

BRAC

(REGISTERED IN BANGLADESH UNDER THE SOCIETIES
REGISTRATION ACT 1860)

Audited Financial Statements

December 31, 2003

 **ERNST & YOUNG**

AF: 0039

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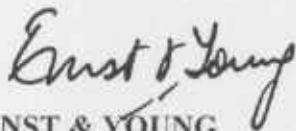
INDEPENDENT AUDITORS' REPORT

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, 2003 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 33, 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, 2003 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


29 March, 2004

S. F. Ahmed
S. F. AHMED & CO
Chartered Accountants
Dhaka, Bangladesh

BRAC
 (Registered in Bangladesh under the Societies Registration Act, 1860)
Balance Sheet
 as at December 31, 2003

	Notes	2003 Taka	2002 Taka
ASSETS			
Property, plant and equipment	3	3,715,718,935	3,749,559,706
Investment in related undertakings	4	887,104,181	467,510,714
Investment in securities and others	5	430,906,861	314,474,853
Loans to Village Organisation members	6	10,855,808,970	8,599,032,470
Motor cycle loans		245,084,529	214,606,333
Inventories	7	968,960,304	791,174,834
Grants and accounts receivable	8	686,777,380	1,097,564,545
Advances, deposits and prepayments	9	582,859,158	600,005,624
Fixed deposits	10	1,964,259,588	1,576,587,644
Cash in hand and at banks	11	457,267,909	375,703,955
TOTAL ASSETS		<u>20,794,747,815</u>	<u>17,786,220,678</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Deferred income	12	431,315,162	477,179,751
Term loans	13	4,149,157,346	3,725,747,360
VO members' savings deposits	14	6,285,938,837	4,983,956,968
Other long term liabilities	15	1,410,411,324	1,231,700,816
VO members' project and current account		31,551,382	40,888,528
Grants received in advance account	16	350,232,107	218,631,804
Other current liabilities	17	689,335,936	607,386,381
Provision for taxation		31,741,030	31,741,030
Bank overdraft	18	506,164,508	284,557,455
Total liabilities		<u>13,885,847,632</u>	<u>11,601,790,093</u>
Net Assets:			
Capital fund			
- unrestricted		6,775,001,652	6,060,360,457
- temporarily restricted		133,898,531	124,070,128
		<u>6,908,900,183</u>	<u>6,184,430,585</u>
TOTAL LIABILITIES AND NET ASSETS		<u>20,794,747,815</u>	<u>17,786,220,678</u>

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
 BRAC
 Dhaka, March 29, 2004



Executive Director
 BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended December 31, 2003

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2003 Taka
Income				
Donor grants	19	48,359,951	2,244,965,879	2,293,325,830
Revenue from:				
- Commercial projects		1,505,708,077	-	1,505,708,077
- Programme support enterprises		2,251,326,409	-	2,251,326,409
Service charge on loans to VO members		2,838,603,785	-	2,838,603,785
Investment income	20	212,321,994	4,868,164	217,190,158
Other income	21	124,643,828	33,803,054	158,446,882
Rental income from House property		88,472,321	-	88,472,321
Total income		7,069,436,365	2,283,637,097	9,353,073,462
Expenditure				
Commercial Projects		1,340,268,713	-	1,340,268,713
Program Support Enterprises		2,205,080,068	-	2,205,080,068
House property related expenses		72,459,403	-	72,459,403
Education Programme		24,401,465	1,599,983,844	1,624,385,309
Challenging the Frontiers of Poverty Reduction Programme		45,000,000	390,481,618	435,481,618
Nutrition Programme		-	113,470,763	113,470,763
Health and Population Programme		69,819,009	64,475,897	134,294,906
Micro Finance Programme		2,371,523,988	346,000	2,371,869,988
Poultry Extension Programme		64,370,687	43,402,494	107,773,181
Fisheries Extension Programme		24,898,805	20,771,436	45,670,241
Agriculture Extension Programme		41,449,633	13,554,964	55,004,597
Sericulture and Silk Development Programme		24,802,092	-	24,802,092
Rural Enterprise Development Programme		23,027,654	-	23,027,654
Training, Workshop and Seminars		37,869,218	4,287,290	42,156,508
Grant to BRAC Afghanistan		5,508,710	-	5,508,710
Research, Monitoring and Evaluation		-	21,294,118	21,294,118
Provision for impairment in value of investment in related undertakings		6,055,995	-	6,055,995
Total expenses		6,356,535,440	2,272,068,424	8,628,603,864
Surplus of income over expenditure before taxation		712,900,925	11,568,673	724,469,598
Taxation	22	-	-	-
Net surplus for the year		712,900,925	11,568,673	724,469,598

The annexed notes form an integral part of these statements.



Chairperson, Governing Body
BRAC
Dhaka, March 29, 2004



Executive Director
BRAC

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Income and Expenditure
for the year ended December 31, 2002

	Notes	Unrestricted Taka	Temporarily Restricted Taka	Total 2002 Taka
Income				
Donor grants	19	46,709,593	1,933,309,022	1,980,018,615
Revenue from:				
- Commercial projects		1,217,762,521	-	1,217,762,521
- Programme support enterprises		1,717,513,559	-	1,717,513,559
Service charge on loans to VO members		2,403,926,404	-	2,403,926,404
Investment income	20	136,150,718	2,521,939	138,672,657
Other income	21	98,780,890	42,474,115	141,255,005
Rental income from House property		89,356,811	-	89,356,811
Total income		5,710,200,496	1,978,305,076	7,688,505,572
Expenditure				
Commercial Projects		1,089,285,430	-	1,089,285,430
Program Support Enterprises		1,593,950,104	-	1,593,950,104
House property related expenses		76,173,241	-	76,173,241
Education Programme		13,581,259	1,176,417,937	1,189,999,196
Nutrition Programme		-	355,255,789	355,255,789
Health and Population Programme		4,880,925	128,996,941	133,877,866
Micro Finance Programme		2,156,961,769	126,000	2,157,087,769
Poultry Extension Programme		57,712,790	97,849,783	155,562,573
Fisheries Extension Programme		58,293,549	22,142,262	80,435,811
Agriculture Extension Programme		71,083,273	16,845,859	87,929,132
Sericulture and Silk Development Programme		61,490,980	-	61,490,980
Human Rights and Legal Education Programme		25,748,653	66,632,154	92,380,807
Rural Enterprise Development Programme		34,452,622	69,539,553	103,992,175
Training, Workshop and Seminars		34,515,054	7,876,853	42,391,907
Grant to BRAC Afghanistan		6,091,290	-	6,091,290
Research, Monitoring and Evaluation		6,394,863	17,336,565	23,731,428
Total expenses		5,290,615,802	1,959,019,696	7,249,635,498
Surplus of income over expenditure before taxation		419,584,694	19,285,380	438,870,074
Taxation	22	-	-	-
Net surplus for the year		419,584,694	19,285,380	438,870,074

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, 2003

Note	Capital Fund		Total Net assets Taka
	Unrestricted	Temporarily restricted	
	Taka	Taka	
At 1 January 2002	5,640,775,763	104,784,748	5,745,560,511
Net surplus for the year	<u>419,584,694</u>	<u>19,285,380</u>	<u>438,870,074</u>
At 31 December 2002	<u>6,060,360,457</u>	<u>124,070,128</u>	<u>6,184,430,585</u>
At 1 January 2003	6,060,360,457	124,070,128	6,184,430,585
Transfer following expiry of programmes	1,740,270	(1,740,270)	-
Net surplus for the year	<u>712,900,925</u>	<u>11,568,673</u>	<u>724,469,598</u>
At 31 December 2003	<u>6,775,001,652</u>	<u>133,898,531</u>	<u>6,908,900,183</u>

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended December 31, 2003

Note	2003 Taka	2002 Taka
Cash flows from operating activities:		
Surplus of income over expenditure before taxation	724,469,598	438,870,074
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Loan loss provision	367,823,502	312,707,454
Depreciation	232,856,489	231,924,142
Gain on disposal of property, plant and equipment	(7,333,872)	(769,260)
Gain on disposal of related undertakings	(7,735,190)	-
Share of results in related undertakings during the year	(23,137,202)	26,843,381
Provision for impairment in value of investment in related undertakings	6,055,995	-
Donor grants - amortisation of investment in property, plant and equipment	(48,459,166)	(42,344,564)
Donor grants - amortisation of motorcycle replacement funds	(4,271,864)	(7,440,156)
Service charge on loans to VO members	(2,838,603,785)	(2,403,926,404)
Interest on fixed deposits and bank accounts	(123,142,133)	(142,158,761)
Interest on VO members saving deposits	280,368,425	262,409,326
Interest on long term loans and overdraft facilities	303,080,320	213,485,996
Adjustments for other accounts:		
Decrease/(increase) in service charge outstanding on loans to VO members	(35,079,722)	12,830,686
Decrease/(Increase) in inventories	(177,785,470)	125,416,486
Decrease/(Increase) in advances, deposits and prepayments	17,146,466	(117,834,121)
(Increase)/Decrease in accounts receivable, net	107,185,069	(133,256,491)
Decrease in other current liabilities	81,949,556	95,730,622
Decrease in other long term liabilities	178,710,508	232,740,024
Decrease in deferred income	6,866,441	8,321,198
Increase in motorcycle loans	(30,478,196)	(53,175,192)
Net cash used in operating activities	(989,514,231)	(939,625,560)
Cash flows from investing activities:		
Increase in loans to VO members	(2,589,520,280)	(1,213,253,392)
Service charge received on loans to VO members	2,838,603,785	2,403,926,404
Interest received on fixed deposits and bank accounts	123,142,133	142,158,761
Interest paid on VO members saving deposits	(280,368,425)	(262,409,326)
Interest paid on long term loans and overdraft facilities	(303,080,320)	(213,485,996)
Purchase of property, plant and equipment	(253,314,660)	(493,761,312)
Proceeds from disposal of property, plant and equipment	61,632,814	769,260
Proceeds from disposal of related undertakings	40,000,000	-
Decrease/(Increase) in fixed deposits pledged with financial institutions	37,582,899	(614,831,417)
Increase in investments in related undertakings	(449,777,016)	(2,897,605)
Dividends received from related undertakings	14,999,941	6,812,497
Increase in investment in securities and others	(116,432,008)	(228,576,952)
Net cash used in investing activities	(876,531,137)	(475,549,078)

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Statement of Cash Flows
for the year ended December 31, 2003

	Note	2003 Taka	2002 Taka
Cash flows from financing activities:			
Grants received during the year		2,682,663,640	1,895,385,903
Grants utilised during the year for:			
- operational expenditure & micro-finance		(2,240,594,800)	(1,930,233,895)
- investment in property, plant and equipment		(2,925,941)	(6,067,223)
- motorcycle replacement funds		(3,940,500)	(2,253,975)
Increase in term loans		423,409,986	474,101,037
Increase in VO members savings deposits		1,301,981,869	678,960,384
Decrease in VO members project and current accounts		(9,337,142)	(11,535,757)
Net cash provided by financing activities		2,151,257,112	1,098,356,474
Net (decrease)/increase in cash and cash equivalents		285,211,744	(316,818,164)
Cash and cash equivalents, beginning of the year		403,757,184	720,575,348
Cash and cash equivalents, end of the year	11	688,968,928	403,757,184

The annexed notes form an integral part of these statements.

BRAC
(Registered in Bangladesh under the Societies Registration Act, 1860)
Notes to Financial Statements
December 31, 2003

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 carries out licensed banking activities through the BRAC Bank Ltd and also earns from various income generating projects such as Aarong Rural Craft Centre, BRAC Printers and BRAC Dairy and Food project, BRAC Tea Estates, and various programme support enterprises such as poultry farms, feedmills, seedmills and prawn hatcheries.

During the year, investments in related undertakings were made as follows:

		Taka
BRAC Bank Limited	- additional investment	67,450,000
Documenta TM Limited	- new investment	2,400,000
A.Q. Chowdhury & Sons Tea Estate Limited	- new investment	243,908,025
Purbachal Tea Company Ltd	- new investment	63,300,695
Banshkhali Tea Company Ltd	- new investment	27,709,870

BRAC also disposed of its investment in BRAC Renata Agro Industries Limited for a consideration of Taka 40,000,000, resulting in a net gain of Taka 7,735,190.

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, as disclosed in the Summary of Significant Accounting Policies. The financial statements are expressed in Bangladesh Taka.

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

2.1 Basis of preparation of financial statements

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

These financial statements include the financial statements of BRAC and, on an equity accounted basis, those of the related undertakings set out in Note 4 in which BRAC has equity interests through which it exercises control or significant influence. As stated in Note 2.2, BRAC, being a society under the Societies Registration Act, 1860, is not subject to any requirement to prepare consolidated financial statements.

2. Summary of Significant Accounting Policies (contd.)

2.1 Basis of preparation of financial statements (contd.)

In contrast to the ownership of equity interest in related undertakings, BRAC also extends gratuitous grants to certain organisations that, in some instances may bear names with resemblance to BRAC, vis BRAC University and BRAC Afghanistan. However, no equity is held in these entities, and BRAC's financial statements therefore do not include the financial statements of these entities.

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

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

- **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 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 2.9, together with related undertakings in which the effective equity interests are between 20% and 50%.

2. Summary of Significant Accounting Policies (contd.)

2.3 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 (excluding situations when BRAC may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). Income recognition of such grants follows that of cash-based donor grants and would thus depend on whether the grants are to be utilized for the purchase of fixed assets or expended as programme-related expenditure.

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

2.4 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 its receipt becomes probable, generally 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.

2. Summary of Significant Accounting Policies (contd.)

2.4 Revenue Recognition (contd)

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.

2.5 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.

2.6 Property, plant and equipment

Property, plant and equipment 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/Mannequins/Samples	33.33

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

2.7 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. Summary of Significant Accounting Policies (contd.)

2.8 Provision for Loan Losses

BRAC provides for loan losses 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.

2.9 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. Provision is also made for any impairment if the carrying amount of an investment exceeds its recoverable amount.

2.10 Investment in Securities and Others

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

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

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

2.11 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. Summary of Significant Accounting Policies (contd.)

2.13 Motorcycle Replacement Fund

Applicable donor funds are utilized for providing motorcycles to project or programme staff, and these funds are held in a replacement fund. BRAC provides motorcycles to staff, the cost of which is recovered through monthly salary deductions. 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.

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 and liabilities are outlined in Note 23 below.

2.15 Self - Insurance Funds

BRAC has created a self-insurance fund to cover the risks of cyclone and fire on its properties and motorcycles. This self-insurance fund is based on estimates by the Governing Body, and as from 2001 by reference to external actuarial valuations. It is held as a provision within 'Other long term liabilities' (Note 15) 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 within 'Other long term liabilities' (Note 15) and is not externally funded. It is based on estimates by the Governing Body, and as from 2001 by reference to external actuarial valuations.

The extent of future liabilities requiring current provisions, and the rate of provisions required in the immediately following financial periods have been determined based on actuarial valuations carried out in 2003 in respect of the funds, and are disclosed 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 within 'Other long term liabilities' (Note 15), 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.

2. Summary of Significant Accounting Policies (contd.)

2.16 Employee Gratuity and Redundancy Fund (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 valuation carried out in 2003, and are disclosed 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 for, 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 their realisation is probable.

2.18 Borrowing Costs

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 and unpledged fixed deposits, 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. Property, plant and equipment

Group of fixed assets	Cost					Depreciation				Net book value 31-12-2003	Net book value 31-12-2002
	Opening balance Taka	Additions during the year Taka	Transferred during the year Taka	Disposals during the year Taka	Closing balance Taka	Opening balance Taka	Charged during the year Taka	Adjustment for disposals/transfer during the year Taka	Closing balance Taka		
Freehold land	1,373,742,287	54,823,706	-	(6,547,995)	1,422,017,998	-	-	-	-	1,422,017,998	1,373,742,287
Buildings	1,816,808,956	-	85,918,962	(43,254,060)	1,859,473,858	324,754,586	61,409,656	-	386,164,242	1,473,309,616	1,492,054,370
Furniture and fixtures	319,758,546	16,897,781	-	(649,646)	336,006,681	195,845,729	22,829,714	(184,150)	218,491,293	117,515,388	123,912,817
Equipment	750,528,861	113,100,941	-	(9,446,829)	854,182,973	428,020,182	78,712,038	(5,415,438)	501,316,782	352,866,191	322,508,679
Vehicles	198,519,365	22,621,896	-	(1,500,000)	219,641,261	163,508,534	22,006,705	(1,500,000)	184,015,239	35,626,022	35,010,831
Bicycles	13,886,445	1,995,632	-	-	15,882,077	10,302,360	1,524,892	-	11,827,252	4,054,825	3,584,085
Machinery	281,774,347	18,873,963	-	-	300,648,310	150,431,907	26,802,226	-	177,234,133	123,414,177	131,342,440
Deep tubewell and tank	7,851,456	607,662	-	-	8,459,118	4,126,013	694,498	-	4,820,511	3,638,607	3,725,443
Hatchery	4,222,804	2,396,088	-	-	6,618,892	1,326,446	702,047	-	2,028,493	4,590,399	2,896,358
Camp/poultry/livestock sheds	143,489,254	6,739,215	-	-	150,228,469	8,044,285	13,608,255	-	21,652,540	128,575,929	135,444,969
Motorcycles	2,123,611	136,084	-	-	2,259,695	1,255,524	-	-	1,255,524	1,004,171	868,087
Construction work in progress	105,176,275	14,644,692	(85,918,962)	-	33,902,005	-	-	-	-	33,902,005	105,176,275
Crates/mannequins/samples	53,512,085	477,000	-	-	53,989,085	34,219,020	4,566,458	-	38,785,478	15,203,607	19,293,065
Total 2003	5,071,394,292	253,314,660	-	(61,398,530)	5,263,310,422	1,321,834,586	232,856,489	(7,099,588)	1,547,591,487	3,715,718,935	3,749,559,706
Total 2002	4,580,451,980	493,761,312	-	(2,819,000)	5,071,394,292	1,092,729,444	231,924,142	(2,819,000)	1,321,834,586	3,749,559,706	

Allocation of depreciation:

		2003 Taka	2002 Taka
i) included in cost of sales of commercial projects	Note 26	7,220,227	6,482,931
ii) reflected in programme related expenses	Note 26	225,636,262	225,441,211
		232,856,489	231,924,142

An amount of Tk.48,459,166 (2002: Tk.42,344,564) 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.381,545,087 (2002: Tk. 648,695,160) have been pledged to secure term loans and overdraft facilities as disclosed in Notes 13 and 18 to the financial statements.

4. Investment in related undertakings

Related undertakings - unquoted	2003				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	317,390,000	(9,093,757)	-	-	308,296,243
BRAC Industries Ltd.	24,999,900	3,527,411	-	-	28,527,311
BRAC BD Mail Network	9,250,000	1,611,636	-	-	10,861,636
Documenta TM Ltd	2,400,000	74,790	1,760,180	-	4,234,970
BRAC Services Ltd.	10,000,000	(28,853,003)	24,908,998	(6,055,995)	-
BRAC Concord Lands Ltd.	60,000,000	(9,781,395)	-	-	50,218,605
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	18,897,411	-	-	68,897,411
A.Q.Choudhury & Sons Tea Estate Ltd	243,908,025	2,241,543	20,499,607	-	266,649,175
Purbachal Tea Company Ltd	63,300,695	(1,528,392)	15,049,777	-	76,822,080
Banshkhali Tea Company Ltd	27,719,870	(2,217,665)	8,608,729	-	34,110,934
Bangladesh Netting Factory	17,071,429	(5,130,796)	26,545,183	-	38,485,816
	<u>826,039,919</u>	<u>(30,252,217)</u>	<u>97,372,474</u>	<u>(6,055,995)</u>	<u>887,104,181</u>

Related undertakings - unquoted	2002				
	Shares Taka	Share of Reserves Taka	Loans Taka	Provision for impairment in value Taka	Total Taka
BRAC Bank Ltd.	249,940,000	(39,361,933)	-	-	210,578,067
BRAC Industries Ltd.	24,999,900	1,877,690	-	-	26,877,590
BRAC BD Mail Network	9,250,000	(519,714)	-	-	8,730,286
BRAC Renata Argo Industries Ltd.	21,420,000	12,062,329	17,000,000	-	50,482,329
BRAC Services Ltd.	10,000,000	(23,799,256)	24,754,463	-	10,955,207
BRAC Concord Lands Ltd.	60,000,000	(4,915,020)	9,600,221	-	64,685,201
Delta BRAC Housing Finance Corp. Ltd.	50,000,000	32,209,293	-	-	82,209,293
Bangladesh Netting Factory	17,071,429	(5,098,052)	1,019,364	-	12,992,741
	<u>442,681,329</u>	<u>(27,544,663)</u>	<u>52,374,048</u>	<u>-</u>	<u>467,510,714</u>

Represented by:

Share of net tangible assets
Goodwill on acquisition
Loans

	2003	2002
Share of net tangible assets	748,866,985	415,136,666
Goodwill on acquisition	40,864,722	-
Loans	97,372,474	52,374,048
	<u>887,104,181</u>	<u>467,510,714</u>

4. Investments in related undertakings (contd)

Related undertakings	2003 %	2002 %	Principal activities
BRAC Bank Ltd. (Incorporated in Bangladesh)	99.9	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	98.0	Internet service provider
BRAC Renata Agro Industries Ltd. (Incorporated in Bangladesh)	-	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
Documenta TM ltd (Incorporated in Bangladesh)	80.0	-	Software Development
A.Q.Choudhury & Sons Tea Estate Ltd (Incorporated in Bangladesh)	99.9	-	Tea Plantation
Purbachal Tea Company Ltd (Incorporated in Bangladesh)	99.9	-	Tea Plantation
Banshkhali Tea Company Ltd (Incorporated in Bangladesh)	99.9	-	Tea Plantation
Bangladesh Netting Factory (Incorporated in Bangladesh)	94.0	94.0	Poultry Processing

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

Loans represent finance provided for working capital and earn 12% (2002: 12% - 20%) interest per annum. These loans have no fixed repayment terms.

Included in share of reserves in 2003 is a non-distributable portion amounting to Tk 13,251,492 (2002: Tk 5,885,734).

5. Investment in securities and others

	2003 Taka	2002 Taka
Original cost of shares in companies listed in Bangladesh	9,784,906	9,765,706
Provision for permanent diminution in value	(2,356,613)	(3,055,137)
	7,428,293	6,710,569
Debentures	423,478,568	307,764,284
	430,906,861	314,474,853
Market value of shares in companies listed in Bangladesh	7,428,293	6,710,569

Debentures amounting to Tk. 122,050,000 have been pledged as securities for borrowing facilities from Bank. The debentures earned interest at 12.0% - 13.50% (2002: 11.5% - 13.50%) 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, 2003	9,173,476,727	77,312,924	(651,757,181)	8,599,032,470
Additions	20,700,002,500	2,838,603,785	(367,823,502)	23,170,782,783
Realisation	(18,110,482,220)	(2,766,747,988)	-	(20,877,230,208)
Write-off	(269,804,992)	(36,776,075)	269,804,992	(36,776,075)
At December 31, 2003	11,493,192,015	112,392,646	(749,775,691)	10,855,808,970

Loans to VO members bear annual service charges as follows:

Micro-credit	15% per annum on loan disbursed
Housing loans	10% per annum on loan disbursed

Repayments are made in 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 2003 Taka	Loan loss Provision 2003 Taka	Loan Principal 2002 Taka	Loan loss Provision 2002 Taka
Standard	Current (no arrears)	10,088,877,280	201,777,546	8,485,159,775	169,703,190
Watchlist	1 - 30	300,507,620	15,025,381	64,025,820	3,201,291
Substandard	31 - 180	643,461,080	128,692,216	99,730,126	19,946,025
Doubtful	181 - 350	224,261,948	168,196,461	262,617,323	196,962,992
Loss	Over 350	236,084,087	236,084,087	261,943,683	261,943,683
		<u>11,493,192,015</u>	<u>749,775,691</u>	<u>9,173,476,727</u>	<u>651,757,181</u>

7. Inventories

	2003 Taka	2002 Taka
Seeds and feeds	388,231,753	228,942,579
Medical supplies and consumables	91,726,547	46,554,555
Printing and stationery	91,104,178	109,657,673
Handicraft goods	328,232,146	259,715,990
Dairy products	34,254,841	42,228,037
Programme materials	35,410,839	104,076,000
	<u>968,960,304</u>	<u>791,174,834</u>

8. Grants and accounts receivable

Grants receivable (Note 16)	123,777,953	427,380,049
Interest receivable on fixed deposits and bank accounts	100,522,750	106,373,784
Other accounts receivable	465,967,819	573,611,510
	<u>690,268,522</u>	<u>1,107,365,343</u>
Provision for doubtful debts	(3,491,142)	(9,800,798)
	<u>686,777,380</u>	<u>1,097,564,545</u>

Included in interest receivable on fixed deposits is Tk. 66,795,723 (2002: Tk. 50,020,847) receivable after 12 months.

9. Advances, deposits and prepayments

	2003 Taka	2002 Taka
Advances:		
Employees	85,570,802	33,626,689
Suppliers	362,421,461	444,445,796
Advance for tax	86,790,045	73,686,987
	<u>534,782,308</u>	<u>551,759,472</u>
Deposits for facilities and utilities	9,539,826	15,195,857
Prepayments	38,537,024	33,050,295
	<u>582,859,158</u>	<u>600,005,624</u>

10. Fixed deposits

	2003 Taka	2002 Taka
Fixed deposits pledged with financial institutions (Notes 13 and 18)	1,226,394,061	1,263,976,960
Fixed deposits unpledged	737,865,527	312,610,684
	<u>1,964,259,588</u>	<u>1,576,587,644</u>

11. Cash in hand and at banks

Cash in hand	24,532,009	41,449,315
Cash at banks	432,735,900	334,254,640
	<u>457,267,909</u>	<u>375,703,955</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	457,267,909	375,703,955
Fixed deposits unpledged (Note 10)	737,865,527	312,610,684
Bank overdrafts (Note 18)	(506,164,508)	(284,557,455)
	<u>688,968,928</u>	<u>403,757,184</u>

12. Deferred income

	Note	Investment in Fixed Assets Taka	Motorcycle Replacement Fund Taka	Total Taka
At 1 January 2003		469,875,718	7,304,033	477,179,751
Transferred from Grants received in advance	16	2,925,941	3,940,500	6,866,441
Amortisation to Statement of Income and Expenditure	19	(48,459,166)	(4,271,864)	(52,731,030)
At 31 December 2003		<u>424,342,493</u>	<u>6,972,669</u>	<u>431,315,162</u>

13. Term loans

	Note	2003 Taka	2002 Taka
Government of Bangladesh	(a)	54,772,033	56,747,022
Palli Karma Shahayak Foundation (PKSF)	(b)	2,768,233,313	2,636,499,992
* Bangladesh Krishi Bank (BKB)	(c)	81,152,000	62,544,100
* Standard Chartered Bank	(d)	800,000,000	600,000,000
* Agrani Bank	(e)	300,000,000	72,000,000
Sonali Bank	(f)	25,000,000	125,000,000
* Pubali Bank Ltd	(g)	120,000,000	120,000,000
BASIC Bank Ltd		-	20,150,000
The Trust Bank Ltd		-	32,806,246
		<u>4,149,157,346</u>	<u>3,725,747,360</u>
Term Loans are analysed as follows:			
Amount repayable within 12 months		1,767,284,259	1,286,889,813
Amount repayable after 12 months		2,381,873,087	2,438,857,547
		<u>4,149,157,346</u>	<u>3,725,747,360</u>

* Secured by fixed deposits and debentures amounting to Tk.1,070,220,061(2002: Tk. 1,135,676,960) and properties amounting in aggregate to Tk.98,525,881 (2002: Tk.268,495,160)

- (a) (i) Loan from the Government of Bangladesh of Tk. 32,700,200 was obtained for construction of Garments workers hostel, and bears interest at 1% per annum. The loan will be repayable in equal half early instalments over twenty years, starting from September 2005.
- (a) (ii) Loan from the Government of Bangladesh of Tk. 36,000,000 was obtained to disburse among VO members as housing loans, and bears interest at 1% per annum. The loan is repayable in equal half yearly instalment over five years, starting from August 2000.
- (b) (i) Loan from PKSF of Tk.3,201,000,000 was obtained to support the credit program and bears service charge at 5% - 7% (2002: 5% - 7%) per annum. Each drawdown is repayable in ten equal half-yearly instalments.
- (b) (ii) Loan from PKSF of Tk.292,000,000 was obtained to support the Participatory Livestock Development Program and bears service charge 6.25% (2002: 6.25%) per annum. Each drawdown is repayable in ten equal quarterly instalments.
- (c) (i) Loan from BKB of Tk. 120,572,400 bears interest at 8% (2002: 8%) per annum was obtained to support the credit program and is repayable in twenty equal half- yearly instalments, starting from January 01, 1998 and ending on July 01, 2007.
- (c) (ii) Loan from BKB of Tk. 20,000,000 bears interest at 11.5% per annum was obtained to support the broiler processing plant and is repayable in twelve equal quarterly instalments, starting from March 31, 2004.
- (c) (iii) Loan from BKB of Tk. 10,000,000 bears interest at 12.5% per annum was obtained to support the vegetable pack house and is repayable full in 2004.

13. Term loans (contd.)

- (d) Loan from Standard Chartered Bank of Tk. 800,000,000 bears interest at 9.5% - 10% (2002: 10%) per annum and is to be fully repaid within 180 days from drawdown on July 9, 2003
- (e) Loan from Agrani Bank of Tk. 300,000,000 was obtained to support credit programme bears interest at 9.5% (2002: 9.5%) per annum and is repayable in 5 equal half yearly instalments, starting from September 2004.
- (f) Loan from Sonali Bank of Tk. 200,000,000 bears interest at 10% (2002: 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
- (g) Loan from Pubali bank Ltd. of Tk. 120,000,000 bears interest at 11% per annum and is repayable on October 31, 2004.

14. VO members' savings deposits

	2003 Taka	2002 Taka
Opening balance	4,983,956,968	4,304,996,584
Deposits for the year	3,926,726,213	2,975,123,992
Withdrawals during the year	(2,624,744,344)	(2,296,163,608)
Closing balance	6,285,938,837	4,983,956,968

The average rate of interest paid in respect of savings deposits by VO members was 6% (2002: 6%) per annum.

15. Other long term liabilities

	2003 Taka	2002 Taka
Employee gratuity and redundancy fund	1,059,938,049	971,624,064
Self-insurance fund		
- Employees	87,933,950	64,133,309
- BRAC properties and motorcycles	118,738,287	75,701,920
	206,672,237	139,835,229
Other funds		
- Special fund for scholarship	3,326,253	3,187,949
- Flood rehabilitation fund	47,774,041	50,714,290
- Emergency fund	92,700,744	66,339,284
	1,410,411,324	1,231,700,816

15. Other long term liabilities (contd.)

An actuarial valuation of the self-insurance fund for employees as at 31 December 2003 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 33,174,000. The principal assumptions applied in the actuarial valuation, which were consistent with a similar valuation carried out in 2001, 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 31 December 2003 was performed by an independent professional actuary. Based on the valuation, there was an excess provision of Tk 18,865,000. 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 principal assumptions used were consistent with a similar valuation carried out in 2001

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 52,039,000, 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 fund as at 31 December 2003 by an independent professional actuary. Similar to the valuation carried out in 2001, the investigation report addressed BRAC's properties and motor cycles within and outside the Dhaka City Corporation areas. The investigation report set out a recommendation that to attain a satisfactory financial position required for the self-insurance fund, an additional provision of Tk 150,000,000 would be required. BRAC intends to accrete its properties and motorcycle self-insurance fund provision to attain the recommended additional Tk 150,000,000 over a period of four years commencing 2004, 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 liability.

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

	Note	2003 Taka	2002 Taka
At 1 January		218,631,804	77,351,255
Receivables as at 1 January		(427,380,049)	(242,930,310)
		<u>(208,748,245)</u>	<u>(165,579,055)</u>
Donations received	24	2,682,663,640	1,895,385,903
Transferred to deferred income:			
- Investment in fixed assets	12	(2,925,941)	(6,067,223)
- Motorcycle replacement fund	12	(3,940,500)	(2,253,975)
Transfer to Statement of Income and Expenditure for expenditure during the year	19	<u>(2,240,594,800)</u>	<u>(1,930,233,895)</u>
		226,454,154	(208,748,245)
Receivables as at 31 December	8	<u>123,777,953</u>	<u>427,380,049</u>
At 31 December		<u><u>350,232,107</u></u>	<u><u>218,631,804</u></u>

17. Other current liabilities

Liabilities for expenses		152,151,429	285,522,772
Liabilities for goods		197,904,386	114,092,372
Advances received for training, publications, supplies etc.		<u>339,280,121</u>	<u>207,771,237</u>
		<u><u>689,335,936</u></u>	<u><u>607,386,381</u></u>

18. Bank overdraft

Pubali Bank Ltd		506,164,508	284,557,455
		<u>506,164,508</u>	<u>284,557,455</u>

The bank overdraft from Pubali Bank Ltd was obtained for BRAC's micro-finance programme, bears interest at 10% (2002: 12%) per annum, and is repayable on or before May 31, 2005. The overdraft is secured by fixed deposits amounting in aggregate to Tk. 278,224,000 (2002: Tk. 128,300,000) and by pledge of properties with a book value of Tk. 283,019,206 (2002: Tk. 380,200,000).

19. Donor grants

Note	2003 Taka*	2002 Taka	
Transferred from grants received in advance	16	2,240,594,800	1,930,233,895
Transferred from deferred income:			
(a) amortisation of investment in fixed assets			
- unrestricted		45,858,318	40,322,418
- temporarily restricted		2,600,848	2,022,146
	12	48,459,166	42,344,564
(b) amortisation of motorcycle replacement fund			
- unrestricted		2,501,633	6,387,175
- temporarily restricted		1,770,231	1,052,981
	12	4,271,864	7,440,156
		<u>2,293,325,830</u>	<u>1,980,018,615</u>

20 Investment income

Interest on bank accounts and fixed deposits	123,142,133	142,158,761
Share of profits less losses in related undertakings	23,137,202	(26,843,381)
Debenture interest	69,086,739	20,814,337
Others	1,824,084	2,542,940
	<u>217,190,158</u>	<u>138,672,657</u>

21. Other income

Gain on disposal of related undertakings	7,735,190	-
Gain on disposal of property, plant and equipment	7,333,872	769,260
Partial reimbursements on cost of educational supplies	32,954,445	38,907,836
Training income	80,020,189	58,701,898
Sales revenue from Gonokendra Journal	3,470,405	1,263,525
Sales revenue from Printing and Publication	9,538,833	8,648,444
Interest received on loans and advances	13,321,180	16,085,207
Foreign exchange gain - unrealised	-	2,266,580
Others	4,072,768	14,612,255
	<u>158,446,882</u>	<u>141,255,005</u>

22 Taxation

2003 Taka	2002 Taka
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Income taxation charge for the year

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Under the Income Tax Ordinance 1984 (Amended), in addition to its commercial activities, BRAC is also subject to taxation on income derived from its other non-commercial activities unless they are tax exempt. Income from 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 2003. BRAC has approximately Tk 256 million (2002: Tk 215 million) tax losses arising from these activities, of which Tk 41 million (2002: Tk 84 million) 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.

23. Foreign currency denominated monetary assets and liabilities :

2003 Taka	2002 Taka
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Residence Foreign Currency Deposits (in US\$)	386,202,192	274,492,291
Residence Foreign Currency Deposits (Euro)	1,328,689	-
Residence Foreign Currency Deposits (in GBP)	7,243,367	-
Cash at bank (in US\$')	1,935,096	150,445
Cash at bank (in Euro)	37,985	-
Cash at bank (in GBP')	137,767	-

24 Schedule of donations received

Name of the projects	Donor	2003 Taka	2002 Taka
Reproductive Health and Disease Control	GOB	23,828,693	2,980,000
Income Generating Vulnerable Group Development	GOB	34,666,920	-
Nutrition Facilitation Program (BINP)	GOB	183,671,086	-
	ICDDRDB	1,481,370	-
	Sub total	185,152,456	-
Arsenic Mitigation	UNICEF	7,896,334	15,605,074
	Rotary International	2,309,200	-
	Sub total	10,205,534	15,605,074
Flood Relief and Rehabilitation Programme (Jamalpur)	NOVIB	3,674,692	-
Forth Fisheries Program	ULG Northumbrair	7,480,812	9,950,081
Education for Under Aged Garment Workers	UNICEF	225,345	338,017
Nonformal Primary Education Program III	UNICEF	-	1,454,832
	DGIS	120,833,539	181,121,749
	NOVIB	23,687,327	40,404,590
	DFID	194,775,700	259,190,000
	AKF/CIDA	292,209,185	345,626,045
	EC	1,083,798,563	218,346,606
	Others	311,931	178,880
	Sub total	1,715,616,245	1,046,322,702
Challenging the Frontiers and Poverty Reduction Programme	NOVIB	23,682,120	20,364,300
	EC	227,853,247	149,119,910
	DFID	97,200,000	211,155,000
	CIDA	38,455,711	55,840,828
	Sub total	387,191,078	436,480,038
International Conference on Exploration on Human Resource	Rockefeller Foundation	3,022,672	-
Adult Literacy Programme	GOB	-	1,916,622
Char Development Program	DGIS	3,776,637	8,540,999
Strategies to Improve the Proportion of Deliveries with Skill Attendants	Uneversity Aberdeen	46,902	235,999
Micronutrient Beverage Supplementation for Adolescent Girls	Micronutrient Initiatives	7,392,143	-
Thematic Workshop on Microfiannce	Imp-Act	-	91,092
INAFI	NOVIB	-	3,832,073
APON	UNICEF	12,565,000	12,574,144
Community Based Fisheries Management Project	ICLARM	3,644,329	7,194,099
Community Health Progeamme Under PPP	The British Council	2,762,353	367,472
Community Traffic Policing Scoping	TRL Ltd.	203,751	-
Early Childhood Development Project	UNICEF	9,487,107	1,761,765
	Plan International	210,000	-
	Sub total	9,697,107	1,761,765
Atta Fortification Program	WFP	1,767,572	1,537,000

Name of the projects	Donor	2003 Taka	2002 Taka
Education Support Program	NORAD	73,753,684	-
Institute of Education and Development	Plan International	870,000	-
Micro Health Insurance	ILO	2,541,142	3,787,074
National Survey for Birth weight and Anemia Survey	UNICEF	4,542,368	2,271,184
Newborn Lives Initiative Program	Save the Children	2,500,000	3,243,130
Northwest Crop Diversification Project	GOB	3,691,875	3,898,125
Exploring Emerging Areas of Microfinance Impact	Institute of Development /	672,408	-
Global Nutrition Program	GOB	-	261,121,990
BRAC Limb Centre	Jaipur Limb Centre	2,071,042	2,672,767
	International Red Crescent Society	1,291,421	2,136,515
	Sub total	3,362,463	4,809,282
Primary Healthcare for Later life	EC	-	4,752,095
Patterns and Trends in food consumption in poor Rural Urban Household	Imperial College	3,591,781	-
Poultry for Nutrition	GOB	7,597,825	1,313,769
Pre-primary Schools	DGIS	151,843,061	-
Sundarban Biodiversity Conversion project	GOB	597,568	3,758,660
Task Force on Maternal Health and Child Health	Columbia University	473,873	-
Training of Adolescent Girls	UNICEF	1,952,300	519,000
Routine Maintenance Program	GOB	491,725	739,500
School Feeding Program	Land O Lakes	4,858,308	1,853,572
Northwest Microfinance Expansion Program	AusAID	-	40,062,312
WFCL program in Haragach	ILO	5,514,290	7,907,448
Implement of Resettlement Action Plan	GOB	-	2,006,500
Kangaroo Mother care	Population Council	-	363,293
Sprinkles Study in Bangladesh	Sick Children	888,728	-
Pilot program for retrenched garment workers	AusAID	-	933,086
Gender Barriers for TB control	WHO	-	733,892
An anthropology study on Reproductive Health of Married Adolescent	WHO	-	1,584,814
TOTAL		<u>2,682,663,640</u>	<u>1,895,385,903</u>

25. Segmental financial information

Balance Sheet as at December 31, 2003

Assets

	Unrestricted								Temporarily restricted	Total 2003	
	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	
Property, plant and equipment	32,412,945	10,551,156	179,263,637	668,956,509	29,133,941	1,435,510,771	1,049,178,172	237,446,070	3,642,453,201	73,265,734	3,715,718,935
Investment in related undertakings	-	-	-	-	-	-	887,104,181	-	887,104,181	-	887,104,181
Investment in securities and others	-	-	-	-	-	-	430,906,861	-	430,906,861	-	430,906,861
Loans to Village Organisation members	-	-	-	-	-	10,823,474,695	-	-	10,823,474,695	32,334,275	10,855,808,970
Motor cycle loans	-	-	894,710	9,745,829	1,326,688	145,412,988	11,962,338	-	169,342,553	75,741,976	245,084,529
Inventories	328,232,146	25,209,940	34,254,841	298,846,266	70,932,484	32,550,626	175,162,117	-	965,188,420	3,771,884	968,960,304
Grants and accounts receivable	-	86,506,246	12,291,511	260,530,045	13,589,689	76,194,860	107,086,845	6,309,915	562,509,111	124,268,269	686,777,380
Advances, deposits and prepayments	63,117,959	4,132,190	34,280,130	72,540,701	16,326,696	70,788,147	298,792,168	7,841,312	567,819,303	15,039,855	582,859,158
Term loan -internal	(60,524,601)	(113,328,445)	-	-	-	-	173,853,046	-	-	-	-
Fixed deposits and PSPs	-	-	-	-	-	1,318,785,800	645,473,788	-	1,964,259,588	-	1,964,259,588
Cash in hand and at banks	23,503,623	30,998,441	(107,531,853)	(492,201,490)	(65,668,504)	505,439,583	183,587,280	116,524,730	194,651,810	262,616,099	457,267,909
Total Assets	386,742,072	44,069,528	153,452,976	818,417,860	65,640,994	14,408,157,470	3,963,106,796	368,122,027	20,207,709,723	587,038,092	20,794,747,815

Liabilities and Net Assets

Liabilities:											
Deferred income	-	-	-	-	-	1,243,680	415,026,883	-	416,270,563	15,044,599	431,315,162
Term loans	120,000,000	-	-	330,000,000	-	3,166,457,146	500,000,000	-	4,116,457,146	32,700,200	4,149,157,346
VO members' savings deposits	-	-	-	-	-	6,285,938,837	-	-	6,285,938,837	-	6,285,938,837
Other long term liabilities	49,142,102	16,497,927	-	-	-	92,700,744	1,252,070,551	-	1,410,411,324	-	1,410,411,324
Vo members project and current account	-	-	-	-	-	31,551,382	-	-	31,551,382	-	31,551,382
Grants received in advance account	-	-	-	-	-	-	-	-	-	350,232,107	350,232,107
Other current liabilities	46,695,405	15,456,377	25,034,971	65,707,209	6,099,776	256,407,853	208,991,957	9,779,733	634,173,281	55,162,655	689,335,936
Provision for taxation	-	-	-	-	-	-	31,741,030	-	31,741,030	-	31,741,030
Bank overdrafts	-	-	-	-	-	-	506,164,508	-	506,164,508	-	506,164,508
Total Liabilities	215,837,507	31,954,304	25,034,971	395,707,209	6,099,776	9,834,299,642	2,913,994,929	9,779,733	13,432,708,071	453,139,561	13,885,847,632
Net assets -Capital fund	170,904,565	12,115,224	128,418,005	422,710,651	59,541,218	4,573,857,828	1,049,111,867	358,342,294	6,775,001,652	133,898,531	6,908,900,183
Total Liabilities and Net assets	386,742,072	44,069,528	153,452,976	818,417,860	65,640,994	14,408,157,470	3,963,106,796	368,122,027	20,207,709,723	587,038,092	20,794,747,815

25. Segmental financial information (Contd.)

	Unrestricted								Temporarily restricted	Total 2002	
	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, 2002											
Assets											
Property, plant and equipment	39,502,443	22,233,174	181,423,343	679,114,357	8,569,245	1,385,235,328	1,140,552,886	258,630,520	3,715,261,296	34,298,410	3,749,559,706
Investment in related undertakings	-	-	-	-	-	-	467,510,714	-	467,510,714	-	467,510,714
Investment in securities and others	-	-	-	-	-	-	314,474,853	-	314,474,853	-	314,474,853
Loans to Village Organisation members	-	-	-	-	-	8,579,909,314	-	-	8,579,909,314	19,123,156	8,599,032,470
Motor cycle loans	-	-	907,081	9,700,832	2,322,853	133,736,079	12,991,293	-	159,658,138	54,948,195	214,606,333
Inventories	259,715,990	22,571,343	45,892,212	222,834,756	15,938,732	18,239,374	168,731,288	-	753,923,695	37,251,139	791,174,834
Grants and accounts receivable	11,605,673	37,952,213	10,579,624	335,630,494	16,283,528	122,322,705	123,026,559	10,717,767	668,118,563	429,445,982	1,097,564,545
Advances, deposits and prepayments	92,616,738	5,558,697	31,153,032	164,007,526	7,072,433	32,208,993	196,252,560	5,882,498	534,752,477	65,253,147	600,005,624
Term loan -internal	(68,569,841)	(61,074,353)	-	-	-	24,713,832	102,025,826	-	(2,904,536)	2,904,536	-
Fixed deposits and PSPs	-	-	-	-	-	1,388,785,800	187,801,844	-	1,576,587,644	-	1,576,587,644
Cash in hand and at banks	29,265,056	7,629,313	(140,278,730)	(610,180,734)	(24,753,100)	803,971,705	398,744,165	(41,173,206)	605,570,881	(229,866,926)	375,703,955
Total Assets	364,136,059	34,870,387	129,676,562	801,107,231	25,433,691	12,489,123,130	3,112,111,988	416,403,991	17,372,863,039	413,357,639	17,786,220,678
Liabilities and Net Assets											
Liabilities:											
Deferred income	-	-	-	-	-	2,640,058	461,192,945	-	463,833,003	13,346,748	477,179,751
Term loans	120,000,000	-	-	352,956,247	-	3,252,791,113	-	-	3,725,747,360	-	3,725,747,360
VO members' savings deposits	-	-	-	-	-	4,983,956,968	-	-	4,983,956,968	-	4,983,956,968
Other long term liabilities	39,111,627	13,817,082	-	-	-	66,339,284	1,112,432,823	-	1,231,700,816	-	1,231,700,816
VO members project and current account	-	-	-	-	-	30,576,742	-	-	30,576,742	10,311,786	40,888,528
Grants received in advance account	-	-	-	-	-	-	-	-	-	218,631,804	218,631,804
Other current liabilities	41,902,436	8,938,081	39,139,699	57,686,112	7,662,820	241,954,682	158,616,652	4,488,726	560,389,208	46,997,173	607,386,381
Provision for taxation	-	-	-	-	-	-	31,741,030	-	31,741,030	-	31,741,030
Bank overdrafts	-	-	-	-	-	-	284,557,455	-	284,557,455	-	284,557,455
Total Liabilities	201,014,063	22,755,163	39,139,699	410,642,359	7,662,820	8,578,258,847	2,048,540,905	4,488,726	11,312,502,582	289,287,511	11,601,790,093
Net assets -Capital fund	163,121,996	12,115,224	90,536,863	390,464,872	17,770,871	3,910,864,283	1,063,571,083	411,915,265	6,060,360,457	124,070,128	6,184,430,585
Total Liabilities and Net assets	364,136,059	34,870,387	129,676,562	801,107,231	25,433,691	12,489,123,130	3,112,111,988	416,403,991	17,372,863,039	413,357,639	17,786,220,678

25. Segmental financial information (Contd.)

Statement of Income and Expenditure
for the year ended December 31, 2003

Income

	Unrestricted								Temporarily restricted	Total 2003	
	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	
Donor grants	-	-	-	-	-	-	48,359,951	-	48,359,951	2,244,965,879	2,293,325,830
Revenue from											
Commercial projects	807,672,742	259,735,066	438,300,269	-	-	-	-	-	1,505,708,077	-	1,505,708,077
Program support enterprises	-	-	-	1,972,888,099	278,438,310	-	-	-	2,251,326,409	-	2,251,326,409
Service charge on loans to VO members	-	-	-	-	-	2,838,603,785	-	-	2,838,603,785	-	2,838,603,785
Investment income	-	-	-	-	-	129,378,498	-	-	129,378,498	4,868,164	217,190,158
Other income -internal	(13,935,734)	(7,927,136)	(5,999,964)	(7,283,065)	-	-	35,145,899	-	-	-	-
Other income	2,251,169	182,126	363,309	5,410,051	1,220,212	39,155,002	76,061,059	-	124,643,828	33,803,054	158,446,882
Income from House property	-	-	-	-	-	-	-	88,472,321	88,472,321	-	88,472,321

Total income

	795,988,177	251,990,056	432,663,614	1,971,015,085	279,658,522	3,007,138,185	242,510,405	88,472,321	7,069,436,365	2,283,637,097	9,353,073,462
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Expenditure

Commercial Projects	711,523,716	233,962,525	394,782,472	-	-	-	-	-	1,340,268,713	-	1,340,268,713
Programme Support Enterprises	-	-	-	1,932,690,514	272,389,554	-	-	-	2,205,080,068	-	2,205,080,068
House property related expenses	-	-	-	-	-	-	-	72,459,403	72,459,403	-	72,459,403
Education Programme	-	-	-	-	-	-	24,401,465	-	24,401,465	1,599,983,844	1,624,385,309
Challenging the Frontiers of Poverty Reduction	-	-	-	-	-	-	45,000,000	-	45,000,000	390,481,618	435,481,618
Nutrition Programme	-	-	-	-	-	-	-	-	-	113,470,763	113,470,763
Health and Population Programme	-	-	-	-	-	-	69,819,009	-	69,819,009	64,475,897	134,294,906
Micro Finance Programme	-	-	-	-	-	2,371,523,988	-	-	2,371,523,988	346,000	2,371,869,988
Poultry Extension Programme	-	-	-	-	-	-	64,370,687	-	64,370,687	43,402,494	107,773,181
Fisheries Extension Programme	-	-	-	-	-	-	24,898,805	-	24,898,805	20,771,436	45,670,241
Agriculture Extension Programme	-	-	-	-	-	-	41,449,633	-	41,449,633	13,554,964	55,004,597
Sericulture and Silk Development Programme	-	-	-	-	-	-	24,802,092	-	24,802,092	-	24,802,092
Rural Enterprise Development Programme	-	-	-	-	-	-	23,027,654	-	23,027,654	-	23,027,654
Training, workshop and seminars	-	-	-	-	-	-	37,869,218	-	37,869,218	4,287,290	42,156,508
Grant to BRAC Afghanistan	-	-	-	-	-	-	5,508,710	-	5,508,710	-	5,508,710
Research, Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	21,294,118	21,294,118
Provision for impairment in value of investment in related undertakings	-	-	-	-	-	-	6,055,995	-	6,055,995	-	6,055,995

Total Expenses

	711,523,716	233,962,525	394,782,472	1,932,690,514	272,389,554	2,371,523,988	367,203,268	72,459,403	6,356,535,440	2,272,068,424	8,628,603,864
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Surplus/(deficit) of income over expenditure
before taxation

	84,464,461	18,027,531	37,881,142	38,324,571	7,268,968	635,614,197	(124,692,863)	16,012,918	712,900,925	11,568,673	724,469,598
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Taxation

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Net surplus/(deficit) for the year

	84,464,461	18,027,531	37,881,142	38,324,571	7,268,968	635,614,197	(124,692,863)	16,012,918	712,900,925	11,568,673	724,469,598
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25. Segmental financial information (Contd.)

Statement of Income and Expenditure
for the year ended December 31, 2002

Income

	Unrestricted								Temporarily restricted	Total 2002	
	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	
Donor grants	-	-	-	-	-	-	46,709,593	-	46,709,593	1,933,309,022	1,980,018,615
Revenue from											
Commercial projects	669,034,910	189,783,522	358,944,089	-	-	-	-	-	1,217,762,521	-	1,217,762,521
Program support enterprises	-	-	-	1,525,147,382	192,366,177	-	-	-	1,717,513,559	-	1,717,513,559
Service charge on loans to VO members	-	-	-	-	-	2,403,926,404	-	-	2,403,926,404	-	2,403,926,404
Investment income	-	-	-	-	-	112,756,406	23,394,312	-	136,150,718	2,521,939	138,672,657
Other income -internal	(27,496,229)	(7,836,199)	(5,999,964)	(77,230,422)	(1,423,956)	-	119,986,770	-	-	-	-
Other income	9,960,154	182,700	275,725	10,680,961	88,512	28,094,955	49,497,883	-	98,780,800	42,474,115	141,255,005
Income from House property	-	-	-	-	-	-	-	89,356,811	89,356,811	-	89,356,811
Total income	651,498,835	182,130,023	353,219,850	1,458,597,921	191,030,733	2,544,777,765	239,588,558	89,356,811	5,710,200,496	1,978,305,076	7,688,505,572

Expenditure

Commercial Projects	587,379,385	168,045,416	333,860,629	-	-	-	-	-	1,089,285,430	-	1,089,285,430
Programme Support Enterprises	-	-	-	1,408,964,010	184,986,094	-	-	-	1,593,950,104	-	1,593,950,104
House property related expenses	-	-	-	-	-	-	-	76,173,241	76,173,241	-	76,173,241
Education Programme	-	-	-	-	-	-	13,581,259	-	13,581,259	1,176,417,937	1,189,999,196
Nutrition Programme	-	-	-	-	-	-	-	-	-	355,255,789	355,255,789
Health and Population Programme	-	-	-	-	-	-	4,880,925	-	4,880,925	128,996,941	133,877,866
Micro Finance Programme	-	-	-	-	-	2,156,961,769	-	-	2,156,961,769	126,000	2,157,087,769
Poultry Extension Programme	-	-	-	-	-	-	57,712,790	-	57,712,790	97,849,783	155,562,573
Fisheries Extension Programme	-	-	-	-	-	-	58,293,549	-	58,293,549	22,142,262	80,435,811
Agriculture Extension Programme	-	-	-	-	-	-	71,083,273	-	71,083,273	16,845,859	87,929,132
Sericulture and Silk Development Programme	-	-	-	-	-	-	61,490,980	-	61,490,980	-	61,490,980
Human Rights and Legal Education Programme	-	-	-	-	-	-	25,748,653	-	25,748,653	66,632,154	92,380,807
Rural Enterprise Development Programme	-	-	-	-	-	-	34,452,622	-	34,452,622	69,539,553	103,992,175
Training, workshop and seminars	-	-	-	-	-	-	34,515,054	-	34,515,054	7,876,853	42,391,907
Grant to BRAC Afghanistan	-	-	-	-	-	-	6,091,290	-	6,091,290	-	6,091,290
Research, Monitoring and Evaluation	-	-	-	-	-	-	6,394,863	-	6,394,863	17,336,565	23,731,428
Total Expenses	587,379,385	168,045,416	333,860,629	1,408,964,010	184,986,094	2,156,961,769	374,245,258	76,173,241	5,290,615,802	1,959,019,696	7,249,635,498
Surplus/(deficit) of income over expenditure before taxation	64,119,450	14,084,607	19,359,221	49,633,911	6,044,639	387,815,996	(134,656,700)	13,183,570	419,584,694	19,285,380	438,870,074
Taxation	-	-	-	-	-	-	-	-	-	-	-
Net surplus/(deficit) for the year	64,119,450	14,084,607	19,359,221	49,633,911	6,044,639	387,815,996	(134,656,700)	13,183,570	419,584,694	19,285,380	438,870,074

26. Statement of Functional Expenses

Expenditure Statement
for the year ended December 31, 2003

	Unrestricted								Temporarily restricted	Total 2003	
	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	65,855,948	4,490,623	18,473,789	39,098,102	7,699,735	1,016,324,467	178,399,430	-	1,331,242,094	722,075,874	2,053,317,967
Travelling and transportation	7,651,412	1,360,674	13,843,635	7,806,680	1,922,866	113,861,148	25,585,076	-	172,031,491	101,043,751	273,075,242
Teachers' salaries	-	-	-	-	-	-	-	-	-	397,959,756	397,959,756
Teachers' training	-	-	-	-	-	-	-	-	-	93,874,075	93,874,075
School rent and maintenance	-	-	-	-	-	-	-	-	-	115,666,872	115,666,872
Stationery, rent and utilities	46,860,351	3,084,221	4,576,247	8,613,598	3,145,240	112,486,361	7,726,346	7,052,194	193,544,558	31,545,291	225,089,849
Maintenance and general expenses	14,439,292	695,794	2,612,145	7,379,700	2,047,325	91,955,385	8,733,984	4,648,161	132,511,786	32,620,587	165,132,374
VO members' training	-	-	-	-	-	-	7,635,911	-	7,635,911	90,656,183	98,292,094
Staff training and development	-	-	150,434	-	3,783	23,986,777	1,936,187	-	26,077,181	70,320,512	96,397,693
Programme supplies	-	-	-	-	-	83,320,399	20,497,675	-	103,818,074	598,461,706	702,279,780
Interest on VO members' savings deposits	-	-	-	-	-	280,368,425	-	-	280,368,425	-	280,368,425
Interest on long term loans	14,843,829	-	-	32,151,390	1,378,719	182,121,784	34,942,090	-	265,437,812	11,945,528	277,383,340
Bank overdraft interest and charges	465,614	-	-	-	-	-	25,231,366	-	25,696,980	-	25,696,980
Cost of goods sold of commercial projects	535,178,398	223,310,967	320,161,896	-	-	-	-	-	1,078,651,261	-	1,078,651,261
Cost of goods sold of programme support enterprises	-	-	-	1,765,304,966	254,023,579	-	-	-	2,019,328,545	-	2,019,328,545
Publicity, advertisement and sales commissions	10,463,184	-	2,829,535	4,259,066	1,506,621	-	2,243,504	-	21,301,910	-	21,301,910
Loan loss provision for loans to VO members	-	-	-	-	-	367,823,502	-	-	367,823,502	-	367,823,502
Depreciation of property, plant and equipment	9,538,466	177,316	29,866,094	46,827,551	553,324	72,914,280	42,138,261	17,722,681	219,737,973	5,898,289	225,636,262
Provision for bad and doubtful debts	6,227,222	498,707	-	20,349,461	108,362	-	-	-	27,183,752	-	27,183,752
Foreign exchange loss- unrealised	-	-	-	-	-	-	568,733	-	568,733	-	568,733
Allocation to self- insurance fund	-	-	-	-	-	-	-	43,036,367	43,036,367	-	43,036,367
Value Added Tax	-	344,223	2,268,697	-	-	-	-	-	2,612,920	-	2,612,920
Grant to BRAC Afghanistan	-	-	-	-	-	-	5,508,710	-	5,508,710	-	5,508,710
Provision for Emergency fund	-	-	-	-	-	26,361,460	-	-	26,361,460	-	26,361,460
Provision for impairment in value of investment in related undertakings	-	-	-	-	-	-	6,055,995	-	6,055,995	-	6,055,995
	711,523,716	233,962,525	394,782,472	1,932,690,514	272,389,554	2,371,523,988	367,203,268	72,459,403	6,356,535,440	2,372,068,424	8,628,603,864

Included in cost of goods sold of commercial projects is depreciation of property, plant and equipment amounting to Tk. 7,220,227

26. Statement of Functional Expenses (contd.)

	Unrestricted								Temporarily restricted	Total 2002	
	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	53,423,865	4,171,973	10,223,038	37,533,724	6,413,026	922,769,744	165,659,562	-	1,200,194,932	612,553,612	1,812,748,544
Travelling and transportation	5,789,573	831,234	10,765,601	8,580,691	2,113,524	95,837,916	27,958,746	-	151,877,285	85,479,096	237,356,381
Teachers' salaries	-	-	-	-	-	-	-	-	-	291,190,584	291,190,584
Teachers' training	-	-	-	-	-	-	-	-	-	44,127,888	44,127,888
School rent and maintenance	-	-	-	-	-	-	-	-	-	89,669,226	89,669,226
Stationery, rent and utilities	23,435,055	570,677	3,048,733	6,478,872	2,159,873	100,083,189	2,195,293	-	137,971,692	40,535,350	178,507,042
Maintenance and general expenses	14,854,609	274,378	1,755,135	7,955,558	582,558	79,097,080	3,391,729	2,894,158	110,805,205	33,174,471	143,979,676
VO members' training	-	-	-	-	-	1,333,092	38,731,953	-	40,065,045	82,653,541	122,718,586
Staff training and development	-	-	105,017	-	-	38,529,589	12,935,498	-	51,570,104	54,289,852	105,859,956
Programme supplies	-	600,000	-	-	157,783	78,270,084	51,600,265	-	130,628,132	598,692,672	729,320,804
Interest on VO members' savings deposits	-	-	-	-	-	262,409,326	-	-	262,409,326	-	262,409,326
Interest on long term loans	-	-	-	-	129,765	171,568,245	-	-	171,698,010	20,266,761	191,964,771
Bank overdraft interest and charges	5,191,628	-	-	-	-	-	16,329,597	-	21,521,225	-	21,521,225
Cost of goods sold of commercial projects	469,203,536	159,989,472	268,241,293	-	-	-	-	-	897,434,301	-	897,434,301
Cost of goods sold of programme support enterprises	-	-	-	1,288,725,228	170,732,614	-	-	-	1,459,457,842	-	1,459,457,842
Publicity, advertisement and sales commissions	5,916,421	-	4,827,741	10,986,970	2,420,534	-	1,966,169	-	26,117,835	-	26,117,835
Loan loss provision for loans to VO members	-	-	-	-	-	312,707,454	-	-	312,707,454	-	312,707,454
Depreciation of property, plant and equipment	9,564,698	184,356	31,167,487	39,787,736	163,498	60,821,327	47,380,646	29,984,820	219,054,568	6,386,643	225,441,211
Provision for bad and doubtful debts	-	749,805	-	8,915,231	112,919	-	-	-	9,777,955	-	9,777,955
Foreign exchange loss- unrealised	-	-	366,674	-	-	-	-	-	366,674	-	366,674
Allocation to self- insurance fund	-	-	-	-	-	-	-	43,294,263	43,294,263	-	43,294,263
Value Added Tax	-	673,521	3,359,910	-	-	-	4,510	-	4,037,941	-	4,037,941
Grant to BRAC Afghanistan	-	-	-	-	-	-	6,091,290	-	6,091,290	-	6,091,290
Provision for Emergency fund	-	-	-	-	-	33,534,723	-	-	33,534,723	-	33,534,723
	587,379,385	168,045,416	333,860,629	1,408,964,010	184,986,094	2,156,961,769	374,245,258	76,173,241	5,290,613,802	1,959,019,696	7,249,633,498

Included in cost of goods sold of commercial projects is depreciation of property, plant and equipment amounting to Tk. 6,482,931