,339	10,624,420	511,655,759
Provision for taxation	-	-	-	-	-	-	31,741,030	-	31,741,030	-	31,741,030
Bank overdrafts	-	-	-	-	-	-	355,996,810	-	355,996,810	-	355,996,810
Total Liabilities	38,905,262	16,137,710	22,617,645	70,745,284	1,951,742	7,775,113,158	2,027,965,286	8,948,044	9,962,384,131	141,031,980	10,103,416,111
Net assets -Capital fund	67,873,233	12,115,224	71,177,642	478,558,665	17,733,600	3,529,164,033	1,121,823,990	342,329,376	5,640,775,763	104,784,748	5,745,560,511
Total Liabilities and Net assets	106,778,495	28,252,934	93,795,287	549,303,949	19,685,342	11,304,277,191	3,149,789,276	351,277,420	15,603,159,894	245,816,728	15,848,976,622

26. Segmental financial information (Contd)

	Unrestricted								Temporarily restricted	Total 2000	
	Aarong Rural Craft Centre	BRAC Printers	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted		Development Projects
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Balance Sheet as at December 31, 2000											
Assets											
Fixed assets	23,533,908	24,288,122	226,945,116	450,119,268	125,216	808,582,771	623,846,257	325,881,266	2,483,321,924	536,694,341	3,020,016,265
Investment in related undertakings	-	-	-	-	-	-	206,635,581	-	206,635,581	-	206,635,581
Investment in securities and others	-	-	-	-	-	-	77,305,969	-	77,305,969	-	77,305,969
Loans to Village Organisation members	-	-	-	-	-	7,310,962,622	-	-	7,310,962,622	-	7,310,962,622
Motor cycle loans	-	-	585,388	291,669	-	94,157,049	10,684,706	-	105,718,812	27,490,341	133,209,153
Inventories	210,307,895	32,898,074	19,418,612	275,415,648	2,353,882	18,426,701	240,178,492	-	798,999,304	4,073,131	803,072,435
Grants and accounts receivable	29,211,971	35,045,998	3,044,238	127,850,172	6,685,161	120,038,845	250,210,337	2,021,459	574,108,181	301,023,234	875,131,415
Advances, deposits and prepayments	22,074,615	3,815,588	10,861,974	51,833,752	234,215	140,073,990	66,509,025	3,251,146	298,654,305	21,024,981	319,679,286
Term loan -internal	(123,703,870)	(67,877,914)	-	-	-	-	191,581,784	-	-	-	-
Fixed deposits and PSPs	-	-	-	-	-	818,785,800	359,118,621	-	1,177,904,421	-	1,177,904,421
Cash in hand and at banks	112,377,533	1,220,049	(120,575,820)	(551,420,242)	(371,745)	386,866,512	676,659,793	20,813,485	525,569,565	(139,766,090)	385,803,475
Total Assets	273,802,052	29,389,917	140,279,508	354,090,267	9,026,729	9,697,894,290	2,702,730,565	351,967,356	13,559,180,684	750,539,938	14,309,720,622
Liabilities and Net Assets											
Liabilities:											
Deferred income	-	-	-	-	-	-	12,410,248	-	12,410,248	551,706,555	564,116,803
Term loans	140,000,000	-	70,895,854	-	-	2,541,666,826	199,000,000	-	2,951,562,680	-	2,951,562,680
VO members' savings deposits	-	-	-	-	-	3,550,373,268	-	-	3,550,373,268	-	3,550,373,268
Other long term liabilities	-	8,083,271	-	-	-	-	833,841,548	-	841,924,819	-	841,924,819
Vo members project and current account	-	-	-	-	-	58,423,105	-	-	58,423,105	14,629,327	73,052,432
Grants received in advance account	-	-	-	-	-	-	-	-	-	18,189,531	18,189,531
Other current liabilities	65,928,819	9,191,422	8,703,522	19,279,843	-	273,884,047	67,963,891	39,390,539	484,342,083	20,718,426	505,060,509
Provision for taxation	-	-	-	-	-	-	31,741,030	-	31,741,030	-	31,741,030
Bank overdrafts	-	-	-	-	-	-	402,516,663	-	402,516,663	-	402,516,663
Total Liabilities	205,928,819	17,274,693	79,599,376	19,279,843	-	6,424,347,246	1,547,473,380	39,390,539	8,333,293,896	605,243,839	8,938,537,735
Net assets -Capital fund	67,873,233	12,115,224	60,680,132	334,810,424	9,026,729	3,273,547,044	1,155,257,185	312,576,817	5,225,886,788	145,296,099	5,371,182,887
Total Liabilities and Net assets	273,802,052	29,389,917	140,279,508	354,090,267	9,026,729	9,697,894,290	2,702,730,565	351,967,356	13,559,180,684	750,539,938	14,309,720,622

26. Segmental financial information (Contd.)

	Unrestricted								Temporarily restricted	Total 2001
	Aarong Rural Craft Centre	BRAC Printers	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Statement of Income and Expenditure for the year ended December 31, 2001										
Income										
Donor grants	-	-	-	-	-	-	-	-	-	-
Revenue from										
Commercial projects	650,113,480	170,475,613	314,636,368	-	-	-	-	-	1,135,225,461	1,135,225,461
Program support enterprises	-	-	-	1,466,246,344	102,347,520	-	-	-	1,568,593,864	1,568,593,864
Service charge on loans to VO members	-	-	-	-	-	2,195,038,399	-	-	2,195,038,399	2,195,038,399
Investment income	-	-	-	-	-	89,027,192	70,307,278	-	159,334,470	160,149,701
Other income - internal	(25,086,621)	(7,973,430)	(5,999,964)	(64,947,792)	(1,737,389)	-	105,745,196	-	-	-
Other income	2,268,504	273,209	182,074	-	-	18,046,712	98,285,480	-	119,055,979	159,251,810
Income from House property	-	-	-	-	-	-	-	96,364,025	96,364,025	96,364,025
Total income	627,295,363	162,775,392	308,818,478	1,401,298,552	100,610,131	2,302,112,303	325,083,353	96,364,025	5,324,357,597	1,526,117,590
Expenditure										
Commercial Projects	579,259,751	151,569,930	298,320,968	-	-	-	-	-	1,029,150,649	1,029,150,649
Programme Support Enterprises	-	-	-	1,287,112,340	93,144,447	-	-	-	1,380,256,787	1,380,256,787
House property related expenses	-	-	-	-	-	-	-	56,193,430	56,193,430	56,193,430
Education Programme	-	-	-	-	-	-	18,541,497	-	18,541,497	974,719,403
Nutrition Programme	-	-	-	-	-	-	-	-	-	289,959,610
Health and Population Programme	-	-	-	-	-	-	-	-	117,738,270	111,009,819
Micro Finance Programme	-	-	-	-	-	2,045,704,279	-	-	2,045,704,279	2,045,704,279
Relief and Rehabilitation Programme	-	-	-	-	-	-	148,722	-	148,722	23,754,164
Poultry Extension Programme	-	-	-	-	-	-	25,582,695	-	25,582,695	74,639,976
Fisheries Extension Programme	-	-	-	-	-	-	28,413,690	-	28,413,690	14,052,844
Agriculture Extension Programme	-	-	-	-	-	-	49,738,919	-	49,738,919	13,342,130
Sericulture and Silk Development Programme	-	-	-	-	-	-	27,793,497	-	27,793,497	27,793,497
Human Rights and Legal Education Programme	-	-	-	-	-	-	49,374,761	-	49,374,761	265,022
Rural Enterprise Development Programme	-	-	-	-	-	-	24,264,556	-	24,264,556	24,264,556
Training, workshop and seminars	-	-	-	-	-	-	37,791,565	-	37,791,565	18,110,616
Grant to BRAC University	-	-	-	-	-	-	50,000,000	-	50,000,000	50,000,000
Research, Monitoring and Evaluation	-	-	-	-	-	-	10,086,702	-	10,086,702	5,463,960
Total Expenses	579,259,751	151,569,930	298,320,968	1,287,112,340	93,144,447	2,045,704,279	439,474,874	56,193,430	4,950,780,019	1,525,317,544
Surplus/(deficit) of income over expenditure before taxation	48,035,612	11,205,462	10,497,510	114,186,212	7,465,684	256,408,024	(114,391,521)	40,170,595	373,577,578	800,046
Taxation	-	-	-	-	-	-	-	-	-	-
Net surplus/(deficit) for the year	48,035,612	11,205,462	10,497,510	114,186,212	7,465,684	256,408,024	(114,391,521)	40,170,595	373,577,578	800,046

26. Segmental financial information (Contd.)

	Unrestricted								Temporarily restricted	Total 2000	
	Aarong Rural Craft Centre	BRAC Printers	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted		Development Projects
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Statement of Income and Expenditure for the year ended December 31, 2000											
Income											
Donor grants	-	-	-	-	-	-	10,816,406	-	10,816,406	1,710,264,392	1,721,080,798
Revenue from:											
Commercial projects	740,806,701	141,955,834	290,351,069	-	-	-	-	-	1,173,113,604	-	1,173,113,604
Program support enterprises	-	-	-	983,537,325	30,441,710	-	-	-	1,013,979,035	-	1,013,979,035
Service charge on loans to VO members	-	-	-	-	-	1,893,023,196	-	-	1,893,023,196	-	1,893,023,196
Investment income	-	-	-	-	-	99,982,188	-	-	194,645,052	-	194,645,052
Other income	4,725,679	237,466	305,482	2,711,041	-	28,637,274	115,659,595	-	152,276,537	160,255,559	312,532,096
Income from House property	-	-	-	-	-	-	-	90,515,065	90,515,065	-	90,515,065
Total income	745,532,380	142,193,300	290,656,551	986,248,366	30,441,710	2,021,642,658	221,138,865	90,515,065	4,528,368,895	1,870,519,951	6,398,888,846
Expenditure											
Commercial Projects	678,551,356	132,369,071	290,424,667	-	-	-	-	-	1,101,345,094	-	1,101,345,094
Programme Support Enterprises	-	-	-	890,737,831	24,971,198	-	-	-	915,709,029	-	915,709,029
House property related expenses	-	-	-	-	-	-	-	51,589,381	-	-	51,589,381
Education Programme	-	-	-	-	-	-	16,439,592	-	16,439,592	943,430,267	959,869,859
Nutrition Programme	-	-	-	-	-	-	-	-	-	189,116,599	189,116,599
Health and Population Programme	-	-	-	-	-	-	9,185,607	-	9,185,607	282,769,444	291,955,051
Micro Finance Programme	-	-	-	-	-	1,823,464,673	-	-	1,823,464,673	-	1,823,464,673
Relief and Rehabilitation Programme	-	-	-	-	-	-	-	-	-	21,842,209	21,842,209
Poultry Extension Programme	-	-	-	-	-	-	-	-	-	102,344,414	102,344,414
Fisheries Extension Programme	-	-	-	-	-	-	-	-	-	63,951,543	63,951,543
Agriculture Extension Programme	-	-	-	-	-	-	-	-	-	77,365,360	77,365,360
Sericulture and Silk Development Programme	-	-	-	-	-	-	-	-	-	78,852,271	78,852,271
Human Rights and Legal Education Programme	-	-	-	-	-	-	-	-	-	71,890,930	71,890,930
Rural Enterprise Development Programme	-	-	-	-	-	-	-	-	-	24,331,964	24,331,964
Training, workshop and seminars	-	-	-	-	-	-	59,926,016	-	59,926,016	-	59,926,016
Research, Monitoring and evaluation	-	-	-	-	-	-	-	-	-	10,493,370	10,493,370
Total Expenses	678,551,356	132,369,071	290,424,667	890,737,831	24,971,198	1,823,464,673	85,551,215	51,589,381	3,977,659,392	1,866,388,371	5,844,047,763
Surplus/(deficit) of income over expenditure before taxation	66,981,024	9,824,229	231,884	95,510,535	5,470,512	198,177,985	135,587,650	38,925,684	550,709,503	4,131,580	554,841,083
Taxation	-	-	-	-	-	-	-	-	(19,259,284)	-	(19,259,284)
Net surplus/(deficit) for the year	66,981,024	9,824,229	231,884	95,510,535	5,470,512	198,177,985	135,587,650	38,925,684	531,450,219	4,131,580	535,581,799

27. Statement of Functional Expenses

	Unrestricted								Temporarily restricted	Total 2001	
	Aarong Rural Craft Centre	BRAC Printers	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted		Development Projects
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka		Taka
Salaries and benefits	39,410,357	4,622,014	9,396,910	30,623,120	3,877,579	923,848,626	247,637,504	-	1,259,416,110	411,405,138	1,670,821,248
Travelling and transportation	3,510,921	749,490	8,171,048	9,542,838	1,273,134	86,413,305	26,961,352	-	136,622,088	83,270,410	219,892,498
Teachers' salaries	-	-	-	-	-	-	-	-	-	262,512,202	262,512,202
Teachers' training	-	-	-	-	-	-	-	-	-	42,292,731	42,292,731
School rent and maintenance	-	-	-	-	-	-	-	-	-	90,116,562	90,116,562
Stationery, rent and utilities	29,189,493	2,527,826	2,894,776	7,413,283	-	131,689,240	18,422,961	5,723,823	197,861,402	52,668,550	250,529,952
Maintenance and general expenses	10,000,549	439,874	1,805,224	10,082,509	1,142,622	64,113,835	1,189,351	9,148,652	97,922,616	36,275,999	134,198,615
VO members' training	-	-	-	-	-	-	7,217,891	-	7,217,891	86,075,791	93,293,682
Staff training and development	-	3,000	31,504	31,720	-	41,696,138	286,012	-	42,048,374	30,026,648	72,075,022
Programme supplies	-	91,500	-	723,723	243,734	76,791,537	3,531,724	-	81,382,218	394,766,982	476,149,200
Interest on VO members' savings deposits	-	-	-	-	-	214,455,838	-	-	214,455,838	-	214,455,838
Interest on long term loans	-	-	2,571,000	-	-	172,299,842	-	2,025,000	176,895,842	31,622,004	208,517,846
Bank overdraft interest and charges	6,042,776	-	-	-	-	-	32,873,284	-	38,916,060	-	38,916,060
Cost of goods sold of commercial projects	468,789,669	140,940,273	229,034,289	-	-	-	-	-	838,764,231	-	838,764,231
Cost of goods sold of programme support enterprises	-	-	-	1,195,707,094	82,429,583	-	-	-	1,278,136,677	-	1,278,136,677
Publicity, advertisement and sales commissions	13,471,206	403,765	4,608,634	4,066,591	1,990,928	-	1,733,528	-	26,274,652	-	26,274,652
Loan loss provision for loans to VO members	-	-	-	-	-	250,194,734	-	-	250,194,734	-	250,194,734
Depreciation of fixed assets	8,844,780	238,524	30,533,148	30,658,851	449,478	51,396,623	49,609,670	29,643,621	201,374,695	4,284,527	205,659,222
Provision for bad and doubtful debts	-	317,000	-	-	-	-	-	-	317,000	-	317,000
Foreign exchange loss- unrealised	-	-	1,222,563	-	-	-	-	-	1,222,563	-	1,222,563
Allocation to self- insurance fund	-	-	-	-	-	-	-	9,652,334	9,652,334	-	9,652,334
Value Added Tax	-	1,236,664	8,051,872	-	-	-	11,597	-	9,300,133	-	9,300,133
Grant to BRAC University	-	-	-	-	-	-	50,000,000	-	50,000,000	-	50,000,000
Provision for Emergency fund	-	-	-	-	-	32,804,561	-	-	32,804,561	-	32,804,561
	579,259,751	151,560,930	298,320,968	1,288,849,729	91,407,058	2,045,704,279	439,474,874	56,193,430	4,950,780,019	1,525,317,544	6,476,097,563

Included in cost of goods sold of commercial projects is depreciation of fixed assets amounting to Tk. 6,934,210

27. Statement of Functional Expenses (Contd.)

	Unrestricted								Temporarily restricted	Total 2000	
	Aarong Rural Craft Centre	BRAC Printers	BRAC Dairy and Food Project	Agro based Programme Support Enterprise	Non-agro based Programme Support Enterprise	Micro Finance Programme	Self-financing Social Development Projects	House Property (Building)	Total Unrestricted		Development Projects
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Salaries and benefits	40,051,709	4,225,019	8,591,973	26,416,245	762,198	848,798,723	14,620,958	-	943,466,825	619,433,154	1,562,899,979
Travelling and transportation	4,625,725	366,739	5,666,373	6,801,681	227,335	75,761,081	2,577,007	-	96,025,941	92,725,461	188,751,402
Teachers' salaries	-	-	-	-	-	-	-	-	-	272,855,664	272,855,664
Teachers' training	-	-	-	-	-	-	-	-	-	33,864,034	33,864,034
School rent and maintenance	-	-	-	-	-	-	-	-	-	63,549,740	63,549,740
Stationery, rent and utilities	29,048,412	2,579,052	3,162,721	11,639,229	303,588	106,971,988	89,850	4,586,068	158,380,908	44,436,076	202,816,984
Maintenance and general expenses	8,032,250	495,722	1,647,022	8,019,532	152,149	57,313,827	5,802,186	4,726,774	86,189,462	25,652,285	111,841,747
VO members' training	-	-	-	-	-	-	-	-	-	128,655,899	128,655,899
Staff training and development	-	-	38,155	-	-	42,635,299	171,569	-	42,845,023	47,163,575	90,008,598
Programme supplies	-	171,968	-	6,072,601	61,407	69,535,810	4,714,957	-	80,556,743	450,850,584	531,407,327
Interest on VO members' savings deposits	-	-	-	-	-	196,272,685	-	-	196,272,685	-	196,272,685
Interest on long term loans	22,267,582	8,285,080	9,779,964	4,458,527	695,405	131,426,543	(18,549,041)	4,725,000	163,088,980	-	163,088,980
Bank overdraft interest and charges	3,151,839	-	-	28,459,079	-	-	-	-	31,610,918	43,902,102	75,513,020
Cost of goods sold of commercial projects	548,354,923	114,691,535	223,477,653	-	-	-	-	-	886,524,111	-	886,524,111
Cost of goods sold of programme support enterprises	-	-	-	768,095,442	22,765,485	-	20,533,873	-	811,394,800	-	811,394,800
Publicity, advertisement and sales commissions	6,657,538	303,259	3,656,851	9,665,498	-	-	4,599,543	-	24,882,689	-	24,882,689
Loan loss provision for loans to VO members	-	-	-	-	-	271,814,612	-	-	271,814,612	-	271,814,612
Depreciation of fixed assets	9,133,005	252,593	29,498,745	21,109,997	3,631	22,934,105	27,890,564	29,157,440	139,980,080	43,299,797	183,279,877
Provision for bad and doubtful debts	2,174,997	150,000	-	-	-	-	-	-	2,324,997	-	2,324,997
Provision for inventory obsolescence	5,053,376	-	-	-	-	-	-	-	5,053,376	-	5,053,376
Foreign exchange loss - unrealised	-	-	4,905,210	-	-	-	-	-	4,905,210	-	4,905,210
Allocation to self-insurance fund	-	-	-	-	-	-	-	8,394,099	8,394,099	-	8,394,099
Value Added Tax	-	848,184	-	-	-	-	-	-	848,184	-	848,184
Loss on investments	-	-	-	-	-	-	23,099,749	-	23,099,749	-	23,099,749
	678,551,356	132,369,071	290,424,667	890,737,831	24,971,198	1,823,464,673	85,551,215	51,589,381	3,977,659,392	1,866,388,371	5,844,047,763

Included in cost of goods sold of commercial projects is depreciation of fixed assets amounting to Tk 18,747,636

28. Comparatives

Comparative figures have been adjusted for the effects of the change in accounting policy disclosed in Note 24. The effects of the change in accounting policy are disclosed in the statement of changes in net assets. In addition, expenditure items in the statement of income and expenditure have been reclassified and presented in accordance with the projects and programmes they relate to, whereas such items had, in previous financial years, been presented in accordance with their nature.